Futureal Holding BV
Condensed Interim Consolidated Financial Information for the period 1 Januari 2021 - 30 June 2021

Contents

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

In EUR	*Note*	2021.01.01-2021.06.30	2020.01.01-2020.06.30
Sales revenue from sale of real estate		0	48 918 558
Rental revenue		7 772 725	3 441 354
Service revenue		2 502 398	2 043 689
Revenue	*7*	**10 275 123**	**54 403 601**
Cost of goods sold and services rendered		0	-48 497 233
Direct costs of rental and operation		-2 587 193	-2 197 622
Other property related costs		-1 609 777	-420 906
Cost of sales	*8*	**-4 196 970**	**-51 115 761**
Gross profit		**6 078 153**	**3 287 840**
Selling and marketing expenses	*9*	-151 916	-216 670
Administrative expenses	*10*	-2 636 882	-2 314 709
Net gain from fair valuation of investment and development properties	*16(b)*	5 430 996	12 196 730
Net gain/(loss) on sale of investment properties	*16(b)*	205 072	0
Other income	*12*	668 591	138 764
Other expenses	*13*	-1 922 118	-982 206
Operating profit		**7 671 896**	**12 109 749**
Interest income	*14*	4 546	144 132
Other financial income	*14*	7 044 609	5 779 394
Interest expense	*14*	-1 506 532	-992 178
Other financial expense	*14*	-7 510 058	-13 269 424
Net finance profit/(loss)		**- 1 967 435**	**- 8 338 076**
Share of profit/(loss) in joint ventures and associates	*17(o)*	0	- 895
Profit before taxation		**5 704 461**	**3 770 778**
Income tax expense	*15*	-157 864	-134 091
Profit for the period		**5 546 597**	**3 636 687**
Items that may be reclassified to profit or loss			
Profit / (Loss) on cash flow hedges	*17(m,n)*	3 951 191	- 4 708 632
Exchange differences on translating foreign operations		998 223	- 1 993 395
Other comprehensive income/(loss) net of tax		**4 949 414**	**- 6 702 027**
Total comprehensive income / (loss) for the period		**10 496 011**	**- 3 065 340**
Total profit/(loss) for the period attributable to:			
owners of the parent		8 072 558	- 2 197 710
non-controlling interests		-2 525 961	5 834 397
Total profit/(loss) for the period		**5 546 597**	**3 636 687**
Total comprehensive income attributable to:			
owners of the parent		12 868 429	-7 402 157
non-controlling interests		-2 372 418	4 336 817
Total comprehensive income for the period		**10 496 011**	**-3 065 340**

The notes on pages 9 to 76 are an integral part of these condensed interim consolidated financial information.

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Condensed Interim Consolidated Statement of Financial Position

In EUR	*Note*	30.06.2021	31.12.2020
Assets			
Non-current assets			
Intangible assets	*16 (a)*	355 393	325 326
Investment and development property	*16(b)*	563 186 349	494 474 339
Property, plant and equipment	*16(c)*	6 003 540	5 959 860
Investments in Joint Ventures and Associates	*17(o)*	400	400
Other long-term assets	*17(p)*	10	10
Other long-term financial assets	*17(d)*	235 570	232 284
Long-term derivative financial assets	*17(d)*	356 143	3 949
Total non-current assets		**570 137 405**	**500 996 168**
Current assets			
Inventory	*16(d)*	3 443	909
Trade and other receivables	*17(c)*	9 669 520	7 179 442
Short-term receivables from related parties	*17(a)*	21 263 854	20 636 286
Short-term receivables from third parties	*17(b)*	2 587 064	3 693 693
Income tax receivable		215 938	68 371
Other short-term assets	*16(e),17(p)*	1 735 972	768 614
Short-term VAT receivables	*16(g)*	7 781 562	14 929 614
Restricted cash	*17(f)*	30 920 830	31 598 777
Cash and cash equivalents	*17(e)*	197 520 164	56 963 336
Total current assets		**271 698 347**	**135 839 042**
Total assets		**841 835 752**	**636 835 210**

The notes on pages 9 to 76 are an integral part of these condensed interim consolidated financial information.

Condensed Interim Consolidated Statement of Financial Position (cont'd)

In EUR	*Note*	**30.06.2021**	**31.12.2020**
Equity			
Shareholders' equity			
Share capital	*18(a)*	342 000 000	342 000 000
Share premium	*18(b)*	0	0
Currency translation reserve		-5 843 019	-6 881 534
Other reserves	*18(c)*	-1 611 749	-5 369 105
Retained earnings	*18(d)*	13 264 144	5 191 586
Equity attributable to equity holders of the parent		**347 809 377**	**337 940 947**
Non-controlling interests	*18(e)*	35 322 176	43 238 234
Total equity		**383 131 552**	**378 179 181**
Net assets attributable to non-controlling investment unit holders	*18(f)*	**21 000 000**	**0**
Liabilities (excluding net assets attributable to non-controlling investment unit holders)			
Non-current liabilities			
Long-term liabilities to related parties	*17(i)*	0	15 371
Loans and borrowings	*17(g)*	201 501 419	187 921 593
Bonds	*17(h)*	162 267 961	0
Tenant deposits	*17(k)*	2 394 044	2 175 990
Provisions	*16(j)*	120 369	35 835
Amounts withheld for guarantees	*17(l)*	2 274 509	1 977 834
Lease liabilities	*16(h)*	4 445 453	4 781 576
Derivative financial liabilities	*17(n)*	1 423 472	6 278 462
Total non-current liabilities		**374 427 227**	**203 186 661**
Current liabilities			
Short-term liabilities to related parties	*17(i)*	11 129 032	8 824 436
Loans and borrowings	*17(g)*	5 675 000	4 738 036
Bonds short term	*17(h)*	1 821 514	0
Tenant deposits	*17(k)*	28 854	46 446
Trade and other payables	*17(j)*	38 454 710	38 232 071
Customer advances	*16(i)*	43 699	0
Provisions	*16(j)*	135 940	557 205
Income tax liabilities	*15*	87 601	142 706
Other tax liabilities	*16(k)*	2 195 223	593 173
Lease liabilities	*16(h)*	940 694	897 672
Derivative financial liabilities	*17(n)*	2 764 706	1 437 623
Total current liabilities		**63 276 973**	**55 469 368**
Total liabilities (excluding net assets attributable to non-controlling investment unit holders)		**437 704 200**	**258 656 029**
Total equity and liabilities		**841 835 752**	**636 835 210**

The notes on pages 9 to 76 are an integral part of these condensed interim consolidated financial information.

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Condensed Interim Consolidated Statement of Changes in Equity

For the period 1 January 2021-30 June 2021

In EUR	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total equity attributable to the parent	Non-controlling interests	Total equity
Balance at 1 January 2021	**342 000 000**	**0**	**-6 881 534**	**-5 369 105**	**5 191 586**	**334 940 947**	**43 238 234**	**378 179 181**
Profit/(loss) for the period	0	0	0	0	8 072 558	**8 072 558**	-2 525 961	**5 546 597**
Other comprehensive income/(loss)	0	0	1 038 515	3 757 356	0	**4 795 871**	153 543	**4 949 414**
Dividend paid	0	0	0	0	-5 543 640	**-5 543 640**	0	**-5 543 640**
Transactions with non-controlling interest	0	0	0	0	5 543 640	**5 543 640**	-5 543 640	**0**
Issue to non-controlling investment unit holders	0	0	0	0	0	**0**	0	**0**
Transactions with owners:	**0**	**0**	**0**	**0**	**0**	**0**	**-5 543 640**	**-5 543 640**
Balance at 30 June 2021	**342 000 000**	**0**	**-5 843 019**	**-1 611 749**	**13 264 144**	**347 809 376**	**35 322 176**	**383 131 552**

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

The notes on pages 9 to 76 are an integral part of these condensed interim consolidated financial information.

For the period 1 January 2020-30 June 2020

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	-2 197 710	**7 438 850**	5 834 397	**3 636 687**
Other comprehensive income/(loss)	0	0	-786 507	-4 417 940	0	**-5 204 447**	-1 497 580	**-6 702 027**
Sale of subsidiaries	0	0	0	0	0	**0**	-9 384	**-9 384**
Proceeds from shares issued	18 000 000	0	0	0	0	**18 000 000**	0	**18 000 000**
Dividend paid	0	0	0	0	0	**0**	-22 663 051	**-22 663 051**
Transactions with non-controlling interest	0	0	0	0	8 773 735	**8 773 735**	-8 773 735	**0**
Issue to non-controlling interest	0	0	0	0	0	**0**	100	**100**
Transactions with owners:	**18 000 000**	**0**	**0**	**0**	**8 773 735**	**26 773 736**	**-31 446 070**	**-4 672 335**
Balance at 31 December 2020	**342 000 000**	**0**	**-5 501 228**	**--4 417 940**	**-4 718 346**	**327 362 486**	**25 578 058**	**352 940 544**

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

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Condensed Interim Consolidated Statement of Cash Flows

For the periods ended 30 June 2020 and 30 June 2021

In EUR	*Note*	**2021.01.01-2021.06.30**	**2020.06.01-2020.06.30**
Cash flows from/(used in) operating activities			
Profit/(loss) before taxation for the period		5 704 461	3 770 778
Adjustments to reconcile profit before for taxation to net cash used in operating activities:			
Depreciation	*16(a),16(c)*	316 803	649 298
Provisions	*16(j)*	-336 731	3 726 748
Other non-cash movements	*	-3 191 651	-10 388 046
(Profit)/loss on sale of tangible and intangible assets	*16(b), 12, 13*	-205 072	13 995
Net (gain)/loss from valuation of investment and development property	*16(b)*	-5 430 996	-12 196 730
Net finance (income)/expense	*14*	1 967 435	8 338 076
(Increase)/decrease in inventory	*16(d)*	-2 534	48 819 192
Share of loss/(profit) in joint venture	*17(o)*	0	895
Decrease/(increase) in short-term receivables	*17(a),17(b)*	479 061	59 415 089
Decrease/(increase) in trade and other receivables	*17(c)*	-2 490 078	-6 238 395
Decrease/(increase) in restricted cash and other assets	*17(f), 17(p)*	6 506 443	-18 196 427
(Decrease)/increase in short-term liabilities	*17(i)*	10 514 695	-57 421 638
Increase/(decrease) in trade and other payables	*17(j)*	-1 274 863	4 159 134
Interest paid	*13*	-1 506 532	-2 428 111
Income tax paid	*15*	-360 536	-206 273
Net cash from/(used in) operating activities		**10 689 905**	**21 817 585**
Cash flows from/(used in) investing activities			
Proceeds from sale of investment property	*16(b)*	297 898	0
Acquisitions of investment and development property	*16(b)*	-58 841 503	-45 104 898
Consideration received for disposed subsidiaries net of cash disposed	*12,13*	0	1 063 116
Consideration paid for the acquisition of subsidiaries net of cash acquired	*12, 13*	0	-63 176
Acquisitions of tangible and intangible assets	*16(a),16(c)*	-639 926	-340 371
Investing in long-term financial assets	*17, 17(d)*	-3 286	245 117
Repayment of long-term loan receivables	*17(a), 17(b)*	0	13 010
Interest received	*14*	4 546	144 132
Borrowing cost capitalized		-4 542 619	0
Sale of investments accounted for using equity method	*17(o)*	0	34 398 470
Net cash from/(used in) investing activities		**-63 724 890**	**-9 644 600**
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings	*17(g), 17(i)*	14 893 876	22 366 961
Repayment of loans and borrowings	*17(g),17(i)*	-876 906	-28 335 463
Proceeds from bond issue net of issuance costs	*17(h)*	164 089 475	0
Capital increase	*18(a)*	0	18 000 000
Proceeds from non-controlling investment unit holders	*18(f)*	21 000 000	0
Dividend paid	*18(d)*	-5 543 640	-22 663 051
Repayment of lease liabilities	*16(h)*	-485 721	-492 898
(Decrease)/Increase in other liabilities	*17(h), 17(j)*	514 729	212 359
Net cash from financing activities		**193 591 813**	**-10 912 092**
Net change in cash and cash equivalents		**140 556 828**	**1 260 893**
Cash and cash equivalents at the beginning of the period		56 963 336	49 718 663
Cash and cash equivalents at the end of the period	*17(e)*	**197 520 164**	**50 979 556**

** In 2020 and in 2021 as well the other non-cash movements derive mainly from foreign exchange differences.*

Notes to the Condensed Interim Consolidated Financial Information

1. Background and business of the Company

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

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

The Company (together with its subsidiaries operating in Hungary, Poland, Malta, 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 30 June 2021 and 31 December 2020, the Company had the following owner:
- Futureal Group B.V – 99,16% (place of business: Amsterdam, Netherlands)
- Finext Consultants Ltd. – 0,84% (place of business: Malta)

The ultimate controlling parties are Gábor Futó and Péter Futó.

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

Group structure

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

In case of 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(o) for details about joint ventures and associates.

		Share of ownership & voting rights		Nature of relationship	
Entity name	**Place of operation**	**30.06.2021**	**31.12.2020**	**30.06.2021**	**31.12.2020**
Futureal Holding BV	Netherlands	n/a	n/a	Parent company	Parent company
FRGP B.V.	Netherlands	100%	100%	Subsidiary	Subsidiary
HelloParks Group B.V.	Netherlands	70%	70%	Subsidiary	Subsidiary
Finext Global 2 Részalap	Hungary	68,6%	68,6%	Subsidiary	Subsidiary
HelloParks Hungary B.V.	Netherlands	68,6%	68,6%	Subsidiary	Subsidiary
HelloParks Management Kft.	Hungary	68,6%	68,6%	Subsidiary	Subsidiary
Hello Parks One Alpha Real Estate Fund Ingatlanfejlesztő	Hungary	68,6%	-	Subsidiary	Not in the Group
Hello Parks Two Real Estate Fund Ingatlanbefektetési	Hungary	68,6%	-	Subsidiary	Not in the Group
Hello Parks Three Real Estate Fund Igatlanbefektetési	Hungary	68,6%	-	Subsidiary	Not in the Group
Futureal Real Estate Holding Limited	Malta	99,903%	99,90%	Subsidiary	Subsidiary
FR UK Holdco 1 Limited	UK	99,903%	99,90%	Subsidiary	Subsidiary
Spektrum Glasgow Spv Limited	UK	99,903%	99,90%	Subsidiary	Subsidiary
Futureal 1 Ingatlanbefektetési Alap	Hungary	99,903%	99,90%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 1	Hungary	99,903%	99,90%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 2	Hungary	99,903%	99,90%	Subsidiary	Subsidiary
BP1 Harmadik Ütem Zrt.	Hungary	99,903%	73,90%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 3	Hungary	99,903%	99,90%	Subsidiary	Subsidiary
BP1 Második Ütem Zrt.	Hungary	99,903%	73,90%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 4	Hungary	99,903%	99,90%	Subsidiary	Subsidiary
Futureal Prime Properties Részalap 5	Hungary	99,903%	100,00%	Subsidiary	Subsidiary
FPP Kertész Projekt Kft. / (Corvin 7 Irodaház Projekt Ingatlanfejlesztő Kft.)	Hungary	99,903%	73,90%	Subsidiary	Subsidiary
Futureal Management Ltd	Cyprus	40%	40%	Associate	Associate
Finext Nyrt.	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
BP1 Első Ütem Zrt. (Corvin Telek 125 Ingatlanforgalmazó Kft./BP1 Első Ütem Kft.)	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Futureal Béta Ingatlanforgalmazó Kft.	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Futureal Development 7 Sp. z o.o.	Poland	73,90%	73,90%	Subsidiary	Subsidiary
Futureal New Ages Ingatlanfejlesztő Kft. (ebben van a Corvin 7 projekt)	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Futureal Prime Construction Kft.	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Portfolio Real Estate Hungary Ingatlanfejlesztési Kft.	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Corvin Innovation Campus Zrt.	Hungary	73,90%	73,90%	Subsidiary	Subsidiary
Evern Invest Kft.	Hungary	73,9%	-	Subsidiary	Not in the Group
FR Investments BV	Netherlands	100%	-	Subsidiary	Not in the Group
Futureal Development Holding Kft.	Hungary	100%	100%	Subsidiary	Subsidiary

Futureal Belváros Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Futureal Management Kft	Hungary	100%	100%	Subsidiary	Subsidiary
FUTUREAL Munkavállalói Résztulajdonosi Program	Hungary	100%	100%	Subsidiary	Subsidiary
Futureal New Times Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Etele Pláza Üzemeltető Kft. (GFG Agent)	Hungary	100%	100%	Subsidiary	Subsidiary
Finext HelloParks Alapok Alapja Értékpapír Befektetési Alap (F2G)	Hungary	100%	0,00%	Subsidiary	Not in the Group

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

2. Basis of preparation and statement of compliance

This condensed interim consolidated financial information for the half-year reporting period ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial information were authorized by the Boards of Directors of Futureal Group on 7th October 2021.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period:

- IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 (unaccompanied)
- Interest Rate Benchmark Reform Phase 2

The above amendments and improvements to IFRSs do not have a material impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

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

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 condensed interim consolidated financial information include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial information of those entities to conformity with IFRS.

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

3. Basis of consolidation

Consolidation

These condensed interim consolidated financial information comprise the financial information of the Company and its subsidiaries as at 30 June 2021 and of the six months then ended. 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 period are included in the condensed consolidated interim financial information 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.

Condensed interim financial information 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 interim financial information have been included in these condensed interim consolidated financial information, the percentage of economic ownership held by the owners of the parent Company and the classification of investments as at 30 June 2021 and 31 December 2020 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) and 18(f) for more details about entities and related parties with significant non-controlling interest balances.

Futureal Holding BV Group established the following entities in 2021:

Newly established entities	Date of establishment
FR Investments BV	20.05.2021
HelloParks One Real Estate Fund	28.05.2021
HelloParks Two Real Estate Fund	28.05.2021
HelloParks Three Real Estate Fund	28.05.2021

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 2021:

Newly acquired entities	Date of acquisition
Evern Invest Kft	16.04.2021
Finext HelloParks Alapok Alapja Értékpapír Bef. Alap	14.06.2021

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 2021 and 2020 were considered to be asset acquisitions, because the acquired entities did not meet the definition of business under IFRS 3. No goodwill was recognized as a result of the transactions. Please refer to Note 3 and 4 for detailed description of the related accounting policy and Note 3 for further details about the acquisitions.

Futureal Holding BV Group did not dispose any of its subsidiaries in 2021.

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 condensed consolidated interim financial information . 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.

4. Significant accounting policies

(a) Basis of measurement

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

The methods used to measure fair values for the purpose to prepare the Condensed Interim Consolidated Financial Information 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 condensed consolidated interim financial information are presented in Euros, which is the parent company's functional currency and the Group's presentation currency.

Foreign currency

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

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

Exchange differences from translating the separate financial information 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 condensed interim consolidated financial information.

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

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

Changes in fair values are recognised in the income statement. Investment and development properties are derecognised when they have been disposed of. Where the Group disposes of a property at fair value in an arm's length transaction, 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 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.

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 condensed consolidated interim financial information 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 condensed consolidated interim financial information 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 condensed consolidated interim financial information 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 condensed consolidated interim financial information 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 condensed consolidated interim financial information (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) Bonds

Bonds are initially recognised at fair value, net of transaction costs incurred then subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as financial income or finance costs.

Based on IAS23 general and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

(o) 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 condensed consolidated interim financial information.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) Dividend distribution

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

(v) 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.

The borrowing costs capitalized on the investment properties are reported as an investing activity in the cash flow statement.

(w) 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.

(x) 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 condensed interim consolidated financial information. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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).

(y) 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 condensed interim consolidated financial information 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 condensed interim consolidated financial information 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.

(z) 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.

(aa) 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.

(ab) Intangible assets

An intangible asset is defined as "an identifiable non-monetary asset without physical substance". An item should be recognised in the condensed interim consolidated financial information 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.

(ac) Subsidiaries with less than 50% ownership held by the Group

As of 30 June 2021, the Group owns less than 50% of the investment units in an investment fund subsidiary, but it is capable of controlling the entities through the rights provided by its shares. This means that funds issued two classes of investment units, Class A is owned by the Group, Class P is purchased by the non-controlling investors . Where the ones owned by the Group allow it to control the entities as required by IFRS 10 (i.e. all the major decisions are to be decided by Futureal Group).

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance among net assets attributable to non-controlling investment unit holders.

Please also refer to Note 18 (f) about net assets attributable to non-controlling investment unit holders of this fund.

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 19 599 277 EUR as at 30 June 2021 (25 012 714 EUR as at 31 December 2020).

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

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 two entities in 2021 (one of them – Evern Invest Kft – with significant value) and several ones in 2020 (with an insignificant value each), detailed in note 1.

Finext HelloParks Alapok Alapja Értékpapír Befektetési Alap has been acquired from entities under common control, because the ultimate controlling party (Gábor Futó and Péter Futó) did not change as a result of the transaction.

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

Based on the above, Management believes that none of the acquisitions in 2021 and in 2020 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 2021 and in 2020 there were no such case.

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 condensed interim consolidated financial information is the Euro, as both users of the condensed interim consolidated financial information and market participants assess transactions in this currency, and this facilitates comparability with the condensed interim consolidated financial information 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 30 June 2021 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.

- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to 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)
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023)
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023)
- 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).

- IFRS 4 – deferral of IFRS 9 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).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).

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 period ended 30 June: *In EUR*	**2021**	**2020**
Revenue from sale of real estate	0	48 918 558
Total Sales revenue	**0**	**48 918 558**

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 period ended 30 June: *In EUR*	**2021**	**2020**
Rental income	4 083 815	2 217 715
Other rental income	3 688 910	1 223 639
Total Rental revenue	**7 772 725**	**3 441 354**

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. The increase of the total rental revenue is basically related to the Etele Plaza project where the first fees due to the opening of the new shopping mall started to be invoiced in 2021.

For the period ended 30 June: *In EUR*	**2021**	**2020**
Management fee	702 500	20 832
Income from intermediary services	1 194 250	500 670
Advisory fee	230 846	0
Other revenue	374 802	1 522 187
Total Service revenue	**2 502 398**	**2 043 689**
Total revenue	**10 275 123**	**54 403 601**

In the beginning of 2020 most of the management activities were taken over by the Hungarian branch office of FR Management Partnership CV. As this entity is 99% outside of the consolidation group, the management fee decreased considerably in 2020 compared to 2019. In 2021 the management fee increased again as the Group started to develop new projects.

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	9 933 721	48 468 943	51 175 585	104 352 383	**213 930 632**

Timing of revenue recognition under IFRS 15:

For the period ended 30 June: *In EUR*	**2021**	**2020**
Point in time	0	48 918 558
Over time	10 275 123	5 485 043
Total	**10 275 123**	**54 503 601**

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

8. Cost of sales

For the period ended 30 June: *In EUR*	**2021**	**2020**
Costs of goods sold	0	48 497 233
Total cost of goods sold and services provided	**0**	**48 497 233**

For the period ended 30 June: *In EUR*	**2021**	**2020**
Utilities	192 658	614 612
Taxes	497 627	132 094
Other direct costs of rental and operation	1 575 787	652 173
External services	321 121	798 743
Total direct costs of rental and operation	**2 587 193**	**2 197 622**

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 period ended 30 June: *In EUR*	**2021**	**2020**
Other property related costs	1 375 931	406 449
Depreciation and amortisation	233 470	14 457
Intermediary services	376	0
Total other property related costs	**1 609 777**	**420 906**
Total cost of sales	**4 196 970**	**51 115 761**

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 period ended 30 June: *In EUR*	**2021**	**2020**
Advertising	50 862	6 843
Marketing	81 654	0
Sales cost	19 400	209 827
Total selling and marketing expenses	**151 916**	**216 670**

10. Administrative expenses

For the period ended 30 June: *In EUR*	**2021**	**2020**
Depreciation and amortisation	437 552	638 044
Personnel expenses and external services	121 819	29 862
Accounting and audit fees	118 642	96 360
Professional services	0	191 482
External services	1 803 912	1 344 341
Other administrative expenses	154 957	14 620
Total administrative expenses	**2 636 882**	**2 314 709**

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 CV.

11. Breakdown of expenses by nature

For the year period 30 June: *In EUR*	**2021**	**2020**
Material type expenditures	5 299 960	52 238 564
Employee benefits expenses	1 015 133	759 498
Depreciation & amortisation	670 676	649 078
Total	**6 985 769**	**53 674 140**

Material type expenditures include the cost of the office building that was sold in 2020. For details please see note 7. In 2021 there were no such sale.

12. Other income

For the period ended 30 June: *In EUR*	**2021**	**2020**
Net gain (loss) on non-current assets sold	373	23 953
Reversal of impairment losses	2 528	75 218
Gain on revaluation of other investments	336 731	0
Other income	328 959	39 593
Total other income	**668 591**	**138 764**

13. Other expenses

For the period ended 30 June: *In EUR*	**2021**	**2020**
Non-income taxes	62 542	50 541
Taxes	47 930	0
Impairment losses	0	27 760
Loss on subsidiary, joint ventures and associates	995 974	13 995
Penalties, fines	359 921	326 895
Donations	341 420	535 067
Other Expense	114 330	27 948
Total other expense	**1 922 118**	**982 206**

Both in 2021 and 2020 the donations were provided to hospitals, local municipalities and other non-profit organizations to support their work. In 2020 especially to support their work against the Covid-19 pandemic situation.

14. Finance income and expense

For the period ended 30 June: *In EUR*	**2021**	**2020**
Interest income	**4 546**	**144 132**
Realised exchange difference	4 580 593	1 713 302
Unrealised exchange difference	2 058 966	3 709 491
Premium amortization on bond	376 558	0
Other	28 492	356 601
Other finance income	**7 044 609**	**5 779 394**
Total finance income	**7 049 155**	**5 923 526**
Interest expense	1 063 231	877 929
Interest on lease liabilities	52 332	114 249
Bond related interest expense	390 969	0
Interest expense	**1 506 532**	**992 178**
Bank charges	61 413	395 703
Realised exchange difference	218 201	6 083 541
Unrealised exchange difference	7 010 645	5 813 535
Loss on derivatives	219 799	0
Other	0	976 645
Other finance expense	**7 510 058**	**13 269 424**
Finance expense	**9 016 590**	**14 261 602**
Net finance income / (expense)	**-1 967 435**	**-8 338 076**

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

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 period ended 30 June: *In EUR*	**2021**	**2020**
Corporate income tax	88 939	35 305
Local business tax	68 925	52 618
Innovation contribution	0	0
Total current tax expense / (benefit)	**157 864**	**87 923**
Deferred tax	0	46 168
Total deferred tax expense / (benefit)	**0**	**46 168**
Total income tax expense / (benefit)	**157 864**	**134 091**

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 period ended 30 June: *In EUR*		**2021**	**2020**
Profit / (loss) for the period		5 546 597	3 636 687
Total income tax expense / (benefit)		157 864	134 091
Profit / (loss) before income tax		**5 704 461**	**3 770 778**
Expected income tax using the Hungarian tax rate (9%)		***513 401***	***339 370***
Tax effect of:			
Not recognized deferred tax asset for tax loss carried forward	*a)*	635 366	1 510 525
Difference in tax rates	*b)*	-177 174	292 732
Difference due to investment funds and entities under Real Estate Investment Trust	*c)*	-934 831	-2 118 008
Non-taxable income	*d)*	0	0
Other income tax	*e)*	68 925	52 490
Other	*f)*	52 177	1 089
Tax expense for the period		**157 864**	**134 091**
Effective tax rate		2,77%	3,29%

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

b) Since 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, UK and Malta).

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 were 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)
- Other tax liabilities (note 16(k)

16.(a) Intangible assets

For the period ended 30 June 2021

In EUR	**Intellectual property and rights**
Cost or deemed cost	
Balance at 1 January 2021	1 186 447
Additions	171 173
Closing balance at 30 June 2021	**1 357 620**
Depreciation and impairment losses	
Balance at 1 January 2021	861 121
Depreciation for the period	141 107
Closing balance at 30 June 2021	**1 002 227**
Carrying amounts	
At 1 January 2021	325 326
Closing balance at 30 June 2021	**355 393**

For the period 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	83 131
Closing balance at 31 December 2020	**861 121**
Carrying amounts	
At 1 January 2020	332 819
Closing balance at 31 December 2020	**325 326**

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 period 1 January 2021- 30 June 2021: *In EUR*	**2021**
Fair value at 1 January	**494 474 339**
Additions	58 841 502
Disposal	-92 826
Borrowing cost capitalized	4 542 619
Decrease - RoU assets - IFRS 16	-10 281
Net gain/loss from fair valuation	5 430 996
Fair value at 30 June	**563 186 349**

For the period 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**

During the first half year of 2021 the group disposed some machinery classified among the investment and development properties. On this sale the group accounted 205 072 EUR profit presented in separate line in the income statements. In 2020 there was no such kind of sale of investment property.

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 532 729 246 EUR as at 30 June 2021 (464 988 279 EUR as at 31 December 2020), remaining properties with a fair value of 30 457 102 EUR (29 486 059 EUR as at 31 December 2020) are located outside of Hungary.

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

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

in EUR

30 June 2021	**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	328 640 000	134 835 610	34 549 300	53 816 836
Area (m^2)	135 257	44 763	2 250 342	36 853
Sensitivity for yield				
0.25%	-16 513 934	-1 685 004	0	0
-0.25%	17 833 259	1 751 278	0	0
Sensitivity for rental fees				
5%	20 315 178	4 107 418	0	0
-5%	-20 338 173	-4 107 418	0	0

in EUR

31 December 2020	**Properties under construction for rental purposes**	**Lands**	**Individually not significant properties**
Valuation method	Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification	Investment and development property	Investment and development property	Investment and development property
Fair value	286 226 600	129 048 835	26 110 000
Area (m^2)	127 120	44 750	1 235 053
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

	Intervals 30.06.2021	Intervals 31.12.2020
Margin	4,66-6,65%	5,65-8,00%
Office ERV	14,00-16,50	14,00-17,00
Office rental fee (€/m^2)	14,00-16,50	14,00-17,00
Store space rental fee (€/m^2)	15,00-100,00	10,00-100,00
Warehouse rental fee (€/m^2)	5,00-8,00	5,00-8,25

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

For the period ended 30 June:

in EUR	2021	2020
Rental income from operating lease	7 772 725	3 441 354
Direct operating expenses	-2 587 193	-2 197 622
Fair value gain recognised	5 430 996	12 196 730
Amounts recognised in PL for investment and development properties	**10 616 528**	**13 440 462**

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

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

For the period ended 30 June 2021 *In EUR*	**Rights of perpetual usufruct of land**
Balance at 1 January	**667 351**
Additions to right of use assets	0
Fair value change	- 22 786
Currency translation difference	12 504
Closing balance	**657 069**

For the period 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	-54 505
Currency translation difference	-1
Closing balance	**667 351**

16.(c) Property, plant and equipment

In EUR	**Buildings**	**Machinery and vehicles**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Cost or deemed cost					
Balance at 1 January 2021	6 310 218	1 919 221	325 867	229 671	8 784 977
Acquisition	0	0	0	0	0
Addition	0	0	29 822	447 175	476 997
Capitalizing assets under construction	0	92 567	269 721	-362 288	0
Sale	0	- 7 970	-7 310	0	- 15 280
Scrapping	0	0	-1 522	0	-1 522
Lease modification	- 256 430	0	0	0	- 256 430
Currency translation difference	7 054	0	0	0	7 054
Closing balance at 30 June 2021	**6 060 842**	**2 003 818**	**616 578**	**314 559**	**8 995 796**
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 2021	1 189 343	1 390 773	245 001	0	2 825 117
Depreciation	6 804	32 748	136 144	0	175 696
Sale	0	- 204	-6 831	0	-7 035
Scrapping	0	0	-1 522	0	-1 522
Currency translation reserve	0	0	0	0	0
Closing balance at 30 June 2021	**1 196 147**	**1 423 317**	**372 792**	**0**	**2 992 256**
Balance at 1 January 2020	22 329	1 559 169	335 293	0	1 916 791
Depreciation	1 172 470	163 779	41 827	0	1 378 076
Sale	- 5 456	- 283 547	-108 113	0	-397 116
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**	**2 825 117**
Carrying amounts					
At 31 December 2020 / 1st January 2021	**5 120 875**	**528 448**	**80 866**	**229 671**	**5 959 860**
Closing balance at 30 June 2021	**4 864 695**	**580 501**	**243 786**	**314 558**	**6 003 540**

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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 2021	**6 005 069**	**6 005 069**
Lease modification	165 139	165 139
Additions to right of use assets	0	0
Termination of contracts	0	0
Currency translation difference	0	0
Closing balance at 30 June 2021	**6 170 208**	**6 170 208**
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 2021	**- 1 074 629**	**- 1 074 629**
Depreciation charge for right of use assets	- 421 569	- 421 569
Termination of contracts	0	0
Closing balance at 30 June 2021	**- 1 496 198**	**- 1 496 198**
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 2021	4 930 440	4 930 440
Closing balance at 30 June 2021	**4 674 010**	**4 674 010**
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 period ended 30 June 2021

In EUR	**30.06.2021**	**31.12.2021**
Total inventories at the lower of cost or net realizable value	**3 443**	**909**

For 30 June 2021 Hello Parks Management Kft and BP1 Első Ütem Zrt held some low-cost assets classified as inventory.

At the beginning of 2020, inventories include the Corvin 6 development project of Corvin 5 Projekt Kft in the amount of EUR 48,512,860. The project was sold 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 assets 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 30 June 2021 and 31 December 2020 the Group performed an inventory review regarding to its valuation to net realizable value. As a result, at the end of both periods 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.

16.(e) Other assets

In EUR	**30.06.2021**	**31.12.2020**
Advances and prepayments made for investments	601 633	51 629
Advances and prepayments made for services	2 842	2 123
Advances and prepayments made for inventories	888 117	541 255
Prepaid expenses	92 707	60 660
Deposits	135 675	104 808
Securities (other long term financial assets)	235 580	232 284
Other	14 998	8 149
Total closing balance	**1 971 552**	**1 000 908**

Closing balance includes:		
Other long-term assets	235 580	232 294
Other short-term assets	1 735 972	768 614
Total closing balance	**1 971 552**	**1 000 908**

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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 01.01.2021	Recognized in the income statement	Currency translation adjustment	Disposal of subsidiary	Closing balance 30.06.2021
Deferred tax assets					
Tax loss carry forward	0	0	0	0	0
GAAP difference	0				
Total deferred tax assets	**0**	**0**	**0**	**0**	**0**

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	**30.06.2021**
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 tax losses carried forward and does not have any in 2021 too.

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

In EUR	**Balance 01.01.2021**	**Acquisitions/ (Disposals)**	**Balance 30.06.2021**
Tax losses	0	0	0

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

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

As at 30 June 2021:	*In EUR*
can be used from 2022-2030:	0
Total:	**0**

As at 31 December 2020:	
can be used from 2021-2030:	0
Total:	**0**

16.(g) VAT receivables

In EUR	**30.06.2021**	**31.12.2020**
Short-term VAT receivables	7 781 562	14 929 614
Total closing balance	**7 781 562**	**14 929 614**

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 30 June 2021 and 31 December 2020.

16.(h) Lease liabilities

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

For the period ended on 30 June:

In EUR	**2021**	**2020**
Opening balance	**5 679 248**	**6 891 753**
Recognition of new lease liability	165 139	50 453
Lease modification	0	- 386 218
Interest expense	52 332	114 249
Foreign exchange difference	-12 076	576 913
Currency translation adjustment	-12 505	- 758 321
Repayment of lease liability	- 485 721	- 809 581
Total closing balance	**5 386 147**	**5 679 248**

Closing balance includes:		
Short-term lease liabilities	940 694	897 672
Long-term lease liabilities	4 445 453	4 781 576
Total closing balance	**5 386 147**	**5 679 248**

The total cash outflow for leases in 2021 was 485 721 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	30.06.2021	31.12.2020
Futureal Management Kft	n/a	43 699	0
Futureal 1 Ingatlanbefektetési Alap	Street retail project	28 854	46 446
Total customer advances received and tenant deposits		**72 553**	**46 446**

For the period ended *In EUR*	**2021**	**2020**
Opening balance of customer advances received and tenant deposits	**46 446**	**12 475 233**
Increase in contract liabilities from customer advances received for not completed performance obligations	43 699	0
Decrease in contract liabilities from customer advances received for not completed performance obligations	-17 592	-36 949
Revenue recognised that was included in the contract liability balance at the beginning of the period	0	-12 391 838
Closing balance of customer advances received and tenant deposits	**72 553**	**46 446**
Non-current liability	0	0
Current liability	72 553	46 446

16.(j) Provisions

For the period ended 30 June 2021 *In EUR*	**Rental guarantee**	**Other**	**Total**
Balance at 1 January	593 040	0	**593 040**
Additional provision charged	0	0	**0**
Amounts used during the year	- 336 731	0	**- 336 731**
Closing balance	**256 309**	**0**	**256 309**

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 period ended: *In EUR*	**30.06.2021**	**31.12.2020**
Non-current provision	120 369	35 835
Current provision	135 940	557 205
Total closing balance	**256 309**	**593 040**

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 256 309 EUR at 30 June 2021 and 593 040 EUR at 31 December 2020 which is expected to cover the upcoming compensations.

16.(k) Other tax liabilities

In EUR	30.06.2021	31.12.2020
VAT liability	1 807 090	179 529
Stam duty liability	153 445	0
Social Security liabilities	41 703	111 561
Innovation contribution liabilities	41 067	120 528
Personal income tax liabilities	19 641	54 330
Other misc. tax liabilities	132 276	127 224
Total closing balance	**2 195 223**	**593 173**

Closing balance includes:		
Long-term tax liabilities	0	0
Short-term tax liabilities	2 195 223	593 173
Total closing balance	**2 195 223**	**593 173**

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 30 June 2021

In EUR	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets	**591 723**	**0**	**591 723**
Loans receivables from third parties	0	0	0
Other assets	10	0	10
Other long-term financial assets	235 570	0	235 570
Restricted Cash	0	0	0
Long-term derivative financial assets	356 143	0	356 143
Current financial assets	**0**	**261 961 431**	**261 961 431**
Trade and other receivables	0	9 669 520	9 669 520
Short-term receivables from related parties	0	21 263 854	21 263 854
Short-term receivables from third parties	0	2 587 064	2 587 064
Cash and cash equivalents	0	197 520 164	197 520 164
Restricted Cash	0	30 920 830	30 920 830
Total financial assets	**591 723**	**261 961 432**	**262 553 154**

As at 30 June 2021

In EUR	**Financial liabilities at FV through P/L**	**Financial liabilities at amortized cost**	**Total**
Non-current financial liabilities	**1 423 472**	**368 437 933**	**369 861 405**
Long-term liabilities to related parties	0	0	0
Loans and borrowings	0	201 501 419	201 501 419
Bonds	0	162 267 961	162 267 961
Tenant deposits	0	2 394 044	2 394 044
Amounts withheld for guarantees	0	2 274 509	2 274 509
Derivative financial liabilities	1 423 472	0	1 423 472
Current financial liabilities	**2 764 706**	**57 080 256**	**59 844 962**
Short-term liabilities to related parties	0	11 129 032	11 129 032
Loans and borrowings	0	5 675 000	5 675 000
Bonds short term	0	1 821 514	1 821 514
Trade and other payables	0	38 454 710	38 454 710
Derivative financial liabilities	2 764 706	0	2 764 706
Total financial liabilities	**4 188 178**	**425 518 189**	**429 706 367**

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**	**120 071 534**	**120 071 534**
Trade and other receivables	0	7 179 442	7 179 442
Short-term receivables from related parties	0	20 636 286	20 636 286
Short-term receivables from third parties	0	3 693 693	3 693 693
Cash and cash equivalents	0	56 963 336	56 963 336
Restricted Cash	0	31 598 777	31 598 777
Total financial assets	**236 233**	**120 071 534**	**120 307 767**

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**	**198 369 250**
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	6 278 462
Current financial liabilities	**1 437 623**	**51 794 543**	**53 232 166**
Short-term liabilities to related parties	0	8 824 436	8 824 436
Loans and borrowings	0	4 738 036	4 738 036
Trade and other payables	0	38 232 071	38 232 071
Derivative financial liabilities	1 437 623	0	1 437 623
Total financial liabilities	**7 716 085**	**243 885 331**	**51 601 416**

17. (a) Receivables from related parties

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

In EUR	**30.06.2021**	**31.12.2020**
Loans granted	0	0
Trade receivables	195 760	81 209
Accrued revenue	7 528 927	5 500 537
Accrued interest receivables	0	334
Other receivables	2 237 462	1 128 037
Unpaid share capital (Hello Parks Group B.V. from QED B.V.)	11 300 000	12 500 000
Accrued costs	1 705	1 426 169
Total closing balance	**21 263 854**	**20 636 286**

Closing balance includes:

Current assets	21 263 854	20 636 286
Non-current assets	0	0
Total closing balance	**21 263 854**	**20 636 286**

The table below presents the movement in loans granted to related parties during 2021 and 2020:

In EUR	**2021**	**2020**
Opening balance	**0**	**25 437 445**
Loans granted	0	128 164 045
Loans repaid	0	-152 912 890
Disposal of subsidiaries	0	-688 600
Total closing balance	**0**	**0**

Breakdown by currency of Receivables from related parties for the period ended 30 June:

In EUR	**30.06.2021**	**31.12.2020**
EUR	15 654 937	16 859 399
HUF	5 449 970	3 776 887
RON	8 513	0
PLN	150 434	0
Total closing balance	**21 263 854**	**20 636 286**

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

As of 30 June 2021

In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
QED B.V.	11 300 000	within one year	0%	EUR
FR Management Partnership C.V. Magyaro.-i Fióktelepe	8 072 015	within one year	0%	EUR/HUF
Cordia Management Szolgáltató Kft	942 470	within one year	0%	EUR/HUF
RK Projekt Kft	753 474	within one year	0%	HUF
Other related parties (individually not significant)	195 895	within one year	0%	EUR/HUF
Total	**21 263 854**			

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**			

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 30.06.2021. There was no impairment accounted for the receivables from related parties items, because the impact is wholly immaterial.

17.(b) Receivables from third parties

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

For the period ended 30 June 2021 and 31 December 2020:

In EUR	2021	2020
Opening balance	**3 693 693**	**34 886 201**
Loans granted	0	0
Loans repaid	-1 106 629	-31 192 508
Revaluation	0	0
Total closing balance	**2 587 064**	**3 693 693**

The table below presents the movement in long-term loans granted to third parties in 2021 and 2020:

In EUR	2021	2020
Opening balance	**0**	**13 010**
Loans granted	0	0
Loans repaid	0	-13 010
Revaluation	0	0
Total closing balance	**0**	**0**

	30.06.2021	31.12.2020
Closing balance includes:		
Current assets	2 587 064	3 693 693
Non-current assets	0	0
Total closing balance	**2 587 064**	**3 693 693**

In EUR	30.06.2021	31.12.2020
HUF	22 941	3 693 693
EUR	2 564 123	0
USD	0	0
Total closing balance	**2 587 064**	**3 693 693**

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

As of 30 June 2021

In EUR

Counterparty	Balance	Maturity	Interest rate	Currency
Pedrano Construction Hungary Kft	2 564 122	within one year	0%	EUR
Other third parties	22 941	within one year	0%	HUF

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

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. The currency of the loan receivable from Pedrano Construction Hungary has been changed for EUR (from HUF) since 1st January 2021.

17.(c) Trade and other receivables

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

In EUR	**30.06.2021**	**31.12.2020**
Gross trade receivables	**3 261 157**	**2 573 561**
Decreased by impairment	-2 702	-2 604
Net trade receivables	**3 258 455**	**2 570 957**
Accrued revenue	4 916 767	3 030 155
Prepaid expenses	1 039 942	1 224 097
Vendor overpayment	192 886	186 211
Dividend receivable	0	0
Consideration receivable from sale of investments	0	0
Given deposits	260 276	167 973
Other receivables	1 194	50
Total trade and other receivables	**9 669 520**	**7 179 442**

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	**30.06.2021**	**31.12.2020**
Securities	235 570	232 294
Long-term derivative financial assets	356 143	3 949
Total closing balance	**591 713**	**236 243**

Closing balance includes:		
Other long-term assets	591 723	236 243
Other short-term assets	0	0
Total closing balance	**591 723**	**236 243**

Balances presented as securities above are financial assets based on IFRS 9 and measured at fair value through profit and loss. For further details about the long-term derivative financial assets please refer the note 17(m).

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	**30.06.2021**	**31.12.2020**
Cash at bank and in hand	197 520 164	56 963 336
Total cash and cash equivalents	**197 520 164**	**56 963 336**

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

In EUR	**30.06.2021**	**31.12.2020**
HUF	151 105 836	6 598 806
EUR	43 902 378	50 288 082
USD	84 829	15 723
GBP	964 340	222
PLN	1 462 781	60 503
Total cash and cash equivalents	**197 520 164**	**56 963 336**

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

In EUR	**30.06.2021**	**31.12.2020**
A	84 059 800	11 311 822
A-	8 710 085	9 326 623
BBB+	103 793 496	23 633 149
BBB	931 960	11 509 829
B+	0	1 154 322
Cash at hand	24 823	27 591
Total cash and cash equivalents	**197 520 164**	**56 963 336**

*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	**30.06.2021**	**31.12.2020**
Tenant deposits	3 802 848	4 960 096
Loans and borrowings related cash	27 117 982	26 638 681
Total restricted cash and cash equivalents	**30 920 830**	**31 598 777**

Closing balance includes:		
Current assets	0	0
Non-current assets	30 920 830	31 598 777
Total closing balance	**30 920 830**	**31 598 777**

In EUR	**30.06.2021**	**31.12.2020**
HUF	1 499 679	985 967
EUR	28 209 176	28 904 208
GBP	0	1 708 602
Total restricted cash and cash equivalents	**30 920 830**	**31 598 777**

17.(g) Loans and borrowings

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

For the period ended:

In EUR	**30.06.2021**	**31.12.2020**
Opening balance	**192 659 629**	**145 274 326**
New bank loan drawdown	14 893 876	89 699 035
Loans repayments	-861 535	-41 416 575
Revaluation (fx)	484 449	-897 157
Total closing balance	**207 176 419**	**192 659 629**

	30.06.2021	**31.12.2020**
Closing balance includes:		
Current liabilities	5 675 000	4 738 036
Non-current liabilities	201 501 419	187 921 593
Total closing balance	**207 176 419**	**192 659 629**

In EUR	**30.06.2021**	**31.12.2020**
EUR	196 230 344	181 860 917
HUF	0	337 086
GBP	10 946 075	10 461 626
Total closing balance	**207 176 419**	**192 659 629**

30 June 2021
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	47 375 000	875 000	3 month EURIBOR + margin	Yes	No	Long term dev. loan
					1 750 000					Short term dev. loan
	Unicredit és K&H 50-50%-ban	2020.12.31	HUF	756 384	0	756 384	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	115 826 343	32 148 657	3 month EURIBOR + margin	Yes	No	Long term dev. loan
					2 025 000					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	MKB Bank	2030.12.31	EUR	35 000 000	28 120 000	5 746 000	3 month EURIBOR + margin	Yes	No	Long term proj. loan
					1 134 000					Short term proj. loan
Spectrum Glasgow Ltd	Laxfield	2023.10.22	GBP	10 946 075	10 946 076	0	LIBOR + margin	Yes	No	Project loan
Total				**248 517 780**	**207 176 419**	**41 341 362**				

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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**				

17.(h) Bonds

In EUR	**2021**	**2020**
Cash received	156 233 138	0
Bond face value	149 904 606	0
Gain on Bond issuance	**6 328 532**	**0**
Premium on Bond issuance	13 122 687	0
Capitalized costs of Bond issuance	322 121	0
Fair value of Bond related liabilities	**142 788 330**	**0**
Effective interest rate of Bonds for 2021	1 821 514	0
Amortized Bond liability at 2021H1	**144 609 844**	**0**
Premium amortization	376 558	0
Liability recorded for premium at 2021H1	12 746 129	0
Other	64 903	0
FX gain/loss	6 668 599	0
Total closing balance	**164 089 475**	**0**

In EUR	**06.30.2021**	**12.31.2020**
Closing balance includes:		
Current liabilities	1 821 514	0
Non-current liabilities	162 267 961	0
Total closing balance	**164 089 475**	**0**

In EUR	**2021**	**2020**
HUF	164 089 475	0
Total closing balance	**164 089 475**	**0**

In 2021, the Issuer has carried out a successful bond issue on 19 March 2021. The financial settlement date was March 23, 2021, the maturity is on March 23, 2031. The offered volume was HUF 55 billion at face value which attracted HUF 57.75 billion in bids. The amount of funds raised was HUF 57.32 billion.

The National Bank of Hungary (MNB) launched its corporate bond program (NKP) in July 2019, under which it is buying bonds issued by Hungarian corporations with a rating of at least B+ for up to HUF 300 billion. Scope Ratings assigned ratings to several participating companies and added Futureal Development Holding Kft. to this list in February. Scope Ratings assigned a first-time issuer rating of BB to Futureal, with a Stable Outlook. Senior unsecured debt is rated BB, which is two notches higher than the minimum requirement set by the MNB. The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.

Bonds are initially recognised at fair value, net of transaction costs incurred then subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Based on IAS 23 the effective interest of EUR 4 542 619 was capitalized on qualifying assets.

Bond terms and conditions:

Coupon:

Each Bond bears a coupon of 4.00 % per annum, with annual coupon payments on the Amortized Face Value and payable on the Coupon Payment Date.

The term of the Bonds is a ten-year period commencing on the Issue Date and ending on 23 March 2031 (the "Maturity Date").

Coupon Payment Date:

The first coupon payment date shall be 23 March 2022, and then any subsequent coupon payment date shall be 23 March in each year during the term of the Bonds, except for the last coupon payment date which shall be the Maturity Date (the "Coupon Payment Date").

Amortisation, Redemption and Purchases:

Each Bond shall be repaid by the Issuer at HUF 50 000 000 (per Bond) and payable annually on the last three (3) Coupon Payment Dates, being 23 March 2028, 23 March 2029, and on 23 March 2030 and at HUF 35 000 000 as the Final Redemption Amount due and payable on 23 March 2031, being the last Coupon Payment Date, which is also the Maturity Date.

Issuer undertakings:

No Shareholder Distributions and no New Acquisition shall be made in case any of the following conditions are not met, calculated on the basis of the most recently published financial statements of the Issuer:

(i) No Shareholder Distributions shall be made if the rating of the Bonds according to the Rating Agency falls below B+ or equivalent and is not remedied (i.e., until the Issuer receives a rating of B+ (or equivalent) or better from the Rating Agency) ("Rating Undertaking").

(ii) No Shareholder Distributions shall be made if the following condition is not met based upon the latest financial statements:

Total Net Issuer Bonds and Other Borrowings / Consolidated Equity ≤ 1 ("Bond Debt to Equity Undertaking")

(iii) No Shareholder Distribution shall be made in a way that as a result of such Shareholder Distribution, the cumulative amount of all the Shareholder Distributions made after the date of the most recent financial statements would exceed the maximum amount that could have been distributed on the date of the most recent financial statements without resulting in the Bond Debt to Equity Undertaking exceeding its limit as set out in paragraph (ii) above and as calculated on the basis of the figures of such latest financial statements and considering the amount of the contemplated distribution.

Such limitation shall be applied after the date of the publication of the latest financial statements until the date of the publication of the new financial statements, at which point a new such limit is calculated and shall be applicable.

The Bond Debt to Equity Undertaking shall be calculated on the basis of the Guarantor's most recent audited consolidated financial statements, published by the Guarantor and the Issuer. Disclosure and calculation of the above undertakings shall be an integral part of the financial statements of the Guarantor and the Issuer.

Review of the fulfilments of the covenants:

(i) Rating of the Bonds

Based on the latest valuation made by Scope Ratings GmbH on 1 September 2021 the rating of Futureal Development Holding is BB with a Stable Outlook.

(ii) The Issuer Bond Debt to Equity Undertaking

Bond Debt to Equity Undertaking = (Total Net Issuer Bonds and Other Borrowings) / (Consolidated Equity), where

Total Net Issuer Bonds and Other Borrowings: Total Issuer Bonds and Other Borrowings, reduced by the Cash and Cash Equivalents,

Total Issuer Bonds and Other Borrowings: (a) the total amount of bonds issued by any of the Issuing Entities that are outstanding to third parties (not being part of Futureal Group) that are not subordinated to the Bonds, plus (b) any other third party loans and borrowings of the Issuing Entities that are outstanding to third parties (being not part of Futureal Group) that are not subordinated to the Bonds,

Issuing Entities: (i) the Issuer, (ii) the Guarantor and (iii) any other legal entity within the Futureal Group that issues bond(s) that are guaranteed (by way of a guarantee, suretyship or other liability arrangement) by the Guarantor or the Issuer, during the term of such guarantee,

Consolidated Equity: the total equity indicated in the consolidated balance sheet of the Guarantor, and

Cash and Cash Equivalents: the Cash and Cash Equivalents as indicated in the consolidated balance sheet of Futureal Holding B.V., the Guarantor (for the avoidance of doubt, not including restricted cash).

In EUR	**06.30.2021**
Share Capital	342 000 000
Share Premium	0
Currency translation reserve	-5 843 019
Other reserves	-1 611 749
Retained earnings	13 264 144
Equity of non-controlling interest	35 322 176
Consolidated Equity	**383 131 552**

In EUR	**06.30.2021**
Bank Loans (non-current)	201 501 419
Bank Loans (current)	5 675 000
Bonds (non-current)	162 267 961
Bonds (current)	1 821 514
Issuer Bonds and Other Borrowings	**371 265 894**
Cash and cash equivalents	**191 076 766**
Total Net Issuer Bonds and Other Borrowings	**180 189 128**
Bond Debt to Equity Undertaking	**0,47**

As at 30 June 2021 the Bond related Issuer Undertakings were fulfilled.

17.(i) Liabilities to related parties

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

In EUR	**30.06.2020**	**31.12.2020**
Loan	200 000	680 475
Trade payables	9 656 877	5 981 047
Deferred income	7 874	3 974
Accrued expenses	1 217 626	2 174 311
Other liabilities	46 655	0
Total closing balance	**11 129 032**	**8 839 807**
Closing balance includes:		
Current liabilities	11 129 032	8 824 436
Non-current liabilities	0	15 371
Total closing balance	**11 129 032**	**8 839 807**

The table below presents the movement in loans and borrowings:

For the period ended:

In EUR	**30.06.2021**	**31.12.2020**
Opening balance	**680 475**	**36 639 063**
Loans granted	0	0
Loans repaid	-480 475	-35 958 588
Total closing balance	**200 000**	**680 475**

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

30.06.2021

Counterparty	Balance (in EUR)	Maturity	Interest rate	Relationship	Currency
EDEN Holding Kft	200 000	within one year	0%	Sister company	EUR
Total	**200 000**				

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**				

In EUR	**30.06.2021**	**31.12.2020**
HUF	925 996	5 115 637
EUR	10 200 890	3 721 316
PLN	2 145	0
Total closing balance	**11 129 032**	**8 839 807**

17.(j) Trade and other payables

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

In EUR	**30.06.2021**	**31.12.2020**
Trade payables	33 952 789	33 143 134
Deferred income	2 875 015	1 758 982
Accrued expenses	1 528 875	3 238 462
Other payables	98 031	91 493
Closing balance	**38 454 710**	**38 232 071**

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	**30.06.2021**	**31.12.2020**
HUF	19 093 171	1 791 633
EUR	13 924 305	35 542 727
PLN	5 884	101 232
USD	448 952	188 363
RON	89	86
GBP	4 982 308	608 030
Total closing balance	**38 454 710**	**38 232 071**

17.(k) Tenant deposits

Deposits received from tenants are denominated in the following currencies:

In EUR	**30.06.2021**	**31.12.2020**
EUR	1 921 449	1 669 683
HUF	492 453	543 933
PLN	8 996	8 820
Total closing balance	**2 422 898**	**2 222 436**

Closing balance includes:		
Current liabilities	28 854	46 446
Non-current liabilities	2 394 044	2 175 990
Total closing balance	**2 422 898**	**2 222 436**

17.(l) 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.

The balance of the long term balance of the guarantees withheld as at 30 June 2021 is EUR 2 274 509.
The balance of the long term balance of the guarantees withheld as at 31 December 2020 is EUR 1 977 834.

17.(m) Derivative financial assets

in EUR	**30.06.2021**	**31.12.2020**
Closing balance includes:		
Long-term derivative assets	356 143	3 949
Short-term derivative assets	0	0
Total closing balance	**356 143**	**3 949**

01.01.2020 - 31.12.2020 movements table	**2021**	**2020**
Opening balance as at 01 January	**3 949**	**0**
Parent share - Fair value change recorded in other comprehensive income	334 916	4 181
NCI share - Fair value change recorded in other comprehensive income	17 278	-232
Foreign exchange loss	0	0
Closing balance as at 30 June / 31 December	**356 143**	**3 949**

On 30 June 2021, derivative financial assets include interest rate swap transactions entered into by Futureal 1 Ingatlanbefektetési Alap (EUR 349 654) and Spectrum Glasgow Spv Limited (EUR 6 497).

On 31 December 2020, derivative financial assets include interest rate swap transactions entered into by Spectrum Glasgow Spv Limited (EUR 3 949).

All fair value measurements for derivative financial assets 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.

In 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. 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 22(a)(iii). The group's hedging reserves are disclosed in Note 18(c).

17.(n) Derivative financial liabilities

in EUR	**30.06.2021**	**31.12.2020**
Closing balance includes:		
Long-term derivative liabilities	1 423 472	6 278 462
Short-term derivative liabilities	2 764 706	1 437 623
Total closing balance	**4 188 178**	**7 716 085**

01.01.2020 - 31.12.2020 movements table	**2021**	**2020**
Opening balance as at 01 January	**7 716 085**	**3 418 756**
Parent share - Fair value change recorded in other comprehensive income	- 3 418 684	5 684 987
Ineffective hedge portion booked in the P/L	71 132	-271 356
Settlement of not hedged derivatives	0	-798 714
NCI share - Fair value change recorded in other comprehensive income	-176 364	-315 882
Foreign exchange loss	-3 991	-1 706
Closing balance as at 30 June / 31 December	**4 188 178**	**7 716 085**

On 30 June 2021, derivative financial liabilities include the fair value of interest rate swap transactions entered into by BP1 Első Ütem Kft. (EUR 894 036), Futureal Prime Properties Részalap 1 (EUR 3 179 902).

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).

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.

In 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. 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 22(a)(iii). The group's hedging reserves are disclosed in Note 18(c).

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

Set out below is the joint ventures and associates of the group as at 30 June 2021 and 31 December 2020. All joint ventures and associates are measured applying the equity method.

	Nature of relationship at	
Entity name	**30.06.2021**	**31.12.2020**
Futureal Management Ltd.	Associate	Associate

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

In case of 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	**30.06.2021**	**31.12.2020**
Futureal Management Ltd.	400	400

Reconciliation of the carrying amounts:

In EUR	**01.01.2021 -30.06.2021**	**01.01.2020 -31.12.2020**
Opening balance	**400**	**34 471 271**
Share of profit/ for the year	0	- 895
Acquiring of interest in associate or joint venture	0	400
Sale of interest in associate or joint venture	0	- 34 470 376
Closing balance	**400**	**400**

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 gain/loss recognised on the sale of interest in associates and joint ventures in Note 13.

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

17.(p) Other assets

In EUR	**30.06.2021**	**31.12.2020**
Other assets	1 735 982	768 624
Total closing balance	**1 735 982**	**768 624**

Closing balance includes:		
Other long-term assets	10	10
Other short-term assets	1 735 972	768 614
Total closing balance	**1 735 982**	**768 624**

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: EUR 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: EUR 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.

	30.06.2021	
Company	**Nominal value of shares EUR**	**Ownership percentage**
Futureal Group B.V.	342 000 000	100%
Total	**342 000 000**	

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

In EUR	**01.01.2021 - 30.06.2021**	**01.01.2020 - 31.12.2020**
Opening balance	**342 000 000**	**324 000 000**
Capital increase	0	18 000 000
Closing balance	**342 000 000**	**342 000 000**

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	**01.01.2021 - 30.06.2021**	**01.01.2020 - 31.12.2020**
Opening balance	**0**	**0**
Effect of capital reorganisation	0	0
Closing balance	**0**	**0**

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 01.01.2021	**-5 639 105**
Parent share - Change in fair value of hedging instrument recognised in OCI	3 757 357
Closing balance at 30.06.2021	**- 1 611 749**

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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	-5 639 105
Closing balance at 31.12.2020	**- 5 639 105**

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 17(m), 17(n) and Note 22(a)(iii) for further details. Amounts are subsequently reclassified to profit or loss when the underlying transaction is recorded.

18.(d) Retained earnings

In EUR	**01.01.2021 - 30.06.2021**	**01.01.2020 - 31.12.2020**
Opening balance	**5 191 586**	**-11 294 371**
Dividend paid	-5 543 640	0
Effect of Capital reorganization	0	0
Transactions with non-controlling interests	5 543 640	9 047 107
Closing balance before profit appropriation	**5 191 586**	**-2 247 264**
Profit/Loss of the year	8 072 558	7 438 850
Closing balance after profit appropriation	**13 264 144**	**5 191 586**

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 (%)**	
		30.06.2021	**31.12.2020**
Finext Nyrt and its subsidiaries	Hungary	26,13%	26,13%
Futureal Real Estate Holding Limited	Hungary	0,10%	0,10%
Hello Parks Hungary B.V. and its subsidiaries	Hungary	2,00%	2,00%
Hello Parks Group B.V. and its subsidiaries	Hungary	30,00%	30,00%

	Profit / loss allocated to NCI		Accumulated NCI	
Entity name	**01.01.2021 -30.06.2021**	**01.01.2020 -31.12.2020**	**30.06.2021**	**31.12.2020**
Finext Nyrt and its subsidiaries	-2 467 355	4 637 933	15 505 847	23 357 943
Futureal Real Estate Holding Limited	2 352	0	2 116	100
Futureal Development Holding	0	1 528 167	0	0
Hello Parks Hungary B.V.	-7 676	241 058	1 232 880	1 240 804
Hello Parks Group B.V.	-53 282	3 643 115	18 581 333	18 639 387
Total	**-2 525 961**	**10 050 273**	**35 322 176**	**43 238 234**

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 30.06.2021**	**Equity 31.12.2020**
Finext Nyrt and its subsidiaries	80 649 377	89 494 035
Futureal Real Estate Holding Ltd. and its subsidiaries	2 227 813	217 130 701
Hello Parks Hungary B.V. and its subsidiaries	61 643 989	62 040 213
Hello Parks Group B.V. and its subsidiaries	61 937 776	62 131 290

Entity name	**Profit/(loss) 01.01.2021 - 30.06.2021**	**Profit/(loss) 01.01.2020 - 31.12.2020**
Finext Nyrt and its subsidiaries	9 453 468	13 627 362
Futueal Real Estate Holding Ltd.	2 476 360	-3 977 328
Hello Parks Hungary B.V. and its subsidiaries	-152 593	12 395 134
Hello Parks Group B.V. and its subsidiaries	-177 608	12 131 290

Movements in non-controlling interests during the period ended 30 June 2021 and 31 December 2020 are as follows:

In EUR		**01.01.2021 -30.06.2021**	**01.01.2020 -31.12.2020**
Opening balance		**43 238 234**	**52 687 311**
Profit/(loss) for the year	**a**	-2 525 961	10 050 273
Other comprehensive loss (CTA and hedge related)	**b**	153 543	-1 561 400
Dividend paid	**c**	0	-22 663 051
Transactions with non-controlling interest – merger	**d**	0	-8 773 735
Transactions with non-controlling interest – other	**e**	-5 543 640	-2 491 880
Issue to non-controlling interests	**f**	0	16 000 100
Acquisition of Finext Nyrt. and subsidiaries	**g**	0	0
Sale of subsidiary	**h**	0	-9 384
Closing balance		**35 322 176**	**43 238 234**

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) During the year 2021 the parent of the group has been entitled for EUR 5 543 640 compensation from the non-controlling interest owners of the group in exchange the dividend paid to the non-controlling interest owners in the same amount. This compensation is represented in the NCI movements by the EUR – 5 543 640.
During the year 2020 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.

18.(f) Net assets attributable to non-controlling investment unit holders

This line represents the investment of the non-controlling investment unit holders in the investment fund subsidiaries.

Please see below the movements in the balances during the period.

In EUR	**01.01.2021 -30.06.2021**
Opening	**0**
Investment made by non-controlling investment unit holders	21 000 000
Change in net assets attributable to non-controlling investment unit holders*	0
Redemption of investment units of non-controlling investment unit holders	0
Closing carrying amount	**21 000 000**

First investment was made on 26 May 2021, therefore no movement table for 2020 is presented here.

Futureal Group had controlling investment in an investment fund as of 30 June 2021, where there is other non-controlling investor as owner of this fund. The fund established for an indefinite period. The fund issue three classes of investment notes in form of shares, Class A and Ah shares are owned by Futureal Group, Class P is purchased by the non-controlling investor. The three share classes provide different rights and they have different risk profile. Based on the funds' prospectus, repayment of the original investments and distributions of profits and losses are to be made as follows:

- First, original investments into Class P and Class A shares shall be returned pro-rata and pari passu. Potential losses are therefore suffered pro-rata, based on the invested capital.

- After distributions equal to the invested capital to all unit holders, the potential profits are not distributed on prorata basis but in different proportions, with such proportions changing based on IRR achieved by the Class P unitholders versus pre-agreed IRR hurdles.

Futureal Group does not provide any guarantee on the return on the capital invested by the non-controlling investment unit holder. In case the projects in the fund generate losses, the losses are shared between the Group and the non-controlling investment unit holder on a pro-rata basis up to the amount of the capital invested. Each parties' liability is limited to the amount of capital invested in the fund.
Futureal Group has no unconditional obligation to pay back any amount invested by the non-controlling investment unit holders. The Management believes that presenting these balances among general liabilities or among the Group equity would be misleading and it would not provide a fair picture about the financial position of the Group. Based on the above, and based on the industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated statement of financial position. At each period end, Futureal Group calculates the profit distribution to be paid out to non-controlling investment unit holders and presents the balance in the statement of financial position among net assets attributable to non-controlling investment unit holders instead of non-controlling interests.

19. Fair value estimation of financial assets and liabilities

Financial assets that are measured at fair value through profit or loss in the condensed interim consolidated financial information 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 591 723 at 30 June 2021, and was EUR 236 233 at 31 December 2020 respectively. Financial liabilities measured at fair value through profit or loss are derivative financial liabilities. See Note 17(n) 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**	**30.06.2021**	**31.12.2020**
Futureal Prime Properties Részalap 1	Etele Pláza	25 667 634	24 546 745
Corvin 5 Projekt Ingatlanfejlesztő Kft.	Corvin 6	0	0
Futureal New Ages Ingatlanfejlesztő Kft.	Corvin 7	29 169 103	2 251 549
Futureal New Ages Ingatlanfejlesztő Kft.	Corvin 8	25 263 540	354 000
Budapest One Első Ütem Kft.	BPOne1	2 572 252	7 413 725
Futureal Prime Properties Részalap 3	BPOne2	36 109 275	33 743 556
Futureal Prime Properties Részalap 3	BPOne2 / Parking house	4 006 504	0
Futureal Prime Properties Részalap 2	BPOne3	22 398 136	29 209 496
Finext Global 2 Fund	Maglód1	11 585 154	0
Finext Global 2 Fund	Fót1	20 103 977	0
Total		**176 875 575**	**97 519 071**

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

PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

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.

For the period ended:

(a) Sales of products and services:	**30.06.2021**	**31.12.2020**
Services:		
Rental of real estates	24 215	34 821
Intermediary services	1 326 062	420 967
Marketing revenue	0	24 271
IT support and other support revenue	1 093 687	581 021
Consultancy	43 652	0
Project Management fee	553 743	0
Other	347 703	6 140
Total	**3 389 062**	**1 067 220**

For the period ended:

(b) Purchase of products and services:	**30.06.2021**	**31.12.2020**
Services:		
Management fee from FR Management	438 731	3 737 997
Partnership accounted in the P/L:		
Management fee from FR Management	6 188 134	5 506 904
Marketing	34 813	24 534
Administrative costs	0	58 500
Consultancy	89 248	0
Fund management fee	162 734	363 397
Management fee	206 759	0
Accounting cost	102 415	98 417
Intermediated expenses	492 407	0
IT service fee	14 337	0
Other	259 989	199 897
Total	**7 989 567**	**9 989 646**

The above transactions are with sister companies

For the period ended:

(c) Sale of subsidiaries and joint ventures:	**30.06.2021**	**31.12.2020**
Ultimate controlling parties:		
Consideration received	0	0
Sister companies:		
Consideration received	0	35 629 065
Total	**0**	**35 629 065**

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.):	**30.06.2021**	**31.12.2020**
Dividend	0	10 000 000
Total	**0**	**10 000 000**

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

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 period ended:

In EUR	**30.06.2021**	**31.12.2020**
Salary and other short time benefit	2 857	43 640
Incentive plan linked to financial results	52 169	715 830
Total	**55 026**	**759 470**

Loans to directors

As at 30 June 2021 and 31 December 2020 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.

(a) 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 30 June 2021 if the Hungarian forint weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 618,002 EUR lower / 683,055 EUR higher.

At 30 June 2021 if the Polish Zloty weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 91,442 EUR lower / 101,068 EUR higher.

At 30 June 2021 if the English GBP weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 433,758 EUR lower / 479,417 EUR higher.

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.

(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 – 01.01.2021. -30.06.2021.	- 199 918
+ 10 basis point – 01.01.2020. -31.12.2020.	- 156 792

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	**01.01.2021-30.06.2021**	**01.01.2020-31.12.2020**
Carrying amount (long-term assets – note 17(m))	356 143	3 949
Carrying amount (long-term and current liabilities – note 17(n))	4 188 178	7 716 085
Notional amount	208 259 919	219 449 778
Maturity date	2023-2030	2025-2030
Hedge ratio	100%	100%
Change in fair value of outstanding hedging instruments since 1 January	3 883 135	-5 238 825
Change in value of hedged item used to determine hedge effectiveness	3 836 562	-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 17(m) and 17(n).

(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 30 June 2021	
In EUR	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	5 675 000	201 501 419
Bonds	1 821 514	162 267 961
Trade and other payables	38 454 710	0
Liabilities to related parties	11 129 032	0
Amounts withheld for guarantees	0	2 274 509
Lease liabilities	940 694	4 445 453
Total	**58 020 950**	**370 489 342**

	As at 31 December 2020	
EUR	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	4 738 036	187 921 593
Trade and other payables	38 232 071	0
Liabilities to related parties	8 824 436	15 371
Amounts withheld for guarantees	0	1 977 834
Lease liabilities	897 672	4 781 576
Total	**52 692 215**	**194 696 374**

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	**30.06.2021**	**31.12.2020**
Cash and cash equivalents	-191 076 766	-56 963 336
Lease liabilities	5 386 147	5 679 248
Long-term liabilities to related parties	0	15 371
Tenant deposits	2 394 044	2 175 990
Amounts withheld for guarantees	2 274 509	1 977 834
Loans and borrowings	207 176 419	192 659 629
Bonds	164 089 475	0
Net debt	**201 838 318**	**145 544 736**

in EUR	**Cash**	**Lease liabilities**	**Long-term liabilities to related parties**	**Tenant deposits**	**Amounts withheld for guarantees**	**Loans and borrowings**	**Bonds**	**Total**
Net debt as at 01 January 2021	**- 56 963 336**	**5 679 248**	**15 371**	**2 175 042**	**1 977 834**	**192 659 629**	**0**	**145 543 788**
Cash flow	-134 113 430	- 485 721	-15 371	247 856	296 675	14 032 341	149 582 485	29 544 835
Recognition of new lease liability	0	165 139	0	0	0	0	0	165 139
Interest	0	52 332	0	0	0	0	1 821 514	1 873 846
Foreign exchange adjustments	0	-24 851	0	0	0	484 449	12 685 476	13 145 074
Net debt as at 30 June 2021	**- 191 076 766**	**5 386 147**	**0**	**2 422 898**	**2 274 509**	**207 176 419**	**164 089 475**	**190 272 682**

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 01 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
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**

25. Subsequent events

The realization of Futureal Group's Etele Plaza has entered its final phase. Buda's largest shopping mall opened its doors on 17th September. Etele Plaza is the newest shopping centre in Hungary, which brings you the experience of shopping, culinary delights, meeting others and entertainment. Moreover, it is not simply the newest shopping centre of the country but also the largest one in Buda with its 55,000 m2 size, offering its guests Hungary's widest range of fashion items and largest food court, two-storey cinema complex and gym.

Futureal Group and Erste Bank have signed a loan agreement worth EUR 60 million to finance the second phase of the Budapest ONE office park.

Futureal Group and MKB Bank have signed a loan agreement worth nearly EUR 50 million to finance the third phase of the Budapest ONE office park.

Futureal Group acquired in September 2021 Wratislavia Tower office building in Wrocław with a total leasable area of 12,769 sqm. The building is planned to be refurbished and newly leased in 2023.

Directors:

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

Amsterdam, 7 October, 2021

Review Report