BILK Logisztikai Nyilvánosan Működő Részvénytársaság

ANNUAL FINANCIAL STATEMENTS

for the business year ending on December 31, 2019
according to the International Financing Reporting Standards (IFRS)
(as they were adopted by the EU)

Lászlótanya, April 7, 2020.

Lívia Wáberer
Chief Executive Officer

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1. STATEMENT OF FINANCIAL POSITION

Assets

Statement of financial position (EUR)	Note:	December 31, 2019	December 31, 2018	January 8, 2018
Current assets				
Cash and cash equivalent	9	6,714,446	2,618,267	495,446
Trade receivables	10	1,715,829	1,090,079	788,905
Actual tax receivables	28	0		129
Stock				
Other accounts receivable	11	1,429,776	1,639,140	2,196,143
Derivative financial assets	12	0	0	707,397
Total current assets		**9,860,051**	**5,347,486**	**4,188,020**
Fixed assets				
Property	13	175,899	168,863	112,308
Machinery and equipment	14	145,893	137,887	259,495
Investment property	15	144,796,393	126,608,801	123,722,042
Investments – investment property	15	292,058	2,263,941	94,650
Intangible assets	17	2,358	3,880	5,827
Deferred tax asset	28			
Other fixed assets				
Total fixed assets		**145,412,601**	**129,183,372**	**124,194,322**
TOTAL ASSETS		**155,272,652**	**134,530,858**	**128,382,342**

Resources

Statement of financial position (EUR)	Note:	December 31, 2019	December 31, 2018	January 8, 2018
Short-term liabilities				
Short-term credits	18	3,371,689	2,881,805	0
Suppliers	19	454,936	3,284,749	297,690
Actual tax liabilities	28	67,154	562	54,485
Provisions for Contingencies and Liabilities				
Other obligations	20	1,242,920	1,208,462	20,646,012
Derivative financial liabilities	21	1,177,284	610,228	111,044
Total short-term liabilities		**6,613,983**	**7,985,807**	**21,109,231**
Long-term liabilities				
Long-term loans	18	71,023,163	60,387,574	0
Deferred tax liability	28	1,062	798	5,681
Provisions for contingencies and liabilities				
Other long-term liabilities	16	1,439,331	1,624,305	1,762,205
Total long-term liabilities		**72,463,556**	**62,012,677**	**1,767,886**
Total liabilities		**78,777,539**	**69,998,483**	**22,877,117**
Equity capital	**22**			
Registered capital		2,750,000	2,750,000	61,217
Capital reserve		43,334,435	43,334,435	79,998,548
Retained earnings		31,504,072	18,991,696	25,445,460
Cash-flow coverage reserve		-1,172,835	-606,263	
Accumulated other comprehensive income apart from the cash-flow coverage reserve		79,441	62,508	
Total shareholders' equity		**76,495,113**	**64,532,375**	**105,505,225**
Total equity and liabilities		**155,272,652**	**134,530,858**	**128,382,342**

2. INDIVIDUAL COMPREHENSIVE INCOME STATEMENT

Individual comprehensive income statement (EUR)	Note:	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Sales revenue	23	11,666,908	10,284,524
Direct cost of sales	24	-918,328	-957,953
Gross profit		**10,748,580**	**9,326,571**
General sales and administration costs	25	-561,430	-866,111
Adjusted operating profit		10,187,150	**8,460,460**
Other operating income	26	214,852	112,474
Other operating expenses	26	-1,442,803	-1,329,262
Profit from business activities		**8,958,873**	**7,381,463**
Revenues of financial activities	27	292,948	640,065
Expenses of financial activities	27	-1,970,173	-1,843,326
Variation in the fair value of investment property	15	6,014,304	65,109
Profit before tax		**13,295,952**	**6,243,311**
Income tax expense	28	-783,576	-686,131
Profit/loss of the reference year		**12,512,376**	**5,557,180**
Basic value of earnings per share (EUR/share)	29	3.58	2.06
Diluted earnings per share (EUR/share)	29	3.58	2.06
Other comprehensive income		-549,639	**-543,755**
Items that cannot be reclassified into profit or loss		16,933	62,508
Other comprehensive income apart from the cash-flow coverage reserve		16,933	62,508
Items that can be reclassified into profit or loss		**-566,572**	-606,263
Cash-flow coverage reserve		-566,572	-606,263
TOTAL COMPREHENSIVE INCOME FOR THE CURRENT YEAR		**11,962,737**	**5,013,425**

3. STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity (EUR)	**Note:**	Registered capital	Capital reserve	Retained earnings	Cash-flow coverage reserve	Accumulated other comprehensive income apart from the cash-flow coverage reserve	**Total shareholders' equity**
Balance on January 8, 2018	22	**61,217**	**79,998,548**	**25,459,186**	**0**	**0**	**105,518,951**
Profit/loss after taxation				5,557,180			5,557,180
Capital reduction		-29,172	-38,122,028	-12,024,670			-50,175,870
Capital increase		2,717,955	1,457,915	0	0	0	4,175,870
Impact of transition to IFRS				0	0	0	0
Periodic other comprehensive income					-606,263	62,508	-543,755
Total periodic comprehensive income							
Dividends							
Transactions carried out with owners in their capacity as owners							
Balance on 31.12.2018		**2,750,000**	**43,334,435**	**18,991,696**	**-606,263**	**62,508**	**64,532,376**
Profit after tax				12,512,376			12,512,376
Periodic other comprehensive income					-566,572	16,933	-549,639
Total periodic comprehensive income							
Dividends							
Transactions carried out with owners in their capacity as owners							
Balance on 31.12.2019		**2,750,000**	**43,334,435**	**31,504,072**	**-1,172,835**	**79,441**	**76,495,113**

4. CASH-FLOW STATEMENT

Cash flow statement (EUR)		Note:	01.01.2019-31.12.2019	08.01.2018-31.12.2018
BUSINESS ACTIVITIES				
Profit before tax			**13,295,952**	**6,243,311**
Adjustment of profit before tax for net cash flows from operating activities			**-4,397,770**	**-1,386,583**
	Depreciation, amortization and impairment	13,14, 17	57,030	139,692
	Gain/loss on sale of fixed assets	26	190,773	15,267
	Net change in other financial result	27	1,677,225	1,251,280
	FV change in investment properties (increase - / decrease +)	15	-6,322,798	-2,921,663
	Net result from derivative transactions	27	0	128,841
Impact of change in working capital, of which:			**-3,396,715**	**3,367,438**
	Increase / decrease in trade receivables	10	-625,750	-301,174
	Other increase/decrease in receivables	11;12	209,364	557,003
	Increase/decrease in supplier liabilities	19	-2,829,813	2,987,059
	Increase/decrease in other liabilities	20	-150,516	124,550
Interest paid		27	-1,762,490	-1,190,720
Capital gains taxes paid		28	-713,333	-455,065
I . NET CASH FLOW FROM BUSINESS ACTIVITIES			**3,025,644**	**6,578,381**
Investment expenditure/acquisition of tangible and intangible assets for the year		15	-10,179,636	-2,169,291
Revenues from the sale of tangible assets		26	95,952	30,867
Increase/decrease in other financial assets			0	0
Interest received and other financial income			0	0
Dividends received			0	0
II. NET CASH FLOW FROM INVESTMENT ACTIVITY			**-10,083,684**	**-2,138,424**
Taking credits and loans		18	12,914,000	65,000,000
Repayment of credits and loans		18	-1,763,750	-21,325,000
Dividend paid			0	0
Capital increase		22	0	0
Capital reduction		22	0	-46,000,000
Other changes in equity				
III. NET CASH FLOW FROM FINANCING ACTIVITY			**11,150,250**	**-2,325,000**
Exchange differences on cash and cash equivalents		27	3,969	7,864
TOTAL CHANGES IN CASH			**4,096,179**	**2,122,821**

IV. Changes in cash and cash equivalents	**4,096,179**	**2,122,821**
Cash and cash equivalents on January 1	2,618,267	495,446
Impact of exchange rate fluctuation on cash and cash equivalents	3,969	7,864
Cash and cash equivalents on December 31	6,714,446	2,618,267

5. PRESENTATION OF THE COMPANY

5.1 General Information

Name of the Company:	BILK Logisztikai Nyrt. (hereinafter: ‘Company’)
Registered seat of the Company:	1239 Budapest, Európa u. 6.
Date of establishing the Articles of Association:	10.10.2017
Statistical code number of the Company:	26197768-6420-114-01
Company registration number:	01-10-049617
Company's electronic contact information:	bilk@bilk.hu
Form of operation:	Public limited company
Its subscribed capital:	EUR 2,750,000

Owners of the Company:
BILK Holding Kft. (registered office: 1055 Budapest, Kossuth Lajos tér 18)
Géza Czakó
Miklós Marján

The Group does not prepare annual consolidated financial statements for the following reason:
The Group does not exceed the limits specified in Article 117 of the Accounting Act (Act of 2000 on Accounting), therefore it is not obliged to prepare consolidated financial statements.

Main activity:
Regarding the Company’s scope of activities, its main activity is:
6420’08 Asset management (holding)

Activities:
During the year the Company pursued the following activities registered by the Court of Registration:

6810 ’08 Sale and purchase of own property
6832’08 Property management
8110'08 Operation of buildings

Average number of employees of the Company:
- In 2019: 5.08 people
- In 2018: 9 people

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The financial year is the same as the calendar year with a balance sheet date on December 31 of that year.

5.2 Presentation of the Company’s Activity and Operation

The Budapest Intermodal Logistics Center (BILK) is located on an area of nearly 100 hectares, bordered by the industrial zone of Ócsai út in the 23rd district – M0 – Budapest-Kelebia railway main line. Railways operate on 10% and container terminals on 20% of the land, while BILK Logistics Nyrt. utilizes 70% of the site.

One of the largest intermodal logistics developments in Budapest and the whole country was implemented at the BILK site. The property is situated close to all major international destination and transit route intersections. In addition to the excellent road and rail connections, fair water and air connections are also available (due to the Csepel Free Port - the water, and due to the Liszt Ferenc airport - the air transportation is also barrier-free), and it is also easily accessible from the city centre.
The property is the largest logistics park in Hungary, with a gross leasable area of 210,000 square meters. The first building was delivered in 2003 and the most recent one in August 2019. The park offers modern, high-quality warehouse space with modern office units and parking spaces. The park consists of 25 buildings, including three office buildings and 22 logistics buildings.
The Company is engaged in the rental and operation of the logistics park.
In the first half of 2018, the company was transformed into a public limited company with the intention of operating as a regulated real estate company (RREC) following the sale of 49 percent of its shares on the Budapest Stock Exchange. The private sale of the shares announced at the end of the first half of 2018 ended without a result because during the procedure no optimal investor structure evolved at the appropriate price that would have been in line with the requirements of the RREC Act. The company remains committed to pursuing its activities as a regulated real estate company in the future.

5.3 Information on Shares

The Company's registered capital: EUR, 2,750,000 (2018: EUR 2,750,000). In the annual financial statements the subscribed capital of the Company is stated in the amount of EUR 2,750,000 (2018: EUR 2,750,000) calculated at the historical cost.

Breakdown of the registered capital by shares:
3,437,500 registered ordinary shares of HUF 0.8 nominal value each (2018: 3,437,500 registered ordinary shares of HUF 0.8 nominal value each).

Type of shares: registered, dematerialized, "A" series
ISIN code of shares: HU0000158001

The ownership structure is as follows:
The ownership structure by the number of shares:

Shareholder	Number of shares	Ownership share %
BILK Holding Kft	3,375,606	98.20%
Géza Czakó	44,894	1.31%
Miklós Marján	17,000	0.49%
Total	3,437,500	100.00%

Corporate governance

The main body of the Company is the **General Meeting**. The General Meeting decides fundamentally in business and personal matters and has competence in all matters which are referred to the exclusive competence of the General Meeting by law or the Articles of Association. The general meeting must be convened at least once a year in order to approve the annual financial statements.
The management body of the Company is the **Board of Directors**. The Board of Directors is entitled to make all decisions concerning the governance of the Company which are not within the competence of the General Meeting. The Board of Directors consists of three natural person members. Its members are elected by the General Meeting. The Board of Directors reports to the General Meeting at least once a year on the management, the financial position and the business policy of the Company. The Board exercises its rights and duties as a body and elects a chairman from among its members.

Members:
György Péter Waberer
Lívia Wáberer
Géza Czakó

The controlling body of the Company is the **Supervisory Board**. It acts as a body and may distribute its control tasks among its members on a permanent basis, or subject to ad hoc decisions. Its members are independent of management and may not be instructed in their activities. The Supervisory Board consists of three natural persons. The term of office of its members may be for a fixed or indefinite term.

The Company's supervisory board is the **Audit Committee**. The Audit Committee assists the Supervisory Board and the Board of Directors in the control of the financial reporting system, in the election of the Auditor and in co-operation with the auditor. It acts as a body. The Audit Committee consists of three natural person members and serves for a definite or indefinite term. Its members are elected by the General Meeting from among the members of the Supervisory Board.
Members of the Supervisory Board and the Audit Committee:
dr. Tibor Endre Illés
Miklós Marján
Zsolt Grebicsaj.

6. FIRST APPLICATION OF THE IFRS

According to the Hungarian Accounting Act, a company subject to an audit under Article 155 of the Act may prepare its annual financial statements in accordance with IFRS. Based on admission of the Company's shares to the BSE product list, the Company's shares were listed on the stock exchange, therefore, the financial statements made on December 31, 2019 were the first individual financial statements of BILK Logisztikai Nyrt. prepared in accordance with IFRS as adopted by the EU. The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. All IFRS rules issued by the International Accounting Standards Committee (IASB) effective at the reporting date, and relevant to the Company, have been adopted by the EU. Thus, the annual financial statements are also in compliance with the IFRS principles issued by the IASB and also comply with the reporting requirements of the Hungarian Accounting Law which refer to the IFRS adopted by the EU. The Company has prepared its financial statements for the year ending on December 31, 2018 in accordance with the Hungarian accounting standards. Therefore, it is necessary to prepare comparative financial statements in accordance with the IFRS standards for December 31, 2018 and an opening balance sheet in accordance with IFRS for January 8, 2018.

Accordingly, in accordance with the IFRS standards, simultaneously with the financial statements for the financial year ending on December 31, 2019, the Company prepared comparative data on December 31, 2018 as well.

The following additional annex section presents the significant differences between the financial statements in accordance with the Hungarian accounting standards and the financial statements in accordance with the IFRS for the financial year ending on December 31, 2018 and for the balance sheet as at 8 January 2018.

6.1 Correlation Between the Previous Accounting Rules and the IFRS

Reconciliation of the statement of financial position in accordance with the Hungarian Accounting Act and the IFRS

as at 08.01.2018

	Note	08.01.2018 Hungarian Accounting Act	Reclassifications	Adjustments according to IFRS	08.01.2018 IFRS
ASSETS					
Current Assets					
Cash and cash equivalent	A	795,446	-300,000		495,446
Trade receivables		788,905			788,905
Actual tax receivables	C		129		129
Other accounts receivable	A	2,327,458	300,000	-431,315	2,196,143
- Other financial assets	A			707,397	707,397
Fixed assets					
Property	B	123,834,350	-123,722,042		112,308
Machinery and equipment	B	306,645	-94,650	47,500	259,495
Investment property	B		123,722,042		123,722,042
Investments – Investment property	B		94,650		94,650
Intangible assets	B	827		5,000	5,827
Total assets		**128,053,631**	**129**	**328,582**	**128,382,342**
RESOURCES					
Short-term liabilities					
Suppliers		297,690			297,690
Actual tax liabilities	C	54,356	129		54,485
Other liabilities		22,408,217			22,408,217
Other financial liabilities	A			111,044	111,044
Long-term liabilities					
Deferred tax liability	C			5,681	5,681
Equity capital					
Registered capital		61,217			61,217
Capital reserve		79,998,548			79,998,548
Retained earnings	A,B,C	25,233,603		211,857	25,445,460
Total equity and liabilities		**128,053,631**	**129**	**328,582**	**128,382,342**

as at 31.12.2018

	Note	31.12.2018 Hungarian Accounting Act	Reclassifications	Adjustments according to IFRS	31.12.2018 IFRS
ASSETS					
Current assets					
Cash and cash equivalent		2,618,265			2,618,265

Trade receivables		1,090,079			1,090,079
Actual tax receivables					
Other accounts receivable	D	1,569,349	9,937	59,856	1,639,142
Fixed assets					
Property	B	129,344,173	-125,951,079	-3,224,231	168,863
Machinery and equipment	B	143,872	-9,937	3,952	137,887
Investment property	B		123,687,138	2,921,663	126,608,801
Investments – Investment property	B		2,263,941		2,263,941
Intangible assets		3,880			3,880
Total assets		**134,769,618**	**0**	**-238,760**	**134,530,585**
RESOURCES					
Short-term liabilities					
Short-term credits	E	1,625,000		1,256,805	2,881,805
Suppliers		3,284,749			3,284,749
Actual tax liabilities	C		562		562
Other liabilities	D	2,769,597	-562	124,270	2,893,305
Other financial liabilities	A			610,228	610,228
Long-term liabilities					
Long-term loans	D,E	61,750,000		-1,362,426	60,387,574
Deferred tax liability	C			798	798
Equity capital					
Registered capital		2,750,000			2,750,000
Capital reserve		43,334,435			43,334,435
Retained earnings		17,017,342		1,307,553	18,324,895
Valuation reserves	B	2,238,495		-2,238,495	0
Accumulated other comprehensive income apart from the cash flow coverage reserve	A			62,508	62,508
Total equity and liabilities		**134,769,618**	**0**	**-238,760**	**134,530,585**

Reconciliation of the total comprehensive income according to IFRS and the profit according to the Hungarian Accounting Act for the period ended on 30 June 2018

	Note	30.06.2018 Hungarian Accounting Act	Reclassification according to IFRS	Adjustments according to IFRS	30.06.2018 IFRS
Sales revenue					
Turnover	D	5,732,321	-715,775	16,940	5,033,486
Direct cost of sales	F	-2,492,199	854,388	1,169,857	-467,954
General sales and administration costs	F	0	-140,937	-364,734	-505,671
Other operating income	F	62,920	2,324	-19,069	46,175
Other operating expenses	F	-686,460	117,525	-41,114	-610,049
Profit from business activities		**2,616,582**	**117,525**	**761,880**	**3,495,987**
Revenues of financial activities	A	165,579		80,994	246,573
Expenses of financial activities	A	-494,644		-369,595	-864,239
Change in the fair value of investment property	B			-204,085	-204,085
Income tax expense	C	-183,931	-117,525	4,087	-297,369
Profit/loss of the current year		**2,103,586**			**2,376,877**
Other comprehensive income	A			**-274,890**	**-274,890**
Total comprehensive income for the current year		**2,103,586**	**0**	**-1,609**	**2,101,977**

Reconciliation of the equity according to IFRS and the equity according to the Hungarian Accounting Act

	Note	December 31, 2018	January 8, 2018
Equity according to the Hungarian Accounting Act		**65,340,272**	**105,293,368**
Impacts of the differences between the Hungarian Accounting Act and IFRS accounting policy			
- futures hedge interest rate adjustment			-431,315
- recognition of futures hedge contracts and options as financial assets and liabilities		-610,228	596,353
- adjustment of the fair value of tangible assets		-298,616	52,500
- other		41,208	
- deferred tax		-798	-5,681
Equity according to IFRS		**64,471,838**	**105,505,225**

Effect of the transition to IFRS on the company's cash flow statement

For the financial year ended on 31 December 2018, in a tabular form as above (similar to the balance sheet).

Cash flow statement (EUR)	Note:	31.12.2018 Data according to the Hungarian Accounting Act in the IFRS structure	Modifications	31.12.2018 Data according to IFRS
I . NET CASH FLOW FROM BUSINESS ACTIVITIES	B;D	9,547,960	-2,969,579	6,578,381
II. NET CASH FLOW FROM INVESTMENT ACTIVITY	B	-1,224,268	-914,156	-2,138,424
III. NET CASH FLOW FROM FINANCING ACTIVITY		-6,500,870	4,175,870	-2,325,000
Cash stock at the beginning of the year	A	795,446	-300,000	495,446
Cash stock at the end of the year		2,618,267		2,618,267

Explanations for reconciliation

A) Due to differences in HAS and IFRS rules, the amount of collateral deposit with a maturity of more than three months has been reclassified from cash and cash equivalents to other receivables; forward hedges are recognized as other financial assets and other financial liabilities in the balance sheet; IRS transactions related to bank loans have been recorded as other financial liabilities.

B) The Company classifies the properties owned by it as investment properties and presents the value of the properties at fair value. Properties for own use, used by the Company's employees are presented in a separate balance sheet item and are valued at fair value. For ongoing investments, a distinction is made between them whether they are related to investment properties or other tangible assets and they are presented in separate balance sheet rows or as part of machinery and equipment.

C) In accordance with IFRS, the amount of deferred tax is recognized as a liability and the amount of local business tax, innovation contribution and corporation tax is presented in a separate balance sheet line.

D) The disbursement commission of the Raiffeisen Bank loan, which is recognized as the cost of the loan over its entire term, is recognized as a prepaid expense in accordance with Hungarian rules. Lease discounts for tenants have previously been recognized as accrued charges only for the largest tenant, and according to IFRS, all discounts under long-term leases are accrued.

E) The long-term loan from Raiffeisen Bank is recognised at amortized cost in accordance with IFRS 9.

F) In the statement of comprehensive income, among the direct costs of sales, items that are not considered direct costs of sale were reclassified to general costs of sales and administration between the rows of the income statement. According to the IFRS rules, the income from the re-invoiced services cannot be recognised as revenue; it is included in other operating income and, due to the net settlement, the related expense is also recognized there.

6.2 Chosen Exemptions Under IFRS 1

It shall be explained in this section which exemptions the Company has chosen during the transition to IFRS from the facilitations listed in IFRS 1. According to the accounting policy, the Company has used the following exemptions:

Application of assumed historical cost

When preparing its first separate IFRS financial statements in accordance with IFRS 1, at the date of the transition the Company measured its own property and depreciated machinery in use at fair value and, at that date, it considered that fair value to be its assumed historical cost.
At the date of transition to IFRS standards for machinery and equipment, the Company has examined whether the carrying amount under previous regulations corresponds to the cost or depreciated cost in accordance with IFRS, adjusted to reflect, for example, a general or a changes in a special price index and used this as the assumed historical cost.

When transitioning from the Hungarian accounting system to the IFRS system, the Company used the option provided by IFRS 1 and considered the gross value of investment properties in the opening balance sheet to be the assumed historical cost of the investment properties, which is equal to the fair value supported by the official valuation.

Borrowing cost

In accordance with paragraph 28 of IAS 23, the first-time adopter may decide whether to apply the requirements of IAS 23 from the date of transition or from an earlier date. From the date on which it applies IAS 23, the business organisation which uses the exemption:

a) shall not determine again that element of cost of borrowing which was capitalized in accordance with previous accounting regulations and included in the carrying amount of the assets at that date; furthermore

b) shall account for borrowing costs incurred on or after that date in accordance with IAS 23, including those which arise at or after that date in respect of qualified assets already under construction.

In the case of previously capitalized properties, the Company already accounted for the borrowing costs as capitalization according to the Hungarian accounting system, thus in these cases it did not re-establish these capitalized values based on the above.

7. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS, SIGNIFICANT ESTIMATES AND ACCOUNTING INFORMATION

7.1 Basis for Preparation of the Financial Statements

The Company's financial statements were prepared on December 31, 2019 in accordance with International Financial Reporting Standards (IFRS). All IFRS rules issued by the International Accounting Standards Committee (IASB) effective at the reporting date, and relevant to the Company, have been adopted by the EU. The financial statements also comply with the reporting requirements of the Hungarian Accounting Act.
The financial statements were prepared based on the principle of the continuation of the undertaking and the principle of cost valuation.
The financial statements, with the exception of the cash flow statement, were prepared on the basis of accrual-based accounting.

7.2 Standards Not Yet in Force and Not Applied Prematurely

Conceptual Frameworks in IFRS

On March 29, 2018, the IASB issued the revised conceptual framework for financial statements. The conceptual framework sets out a comprehensive approach to financial reporting and to the application of standards, and provides guidance to accounting policy makers and helps users understand and interpret the standard. The IASB has also issued a document called Modification of references to the conceptual framework for IFRS which sets out changes to the relevant standards so that it is possible to update the revised conceptual framework. It is intended to support the transition to this conceptual framework for those companies which apply the Conceptual Framework to transactions not covered by IFRS. For those applying accounting policies based on the Conceptual Framework, the amendment is effective beginning on or after January 1, 2020.
The Company has examined the impact of the application of the standard on the financial statements and does not consider it material.

Presentation of IAS 1 Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors: Concept of materiality (Amendments)

The amendment is effective for business years beginning on or after January 1, 2020. The amendment clarifies the concept of "material" and method of its application. The new definition states that information is material if its omission, or a non-transparent presentation of the information, would reasonably affect the decisions of primary users of financial statements. In addition, the explanations related to the definition have been improved. The amendments also ensure that the concept of materiality is consistent with all IFRS standards. The EU has not yet approved the standard.
The Company has examined the impact of the application of the standard on the financial statements and does not consider it material.

7.3 Critical Accounting Assumptions and Estimates

Due to the uncertainties inherent in business activities, many items in the financial statements cannot be measured accurately, but can only be estimated. The estimate is based on the latest decisions made based on available and reliable data. The use of reasonable estimates is an essential part of the preparation of financial statements, and does not impair their reliability. See. Follow-up valuation of investment properties (Section 8.4)

8. MATERIAL COMPONENTS OF THE ACCOUNTING POLICY

8.1 Foreign Exchange Operations

Functional and presentation currency:
Functional currency is the currency of the primary economic environment in which the business organisation operates. The Company's functional currency is the euro.
The presentation currency chosen by the Company is also the euro.

Transactions carried out in foreign currency:
In the Company's ledger accounting system foreign currency is any currency other than the functional currency.

Initial assessment:
In the case of monetary and non-monetary foreign currency items, the Company uses the official exchange rates published by the National Bank of Hungary when converting them into the functional currency for inclusion in the books.

Monetary items:
In the case of monetary items, the Company uses the official exchange rates published by the National Bank of Hungary on the balance sheet date to revalue these items on that date. Exchange rate gains or losses on monetary items is the amortized historical cost in the functional currency at the beginning of the period, adjusted by the effective interest rate and periodic payments, or the difference between the value at initial recognition and amortized cost in foreign currency converted at the exchange rate on the balance sheet date at the end of the period.

Non-monetary items:
Non-monetary items not measured at fair value are assessed by the Company at the cost or historical exchange rate, that is, non-monetary items measured at cost are converted to the functional currency using the exchange rates in force at the date of the transaction, and are not revaluated at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are converted to the functional currency at the exchange rate valid at the date that the fair value was determined and published by the National Bank of Hungary. Exchange differences resulting from revaluation are shown in profit or loss, except for exchange differences on equity instruments that are classified as equity instruments measured against other comprehensive income, which are shown in other comprehensive income.
Foreign exchange losses or gains resulting from revaluation are recognized as net amounts in financial activity expense or income.

8.2 Property, Machinery and Equipment

During the valuation of property, machinery and equipment, the Company distinguishes between property and machinery and equipment. Properties used for own use are reported on this line based on the revaluation model. Machinery and equipment are valued using the historical cost model. Due to the two types of valuations, the Company presents its own properties as well as machinery and equipment on a separate balance sheet line.

Initial recognition:
In the case of property, machinery and equipment, the purchase price is the invoice consideration, including import duties and non-deductible VAT, as well as all costs and expenses, including taxes and duties and borrowing costs that are individually attributable to the property, machinery and equipment

until the asset is ready for its intended use. The historical cost of an asset also includes the preliminary estimated costs of disassembling and removing the asset and restoring the site, to which the entity's obligation arises when the asset is acquired.

Follow-up valuation:
Property for own use is valued by the Company based on the Revaluation Model: the difference between the revalued values and the residual value must be depreciated during their useful lives, each annual revaluation is recognized in other comprehensive income as a difference in fair value.
The Company performs revaluations annually based on fair value determined by an official appraiser.

Depreciation:
Depreciation of property, machinery and equipment must be recognized from the first day after the date of commissioning. Depreciation of property, machinery and equipment is determined on a linear basis, taking into account the expected duration of use as well as the residual value.
In the case of own-use properties, the Company applies component-by-component accounting. Some of the major components of the buildings have been defined and will be demolished regardless of the value threshold. In the case of machinery and equipment, the Company applies the summary statement by component if the components of the asset differ significantly in their useful lives. The value of periodic major maintenance related to property, machinery and equipment is capitalized and depreciated by the Company as separate components, assuming an estimated useful life until the next inspection or major overhaul.
The definition of each group and the corresponding residual value are shown in the following table. The Company considers the residual value to be zero if its realizable value is unlikely to exceed 5 percent of the acquisition value.

Name of the main component	**Residual value**
Statics, Foundation	25%
External utility	25%
Road network	25%
Backbone line	25%

Based on their useful life, the following depreciation periods have been determined for the groups of assets to which the Company applies the assumed historical cost in accordance with IFRS 1:

Name of the main component	**Useful life (years)**
Statics, foundation	50 years
Flooring	50 years
Architecture	25 years
Insulation	25 years
Heat and smoke extraction dome	10 years
Doors and windows	20 years
Mechanics	25 years
Mechanics - water, sewer	25 years
Mechanics - sprinkler	25 years
Mechanics - ventilation	15 years

Mechanics - air conditioning, heating	15 years
Electricity	25 years
Electricity - low-voltage current	10 years
Electricity - cables	25 years
Electricity - lighting fixtures	10 years
Electricity - fire alarm	15 years
External utility	50 years
Road network	50 years
Backbone line	50 years

- Useful life in the case of plots (land) cannot be determined, therefore, the Company does not account for depreciation.

Based on their useful life, the following depreciation periods have been determined for the groups of assets to which the Company does not apply the assumed historical cost:

Classification	**Name**	**Useful life (years)**
Other equipment	Communication equipment, other equipment, transport equipment, office furniture	7
Other equipment	Telephone (over HUF 100,000)	3
Other equipment	Passenger cars, office machines, computers	5
Other equipment	Non-operating assets	12
Other equipment	IT equipment, computers	3
Other equipment	Low value devices, low value mobile phones	0.08
Technical machinery	Forklifts	7

Property, machinery and equipment of an individual purchase value of less than EUR 325 are recognized as an expense immediately upon purchase. When valuing tangible assets depreciated to zero, the Company considers 10% of the gross value of the tangible assets to be significant.
The useful life and depreciation methods are reviewed regularly if there is a change in the expected pattern of economic benefits.

8.3 Leases

The Company determines and accounts for leases in accordance with IFRS 16.

The Company as a lessee

The leased asset is capitalized at the beginning of the lease as an asset embodying the right to use, its value at acquisition is the sum of the lease liability, initial direct costs, prepaid lease payments and decommissioning and restoration costs, reduced by the amount of any lease incentives. The asset embodying the right of use is shown at historical cost reduced by accumulated depreciation and

impairment. The asset is depreciated over its estimated useful life or lease term, whichever is the shorter, unless there is reasonable assurance that at the end of the lease term the ownership will be transferred to the Company, in which case the leased asset is depreciated over its estimated useful life.
The Company takes advantage of the exemption provided by IFRS16, thus it does not apply lease accounting for the lease of low-value assets and short-term leases (less than 12 months), it recognizes the related lease payments as an expense during the lease term. The Company considers the leasing of assets with an individual purchase value not exceeding EUR 325 to be low-value leasing.
Initial recognition of a lease liability is the sum of the present value of the lease payments and the present value of the payments expected at the end of the lease term, and must recognized as a financial liability in the balance sheet. Its subsequent valuation is performed at amortized historical cost using the effective interest method.
Currently the Company does not have significant leased assets. During 2019 (and 2018), the Company had only such leases for which lease payments were recognized as an expense during the term in accordance with IFRS 16.6, given the small value of the underlying asset and/or the length of the term (less than 12 months).

The Company as a lessor

For details, see 8.12. Revenue under recognition.

8.4 Investment Property

The Company recognizes as investment property that property which it holds for the purpose of leasing or speculating on value growth, and which it does not hold for use in connection with the production or provision of goods/services or for administrative purposes, or for sale in the ordinary course of business.
In cases where the Company provides additional services to lessees of the property it owns, the Company handles such property as investment property if the services are of low-value compared to the contract as a whole. In this respect, a given service shall be considered significant if its value exceeds 5 percent of the total contract amount.
Property owned by the Company is considered investment property. Exceptions to this are office space, meeting rooms and archives used by the Company's own employees, which are thus classified as own-use properties and fall within the scope of IAS 16 Property, machinery and equipment standard.

<u>Initial assessment:</u>
Investment property is initially assessed at historical cost. This includes the purchase price, costs directly linked to the acquisition of the asset and, where relevant, borrowing costs in accordance with the IAS 23 Borrowing Costs.

<u>Follow-up valuation (critical estimates and assumptions):</u>
After the acquisition, the Company values the investment properties according to the Fair Value model, which means the fair value against the result. No depreciation or impairment is recognized during the useful life of the properties; changes in fair value are recognized based on a valuation performed by an independent appraiser appointed by the Company in accordance with the valuation techniques and principles set out in IFRS 13 standard entitled “Fair value measurement”.
For investment property, the level of the fair value hierarchy in accordance with IFRS 13 is: level 3.

8.5 Investment Property in the Investment Phase

Ongoing investments that the Company intends to use as investment property in the future are recognized as investment property in the investment phase. These assets are reclassified to investment property as soon as they become available for use, that is, when the asset is brought to the location and condition necessary for it to be capable of operating in the manner intended by the management.
Investment properties in the investment phase are valued at historical cost. This includes the purchase price of the plot, costs directly related to the acquisition/development of the asset and the borrowing costs in accordance with the IAS 23 Borrowing Costs standard. Investment property in the investment phase is recorded by the Company at direct acquisition/development costs until the fair value model can be reliably estimated. The Company can reliably estimate the rental fees required to calculate fair value if it has a pre-agreement for 75 percent of the useful area of the investment property in the investment phase.

8.6 Impairment of Non-Financial Assets

In accordance with the requirements of the IAS 36 standard, for the end of each reporting period the Company assesses (taking into account materiality) whether there is any circumstance which indicates that the recoverable amount of an asset or a group of assets is lower than its carrying amount.
If there is an indication that the recoverable amount of an asset (intangible asset or tangible asset) is lower than its carrying amount, the asset must be amortized to its recoverable amount and an impairment loss must be recognized.
At the individual level, typical indications of impairment of assets: decline in market value, technical obsolescence, change in the use. The recoverable amount is the asset's fair value reduced by disposal costs and its value in use, whichever is higher. Changes in impairment are included in other operating income and expenses.
The Company reverses an impairment loss that was previously recognized if the recoverable amount of an asset or a group of assets exceeds its carrying amount. Therefore, for the end of each reporting period the Company should also assess whether there is any indication that an impairment loss recognized in prior years may no longer exist, or has decreased. If any such indication exists, the business organisation must estimate the recoverable amount of the asset and to reverse, in whole or in part, the difference previously recognized.

8.7 Financial Instruments

8.7.1 Initial valuation

On initial recognition, financial assets and liabilities (other than trade receivables which, if they do not have a significant financing component as defined in IFRS 15, must be measured at transaction price) shall be:

- measured at fair value, which is typically the transaction price of the instrument,
- increased or decreased by transaction costs, except for assets/liabilities measured at fair value through profit or loss (FVTPL), for which these costs do not change the initial value (these items are recognized immediately through profit or loss).

Transaction costs are additional costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability.

8.7.2 Classification and follow-up valuation

The Company classifies its financial assets in the following groups:

- assets valued at amortized historical cost,
- other financial assets valued at fair value through profit or loss,
- financial assets valued at fair value through profit or loss.

The groups of financial liabilities are as follows:

- liability valued at amortized historical cost,
- financial liability valued at fair value through profit or loss.

Assets valued at amortized historical cost:

The category of assets valued at amortized historical cost includes those financial assets that meet the following two criteria:

- the asset is held in a business model designed to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset result in cash flows at specified times that are exclusively payments of principal amount and interest on the outstanding principal amount.

Assets valued at amortized historical cost include trade receivables as well as other receivables. Assets valued at amortized historical cost are recognized for receivables when the transaction underlying the receivable is settled. Assets valued at amortized historical cost are included in current assets, except for assets with a maturity of more than 12 months calculated from the balance sheet date of the financial statements. The amortized historical cost of a financial asset is the carrying amount of the financial asset at initial recognition, reduced by principal repayments and interest payments, increased by the cumulative amortization of the difference between this initial value and the maturity value calculated using the effective interest method, and reduced by a possible amortisation due to impairment or non recovery (accounted for directly or through an impairment account).

Other financial assets valued at fair value through profit or loss:

A financial asset that is a debt instrument shall be measured at fair value through profit or loss if both of the following conditions are met:

- the financial asset is held on the basis of a business model that achieves its objective by collecting contractual cash flows and selling the financial asset; as well as
- the contractual terms of the financial asset result only in cash flows that are payments of interest on the principal amount and the outstanding principal at specified dates.

In the category of financial assets at fair value through profit or loss the Company classifies equity instruments that it designated as such upon initial recognition. During 2019 (and 2018), the Company did not recognize any financial assets valued at fair value through profit or loss other than cash flow hedges.

Financial assets valued at fair value through profit or loss:

All debt instruments that do not meet either the requirements for valuation performed at amortized historical cost or the conditions for valuation at fair value through other comprehensive income are classified as financial assets valued at fair value through profit or loss.

In the 2018 business year, the Company valued foreign exchange derivatives (futures and options) for trading purposes at fair value through profit or loss; during the 2019 business year, the Company did not recognize any financial assets in this category.

Financial liabilities valued at amortized historical cost:

The Company recognizes at amortized historical cost those non-derivative financial liabilities that are not held for trading and that are not designated as financial liabilities valued at fair value through profit or loss.

Financial liabilities valued at amortized historical cost are suppliers, short-term and long-term loans and other liabilities. Financial liabilities valued at amortized historical cost are recognized in the statement of financial position when the contractual terms of the liability become related to the Company (for a loan received, it is recognized when the loan is disbursed, trade payables are recognized when the related transaction is performed, and a dividend is recognized when the owner becomes entitled to it). The amortized historical cost of a financial liability is the carrying amount of the financial liability at initial recognition, reduced by principal repayments and interest payments, increased by the cumulative amortization of the difference between this initial value and the maturity value calculated using the effective interest method. Effective interest over the term of the loan is recognized in the profit-and-loss statement (financial expenses).

Financial liabilities valued at fair value through profit or loss:

A financial liability is valued at fair value through profit or loss if it is held for trading purposes or if it has been designated as valued at fair value through profit or loss on initial recognition. Instruments valued at fair value through profit or loss shall be valued at fair value through profit or loss.

In the 2018 business year, the Company valued foreign exchange derivatives (futures and options) for trading purposes at fair value through profit or loss; during the 2019 business year, the Company did not recognize any financial liability in this category.

8.7.3 Accounting hedge transactions

Derivatives are presented as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Any difference in gain or loss arising from a change in fair value is recognized directly in the profit-and-loss statement, except for the effective part of the cash-flow hedge transactions which is recognized in profit or loss in the current year and is subsequently transferred to the profit-and-loss statement when the hedged transaction affects the profit-and-loss statement.

According to the above accounting, the unrealized difference in the fair value of the cash flow hedge transaction is recognized in other comprehensive income (OCI). Cash-flow hedge transactions are valued on a monthly basis and the related fair value difference is recognized in other comprehensive income.

Based on Appendix B of the IFRS 1 standard, in the first-time application of the IFRS standards hedge accounting is an exception to retrospective application. As required by the IFRS 9 standard, at the date of transition to the IFRS standards the Company:

- must value all derivative transactions at fair value; furthermore
- must eliminate all accrued losses and gains arising on the derivative transactions that it recognized in accordance with previous accounting regulations as if they were assets or liabilities.

The Company considers those items as hedge transactions which it had designated as hedge transactions before the date of transition to the IFRS standards, and which meet the requirements for hedge accounting in accordance with IFRS 9.
Level of the fair value hierarchy for derivative transactions that qualify as hedging transactions is 2.

8.7.4 Impairment of financial assets

Impairment of trade receivables:
For trade receivables, the Company applies the simplified impairment method allowed by IFRS 9, just as for receivables arising from transactions covered by IFRS 16, and determination of the expected loss over the entire life is performed using an impairment matrix.
The impairment matrix is based on past delays and non-payment rates observed by the Company and is amended with a forward-looking estimate that includes the probability that the economic environment will deteriorate over the next one year. The Company reviews non-payment data observed in the past and forward-looking estimates at each balance sheet date. The Company recognizes impairment losses under other operating expenses.
If a trade receivable is irrecoverable, it is written off in the corresponding trade receivable invoice. A subsequent pay-off from a fully written-off receivable must be recognized under other operating expenses as a cost-reducing item.

8.8 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank deposits not exceeding three months.

8.9 Equity

Equity consists of the following components:

- Registered capital
- Capital reserve
- Retained earnings
- Cash-flow coverage reserve
- Accumulated other comprehensive income apart from the cash flow coverage reserve

The subscribed capital is the nominal value of the equity instruments issued; any amount recorded by the owners in accordance with the relevant legislation.
The capital reserve includes items recognized in equity that are not included in other equity components.
The retained earnings basically include the following:

- Reserves arising from profit or loss from the current year or from prior periods:
- Any movements resulting from transfers between the retained earnings and other equity components;
- The effects of retrospective application due to a change in accounting policies, except when transitional provisions of a standard or interpretation prescribe the effects of retrospective application as an adjustment to another component of equity;
- Amounts of retrospective restatements as a result of error corrections, unless a standard or an interpretation requires retrospective restatement of another component of equity;
- Gains and losses that must be recognized directly in the retained earnings.

The difference arising from changes in the fair value of own-used properties is recognized in the budget line of cumulative comprehensive income other than cash flow hedging reserves.

Dividends payable to owners are recognized by the Company as a liability recognized in equity in the period in which they are approved by the owners.

8.11 State Aid

State aid, including non-monetary aids at fair value, cannot be recognized until there is reasonable evidence that:

- the business organisation will comply with the conditions attached to them; and
- it will receive the subsidy.

State aid related to assets, including also non-monetary subsidies at fair value (e.g. land received from the state), must be included in the balance sheet as deferred income and must be recognized as income on a systematic basis over the periods in which the related costs are incurred, which are intended to be compensated.

8.12 Recognizing Sales Revenue

The main activity of the Company is lease and operation of its own property. Lease is classified as operating leasing (IFRS 16.62) because the Company substantially does not transfer all the risks and benefits related to ownership of the underlying asset.
In accordance with IFRS 16, revenue is recognized by the company on a linear basis based on the lease specified in the customer contracts during the rental period in its individual statement of comprehensive income. The Company recognizes as lease revenue the rental fee, the common cost, the rental fee for other machines, the sales revenue for other services, the rental fee for the parking lot and the fee for the use of the private energy network.
The Company recognizes the lease discounts provided to the lessees as follows: if a contract is concluded with a new lessee or an existing lessee extends its lease, it may be entitled to a lease discount based on an individual agreement, depending on the size of the leased area and the length of the lease period. In accordance with the requirements of IFRS 16, the given discounts must be accounted for on a linear basis over the entire lease period. The Company applies the following simplification in the case of the following exceptions, taking into account cost-benefit considerations: if the discount does not exceed two months for the entire contract period, if it is minimum five years, the amount of the discount is accounted for in the subject month or in the subject year.
The lease term is the period for which the lessee cannot terminate the contract and the period for which the lessee has an option of extension right, and at the beginning of the lease period the Company is almost certain that the lessee will exercise that right.

The Company's sales revenue does not include the income from re-invoicing, which is recognized in other operating profit on a net basis. In accordance with IFRS 15, a distinction must be made between when the Company acts as a principal and when it acts as an agent. The Company is considered a Principal if it exercises control over the service before the service is handed over to the customer. The

Company may perform the service itself or involve a subcontractor in the performance. If the Company's activity is to provide the service to the lessee, the Company will be considered an agent in this capacity.

The Company does not have a contract in which the payment term would exceed one year from the date of performance.

The Company recognizes the termination fee received from the lessee or compensation for any damage at the time of occurrence in an individual statement of comprehensive income.

8.13 Direct Cost of Sales

The direct costs of sales include the costs of operating the logistics park, the costs of various maintenance activities (planned, unplanned, mandatory maintenance), costs of repairs, the salary costs of employees directly involved in the activity and related contributions, the costs of maintenance and repair of forklifts, waste transportation, guarding the premises and cleaning costs, as well as the accounted depreciation of machinery and equipment required for the activity.
The direct costs of sales include depreciation of assets serving the logistics activities (e.g. forklifts).

8.14 General Sales and Administration Costs

General sales and administrative costs include costs related to company cars, marketing, representation, experts, IT services, salary costs and related contributions for indirect employees, costs of other services used, costs related to the performance of various administrative tasks and other equipment, and depreciation of other equipment and assets and amortization of intangible assets.

8.15 Other Operating Income and Expenses

Other operating income and expenses include operating income, expenses and expenditure that do not fall into the above categories, the result of sales of tangible assets, and the expense and income recognized for impairment and reversal of tangible assets.
The Company recognizes the construction and land tax as other operating expenses.

8.16 Income and Expenses from Financial Activities

Income and expenses from financial activities include profit or loss from financial activities, interest received and paid, exchange differences on realized and unrealized exchange rates, and other income and expenses resulting from financial instruments. This category (as interest expense) shows the effect on the results for the subject year of interest rate swaps (IRS) that are in effective hedging relationship.
Recognition of financial income: interest income is recognized on a pro rata basis using the effective interest method.

8.17 Capital Gains Taxes

In accordance with the requirements of IAS 12, the Company classifies taxes in the income tax category and recognizes them accordingly in the profit-and-loss statement after the pre-tax profit line based on taxable profit. The Company handles the corporate tax, the local business tax and the innovation contribution as capital gains taxes.
The corporate tax base is determined based on the profit realized by the Company, in accordance with the Hungarian tax legislation, including also the effect of the amendments of previous years.

Actual tax is the expected tax payable on the taxable profit for the subject year, using tax rates in force, or substantively in force at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Capital gains taxes related expenses include actual and deferred tax. Capital gains taxes related expenses are recognized in the profit-and-loss statement, except the part relating to items recognized directly in equity, which is recognized in other comprehensive income, in the equity.

Deferred taxes

The purpose of accounting for deferred tax in accordance with IFRS is to present a true and fair view of the Company's financial position in its financial statements. The clearance of the deferred tax under IFRS is governed by the principle of temporary differences. The temporary difference between the net asset value of assets and liabilities under IFRS and their taxable amount is the basis for calculating deferred tax.

Deferred tax is calculated at the tax rates that are expected to apply to temporary differences when they reverse under the laws that have been enacted, or under laws whose entry into force is substantially certain.

A deferred tax claim can only be recognized only to the extent where it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, if there is sufficient taxable temporary difference associated with the same taxation authority and the same taxable person, in relation to which it is expected that:

- they will be reversed in the same period as the reversal of the deductible temporary difference is expected; or
- they will be reversed in those periods for which the tax deduction from deferred tax assets can be reversed or advanced.

Deferred tax income and expense arise when there is a change in inventories in deferred tax balances. The main reasons for this may be changes in temporary differences, changes in tax rates or the inclusion of previously unrecognized deferred tax assets (offsetting deferred tax assets).

8.18 Earnings Per Share (EPS)

The basic value of earnings per share shall be calculated by dividing the earnings per share of the Company's ordinary shareholders (numerator) by the weighted average number of ordinary shares outstanding during the given period (denominator).

For the purpose of calculating basic earnings per share, the Company may take into account only the results of continuing operations and the result per non-controlling share must be disregarded. The Company has no priority shares, therefore, this does not affect the calculation.

8.23 Operating Segments

Based on the requirements of IFRS 8, the Company has identified an operating (business and geographical) segment, the Property Leasing, therefore, examination of the criteria for reportable segments is not relevant. The separate presentation of the segment report and the disclosure requirements prescribed by IFRS 8 is also irrelevant as the current year's and the previous year's data for the Property Leasing segment are the same as the financial information about the Company as a whole presented in these financial statements.

9. CASH AND CASH EQUIVALENTS

Cash	December 31, 2019	December 31, 2018	January 8, 2018

Deposits	6,712,721	2,617,260	493,919
Cash	1,725	1,007	1,526
Total liquid assets	**6,714,446**	**2,618,267**	**495,445**

As at December 31, 2019, March 31, 2018 and January 8, 2018, the Company had no non-liquid funds.

10. TRADE RECEIVABLES

	December 31, 2019	December 31, 2018	January 8, 2018
Trade receivables	1,715,829	1,090,079	788,905
Impairment loss of receivables	0	0	0
Trade receivables	**1,715,829**	**1,090,079**	**788,905**

The average payment due date of trade receivables is 16 days (in the previous year: 16 days). Impairment of trade receivables in the current year and the previous year is zero. For trade receivables the Company applies the simplified impairment method allowed by IFRS 9. The amount of expected loss determined in this way using an impairment matrix is not material.

The maturity structure of trade receivables is as follows:

	December 31, 2019			December 31, 2018			January 8, 2018		
	Historical cost	**Recorded impairment**	**Balance sheet value**	**Historical cost**	**Recorded impairment**	**Balance sheet value**	**Historical cost**	**Recorded impairment**	**Balance sheet value**
Not due	918,312	0	918,312	754,538	0	754,538	404,627	0	404,627
0-60 days due	798,874	0	798,874	331,477	0	331,477	203,067	0	203,067
61-90 days due	2,366	0	2,366	3,470	0	3,470	29,551	0	29,551
91-180 days due	-18	0	-18	594	0	594	151,660	0	151,660
181-360 days due	-3,705	0	-3,705	0	0	0	0	0	0
Due for more than 360 days	0	0	0	0	0	0	0	0	0
trade receivables	**1,715,829**	**0**	**1,715,829**	**1,090,079**	**0**	**1,090,079**	**788,905**	**0**	**788,905**

11. OTHER RECEIVABLES

Other accounts receivable	December 31, 2019	December 31, 2018	January 8, 2018
Advance given	1,354	10,799	0
Temporal accrual of turnover	140,299	161,839	415,472
Temporal accrual of rent discount	1,271,709	1,354,051	1,471,345
Deferred expenses	12,664	4,169	6,968

Other accounts receivable	3,750	15,403	2,358
Bank deposit	0	0	300,000
Claim against Első Fedezetkezelő Zrt.	0	92,879	0
Total other accounts receivable	**1,429,776**	**1,639,140**	**2,196,143**

Other receivables include advances provided to suppliers, advances for investments, accruals for costs received in the current year but charged to the next period, amounts of rent discounts granted to lessees, amounts of tax overpayments and the security deposit paid.

12. DERIVATIVE FINANCIAL ASSETS

In the 2018 business year, the Company recognized foreign exchange forward transactions and option transactions classified as trading financial assets at fair value that are not hedged. In terms of their content, the transactions are EURHUF sale transactions and EURHUF purchase transactions concluded as their closing. In the case of options, positive fair value (purchased) options are included in financial assets, and options issued are included in financial liabilities (Chapter 21). Futures transactions include transactions that have already been closed. In the 2019 business year, the Company did not have any financial assets for trading purposes.
Financial assets would include hedged positive fair value interest rate swaps (IRS), but the fair value of all IRS transactions in the periods presented is negative. IRS transactions are detailed in section 18.

Derivative financial assets	December 31, 2019	December 31, 2018	January 8, 2018
Options	0	0	276,072
Forward transactions	0	0	431,325
Total of derivative financial assets	**0**	**0**	**707,397**

13. Properties (for own use)

Movement table of own-use properties for the three dates presented in the statement of financial position (opening: 08.01.2018, 31.12.2018 and closing: 31.12.2019).

2018	**Real estates for own use**
Gross value	
Opening 08.01.2018	112,308
Increase	
Revaluation	62,508
Decrease	
Closing 31.12.2018	174,816
ACCUMULATED DEPRECIATION	
Opening on 08.01.2018	0

Increase	5,953
Decrease	
Closing on 31.12.2018	5,953
Net Value	
on 08.01.2018	112,308
on 31.12.2018	168,863
2019.év	
Gross value	
Opening on 01.01.2019	174,816
Increase	
Revaluation	16,933
Decrease	
Closing on 31.12.2019	191,749
ACCUMULATED DEPRECIATION	
Opening on 01.01.2019	5,953
Increase	9,897
Decrease	
Closing on 31.12.2019	15,850
Net value	
on 01.01.2019	168,863
on 31.12.2019	175,899

As an increase in gross value, no financing cost was capitalized during the subject year and the previous year.

14. MACHINERY AND EQUIPMENT

Movement table for machinery and equipment for the three dates presented in the statement of financial position (opening: 08.01.2018, 31.12.2018 and closing: 31.12.2019).

2018.év	**Machinery and equipment**
Gross value	
Opening on 08.01.2018	2,195,377
Increase	12,564
Decrease	-239,692
Closing on 31.12.2018	1,968,249
ACCUMULATED DEPRECIATION	

Opening on 08.01.2018	1,935,882
Increase	133,195
Decrease	-238,715
Closing on 31.12.2018	1,830,362
Net value	
on 08.01.2018	259,495
on 31.12.2018	137,887
2019.év	
Gross value	
Opening on 01.01.2019	1,968,249
Increase	65,263
Decrease	-28,614
Closing on 31.12.2019	2,004,898
ACCUMULATED DEPRECIATION	
Opening on 01.01.2019	1,830,362
Increase	45,506
Decrease	-16,863
Closing on 31.12.2019	1,859,005
Net value	
on 01.01.2019	137,887
on 31.12.2019	145,893

As an increase in gross value, no financing cost was capitalized during the subject year and the previous year.

15. INVESTMENT PROPERTY AND INVESTMENTS

Book value	Investments – investment property	Investment property
January 8, 2018	**94,650**	**123,722,042**
Increase	2,169,291	
Derecognition		-34,904
Reclassification	0	0
Change in the fair value		2,921,663
December 31, 2018	**2,263,941**	**126,608,801**
Increase	10,179,636	12,151,519
Derecognition		-286,725
Reclassification	-12,151,519	
Change in the fair value		6,322,798
December 31, 2019	**292,058**	**144,796,393**

For Investment Property valued in accordance with IAS 40, the Company recognizes the costs related to renovation in the profit-and-loss statement under changes in the fair value of Investment Property. The effect of the change in the fair value of investment property on profit or loss is shown in the table below.

	31.12.2019	**08.01.2018-31.12.2018**
Change in the fair value of investment property	**6,014,304**	**65,109**
Change in the fair value	6,322,798	2,921,663
Renovation	-308,494	-2,856,554

Changes in fair value were accounted for on the basis of a valuation prepared by an independent appraiser appointed by the Company. The valuation was performed by an independent appraiser in accordance with the requirements of the RICS Valuation Standards 2017. It is an internationally accepted form of value that also meets the requirements of IFRS. The fair value was determined by the entrusted company on the basis of the yield calculation method. In the valuation based on the yield calculation, the estimated value is derived from the income expected from the ownership of the property using the capitalization method. During the property valuation, within the yield-based approach the discounted cash flow method was used, which was analysed over a 10-year period. Cash flow assumes a 10-year period, and the exit value is calculated based on the revenue of the 11th year. The discount rate and the end-of-year direct capitalization rate for a given property were determined based on known real estate investment transactions, market knowledge and discussions held with Central and Eastern European investors. It is also in line with the applicable interest rates and the relative yield on 10-year government bonds.

Our company provided the appraiser with the title deeds of the properties, the lessee statements, the lease agreements of the main lessees, and the related amendments. Based on these, the appraiser assumed that there were no other material documents that affected the appraisal and were not disclosed. The structural inspection of the buildings was not part of the valuation. An on-site inspection of the properties was carried out and all necessary information on rental and investment value, planning and investment considerations was collected.
Key assumptions:

- the information provided is complete and accurate
- there is no right of use, easement or restriction on the property that has a material effect on the value
- in terms of ownership the property is marketable
- the building was built in accordance with the building permit, it has been utilized in accordance with the permits, and complies with fire, work, environmental and other official regulations
- the area is not contaminated
- the calculations are based on the table of leases for January 2019, which includes all the lessees of the logistics park, the leased area, the amount of rent and of common costs, the contract period and the rent discount if granted.
- rents are payable on a monthly basis, in advance and are indexed

- in the case of vacant land or after the expiration of the current leases, a vacancy period of six months was assumed
- based on the location of the property, its available revenues and its position in the market, discount rates of 7.75%, 8% and 8.5% were applied to the various buildings.

Statement of the area of BILK Logisztikai Központ as at 31.12.2018:

Topographic lot number	**Building**	**Area (m2)**
188022/3	B1-B2-B3	31,000
196390	C1-C2	18,234
196386/10	D-F-H	45,851
188019/1	G1-G2-G3-E	27,461
188016/9	I	15,663
196380/9	K1-K2	28,498
196380/12	L1-L2	19,269
Total gross rentable area		**185,976**

The property provides 384 truck and 1375 passenger car parking spaces. At the end of 2018, an area of 30,913 square meters was under development or preparation, which is the J1 property. A warehouse and office space will be created in the property.
At the time of valuation, 98.73% of the property was leased to 42 lessees. The weighted average remaining lease term is 6.7 years.

<u>The "J" development</u>

Planning works in connection with the development of the J property started in May 2018, the soil preparation and landscaping earthworks were carried out in the period between July and October 2018, the construction of the building started in November 2018, was completed in August 2019 and the J1 building was handed over to the lessee on the basis of a valid use permit. Construction of the J2 building has not yet begun.
The J1 building has a floor area of 21,300 m2, a warehouse and a warehouse office.

The valuation of the “J” development by the appraiser was determined using the residual value method. The residual valuation method can be used to determine the value of a property that is suitable for valuing developments, redevelopments, or reconstruction/renovations.
The first step is to determine the total cost of the works, including salaries, other related expenses, loan repayments and their interest, the developer risk and benefit, and finally the total value after the development is completed.
In the second step, the balance of the development can be determined, which must then be adjusted to the valuation date, thus creating the difference value between expenditures and revenues. The residual valuation method reflects an approach examined from the investor's point of view which shows what the maximum initial value (so-called acquisition costs) can be for a given property based on future

available revenues. With the implementation of the development, the fair value of the plot will increase because the demand for new uses will result in higher revenues than the original form. The residual valuation method involves valuing the site in an improved form and deducting all costs (design, infrastructure works, construction, expert, financing, sales, “development profit”, etc. costs) that have been incurred to make the property more valuable. The residual value received after deductions from the final fair value is the amount that is worth paying for the developer for the conversion of the site. Two phases were used in the evaluation, which reflect the current plans. Building J1 was under development at the time of the evaluation, and J2 was under preparation.

16. STATE AID

The Company has received two subsidies from the state for the development of logistics centres and services. The Final Project Maintenance Report was approved for both subsidies, and the project was closed. There is no longer any obligation to repay. On the Other liabilities balance sheet line, amounts not yet recovered in proportion to depreciation are recognized as Deferred income.

Subsidy No. KMOP-1.4.2-07/1-2007-0001:
The subject of the project is development of property H located at 1239 Budapest, Európa u. 7, and acquisition of equipment, forklifts and a racking systems related to the property. The planned total cost of the project is HUF 1,893,468,003, the rate of support is 25%. Support actually disbursed: HUF 465,505,143.

Subsidy No. KMOP-1.4.1-09/1-2009-0001:
The subject of the project is development of property K1 located at 1239 Budapest, Európa u. 10, and acquisition of equipment, forklifts, a racking system and IT equipment related to the property. The total planned cost of the project is HUF 2,632,296,464, the support rate is 22.79%. Support actually disbursed: HUF 600,000,000.

	December 31, 2019	**December 31, 2018**	**January 8, 2018**
Due within a year	135,198	137,898	138,942
due in 2-5 years	540,792	551,592	561,196
due in over 5 years	898,539	1,072,713	1,201,009
Total deferred income release	**1,574,529**	**1,762,203**	**1,901,147**

In the case of deferred income, the Company recognizes the part due within one year as other short-term liabilities, while the part exceeding one year is recognized as other long-term liabilities.

17. INTANGIBLE ASSETS

Movement table for intangible assets for the three dates presented in the statement of financial position (opening: 08.01.2018, 31.12.2018 and closing: 31.12.2019).

2018	**Intangible assets**
Gross value	
Opening on 08.01.2018	28,961
Increase	4,550
Decrease	
Closing on 31.12.2018	33,511
ACCUMULATED DEPRECIATION	
Opening on 08.01.2018	23,134
Increase	6,497
Decrease	
Closing on 31.12.2018	29,631
Net value	
on 08.01.2018	5,827
on 31.12.2018	3,880
2019	
Gross value	
Opening on 01.01.2019	33,511
Increase	105
Decrease	
Closing on 31.12.2019	33,616
ACCUMULATED DEPRECIATION	
Opening on 01.01.2019	29,631
Increase	1,627
Decrease	
Closing on 31.12.2019	31,258
Net value	
on 01.01.2019	3,880
on 31.12.2019	2,358

The Company did not have any intangible assets with an indefinite useful life during the 2019 and 2018 business years.
As an increase in gross value, no financing cost was capitalized during the subject year and the previous year.

18. SHORT-TERM AND LONG-TERM LOANS

The Company entered into a long-term loan agreement for general corporate financing purposes and a warranty framework contract with Raiffeisen Bank Zrt. The contract started on 23.03.2018 and expires on 31.12.2024. The amount of the loan is EUR 65,000,000. On 18.04.2019, the existing loan agreement was amended and expanded with an additional general credit line related to corporate financing and the development of property J1. Expiry of the amended contract is on 31.12.2024. The amount of the new loan is EUR 12,914,000. The Loan is a 3 months EURIBOR + 2.13% per annum with a quarterly interest payment. 50% of the loan amount is covered by an interest rate swaps (IRS) transaction.

In connection with the loan agreement, a mortgage encumbering property, movables, bank accounts, receivables and property insurance up to the amount of EUR 100,000,000 was registered.

Maturity structure of the loans:

	December 31, 2019	**December 31, 2018**	**January 8, 2018**
Due within a year	3,371,689	2,881,804	0
due in 2-5 years	71,023,163	14,391,902	0
due in over 5 years	0	45,995,672	0
Loans	**74,394,852**	**63,269,378**	**0**

The breakdown of instalments due within one year by principal and interest is as follows:

Undiscounted cash flow 2019	**Payable within one year**
Total loan portfolio	1,902,500
Interest on loans	1,441,414
Undiscounted cash flow	**3,343,914**

Characteristics of interest rate swaps (IRS) carried out for hedging purposes:

Transaction date	**Starting value date**	**Expires at**	**Secured loan**	**Secured layer**	**Fair value**
06.04.2018	27.04.2018	31.12.2024	Basic loan	Lower 0-10%	-239,781
10.05.2018	27.06.2018	31.12.2024	Basic loan	Lower 10-20%	-244,121
04.06.2018	27.06.2018	31.12.2024	Basic loan	Lower 20-30%	-220,973
11.09.2018	27.09.2018	31.12.2024	Basic loan	Lower 30-40%	-215,186
26.09.2018	27.09.2018	31.12.2024	Basic loan	Lower 40-50%	-244,121
20.11.2019	27.12.2019	31.12.2024	Tranche 3	Lower 0-50%	-13,101

In the 2018 and 2019 business years, the Company entered into interest rate swaps (IRS) to hedge the interest rate risk of its variable rate loans.

Through the performed IRS transactions, the Company exchanges a variable interest rate for a fixed interest rate (paying a fixed interest rate and receiving a variable interest rate). The loan taken out by the Company is tied to a 3-month Euribor reference interest rate, with the proviso that a negative benchmark interest rate is not enforced when determining the transaction interest rate of the loan in respect of principal debt not secured by an interest rate swaps (IRS) transaction, but it is enforced on the part of the capital covered by the interest rate hedging transaction. Therefore, the effect of IRS transactions on the aggregate amount of interest payable under the loan and the cash flows from the IRS is equal to the sum of the cash flows from the IRS fixed interest rate (interest arising from the variable interest rate is paid by the Company through the transaction interest rate of the loan and is received through the IRS variable interest rate).

IRS transactions are detailed in Note 31 entitled Risk Management.

Reclassification adjustments related to other comprehensive income items:

Category	**01.01.2019-31.12.2019**	**08.01.2018-31.12.2018**
As a result of cash flows from the cash flow hedge transaction	297,333	129,209

19. SUPPLIERS

The maturity structure of trade payables is as follows:

Name	**December 31, 2019**	**December 31, 2018**	**January 8, 2018**
Not due	456,891	1,885,688	292,287
0-60 days due	-1,130	306,502	5,403
61-90 days due	-215	159,212	0
91-180 days due	0	425,926	0
Due in more than 180 days	-610	507,421	0
Suppliers	**454,936**	**3,284,749**	**297,690**

The average payment deadline for suppliers is as follows:

2019	**2018**
13 d	13 d

The liability arising from the lease is recognized in the suppliers section. During 2019 (and 2018), the Company had only such leases for which lease payments were recognized as an expense during the term in accordance with IFRS 16.6, given the small value of the underlying asset and/or the length of the term (less than 12 months). No device embodying the right of use has been included among the devices.

Payment obligations related to low-value leases are as follows:

Period	**December 31, 2019**	**December 31, 2018**	**January 8, 2018**
due within one year	6,707	6,284	0
due in 2–5 years	26,827	25,134	0
due in over 5 years	68,154	76,553	0

Total operating lease payments	**101,688**	**107,971**	**0**

20. OTHER LIABILITIES

Other obligations	**December 31, 2019**	**December 31, 2018**	**January 8, 2018**
Budget related obligation	311,027	347,512	359,262
Other current liabilities	279,537	198,193	159,768
Delimitation of the Central Hungary Operational Program (KMOP) support	135,198	137,898	138,942
Accruals and deferrals of income, deferred income	154,468	204,040	63,433
Accrued and deferred costs	362,690	320,819	224,607
Total other liabilities	1,242,920	1,208,462	946,012

As an accrual of the KMOP support, in connection with the State aid presented in Section 16, amounts within one year not yet recovered in the proportion of depreciation are recognized as other liabilities.

In the opening balance sheet of January 8, 2018, the short-term loan provided by High Yield Zrt. is included as a liability to an Associated Enterprise in the amount of EUR 19,700,000 in addition to the items detailed in the table.

21. DERIVATIVE FINANCIAL LIABILITIES

In the 2018 business year, the Company recognizes foreign currency options among financial liabilities for trading purposes, the fair value of which is negative (issued options) and which were not hedged. In terms of their content, the transactions are EURHUF sale transactions and EURHUF purchase transactions concluded as their closing. In the 2019 year, the Company did not have any financial liabilities for trading purposes.

Financial liabilities include hedge-linked negative fair value interest rate swaps (IRS). IRS transactions are detailed in section 18.

Financial liabilities	**December 31, 2019**	**December 31, 2018**	**January 8, 2018**
Options	0	0	111,044
IRS transactions	1,177,284	610,229	0
Total financial liabilities	**1,177,284**	**610,229**	**111,044**

Reclassification adjustments related to other comprehensive income items:

Category	**01.01.2019-31.12.2019**	**08.01.2018-31.12.2018**
As a result of cash flows from the cash flow hedge transaction	297,333	129,209

22. SHAREHOLDERS' EQUITY

On January 22, 2018, the owners of the Company made a decision on a 52% reduction in the subscribed capital. The capital reduction was registered with the court of registration on January 24, 2018. All the owners of the Company took part in the capital reduction, according to their ownership ratio. In the event of a reduction in the subscribed capital, the other capital items are also reduced proportionately. The capital reduction was completed financially on April 4, 2018 in such a way that an amount reduced by the sum of the capital increase decided on the same day was transferred to the owners as a capital reduction, and the difference was recognised as a premium capital increase. The amount of the subscribed capital increase was EUR 2,717,955, and EUR 1,457,915 were placed in the capital reserve. As a result, the subscribed capital was set at EUR 2,750,000. All the owners of the Company took part in the capital increase, according to their ownership ratio.

23. REVENUE

The Company has only one segment, thus presentation of the revenue by segment is not relevant.
Breakdown of the sales revenue for the financial years ending on December 31, 2019 and December 31, 2018 is as follows:

Revenue category	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Property rental	9,388,552	8,339,321
Common cost	2,100,772	1,749,092
Machine rental	89,779	107,215
Other activity	87,806	88,896
Total sales revenue	**11,666,909**	**10,284,524**

Lease agreements are treated as operating lease agreements. The present value of the minimum lease payments required under the leases over the lease term is as follows:

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Less than 1 year	717,564	617,705
1-5 years	7,315,600	8,272,453
Over 5 years	53,498,586	51,632,027
Total	**61,531,750**	**60,522,185**

24. DIRECT COST OF SALES

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Operational and maintenance costs	834,408	739,100
Salary costs and salary contributions	79,878	199,408
Depreciation and amortization	4,043	19,445
Total	**918,328**	**957,953**

The breakdown of the Company's expenses by cost type was as follows:

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Cost of raw materials and consumables	215,172	142,289
Services used	1,015,310	1,322,022
Personal-related expenditures	167,413	218,774
Depreciation and amortization	57,245	145,645
Other services used	308,494	2,856,554
Other operating expenses	1,789,837	1,474,687
Total	**3,553,471**	**6,159,971**

Among other services used, the cost of renovations to investment property valued in accordance with IAS 40 was recognized, which is detailed in Note 15.

Other expenses include the building and land tax as a significant item, which is detailed in Note 26.

25. GENERAL SALES AND ADMINISTRATION COSTS

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Salary costs and salary contributions	84,364	11,063
Property related costs	195,701	156,589
Amortisation	53,202	126,200
Expert costs	118,646	434,065
IT expenses	17,730	23,632
Other costs	81,485	101,687
Company car costs	10,301	12,874
Total	**561,430**	**866,111**

26. OTHER OPERATING REVENUE AND EXPENDITURE

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Income from KMOP support	187,674	78,406
Mediated service	-830	4,360
Accrued income	4,830	4,724
Other revenues	22,852	24,984
Total other operating income	**214,526**	**112,474**

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Tax and tax-like expenditure	1,225,026	1,235,084
Sale of tangible assets	202,309	80,560
Other operating expenses	15,468	13,618
Total other operating expenses	**1,442,803**	**1,329,262**

27. PROFIT AND LOSS FROM FINANCIAL ACTIVITIES AND FAIR VALUATION

Profit and loss from financial activities

Name	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Interest expense (loan)	-1,464,674	-1,057,546
Interest expense (IRS)	-297,816	-133,175
Interest expense (total)	**-1,762,490**	**-1,190,721**
Financial result (derivatives for trading purposes)	0	-48,019
Interest Income	0	1
Exchange rate difference	85,265	35,479
Total	**1,677,225**	**-1,203,260**

The Company's financial instruments at book value and at fair value are as follows:

Name	At book value 31.12.2019	At book value 31.12.2018	At book value 08.01.2018	At fair value 31.12.2019	At fair value 31.12.2018	At fair value 08.01.2018
Cash and cash equivalent	6,714,446	2,618,267	495,446	6,714,446	2,618,267	495,446
Trade receivables	1,715,829	1,090,079	788,905	1,715,829	1,090,079	788,905
Derivative financial assets	0	0	707,397	0	0	707,397
Total	**8,430,275**	**3,708,346**	**1,991,748**	**8,430,275**	**3,708,346**	**1,991,748**
Short-term credits	3,371,689	2,881,805	0	3,371,689	2,881,805	0
Trade payables	454,936	3,284,749	297,690	454,936	3,284,749	297,690
Derivative financial liabilities	1,177,284	610,228	111,044	0	610,228	111,044
Long-term loans	71,023,163	60,387,574	0	71,023,163	60,387,574	0
Total	**76,027,072**	**67,164,356**	**408,734**	**74,849,788**	**67,164,356**	**408,734**

Short-term receivables and liabilities are instruments with a maturity of less than one year, which are expected to be realized quickly and in the short term, therefore, their carrying amount is substantially the same as the fair market value.
See Section 18 for more information on short-term and long-term loans. The fair and book values of the loans do not differ as there is no significant difference in the interest.
For loans and receivables, the level of the fair value hierarchy in accordance with IFRS 13 is: level 3. For IRS transactions - level 2.

28. TAXES

Tax assets and tax liabilities developed as follows:

	December 31, 2019	December 31, 2018	January 8, 2018
Tax assets	0	0	129
Tax liabilities	-67,959	-562	-54,485
Net tax assets (liability)	**-67,959**	**-562**	**-54,356**

Capital gains tax for the years ending on December 31, 2019 and December 31, 2018 consists of the following elements:

Name	2019	2018
Capital gains tax for the current year	784,117	691,014
Deferred income tax	264	-4,883
Income taxes	**784,381**	**686,131**

The average tax rate of the Company in the last two years has developed as follows:

Average tax rate	2019	2018
Average tax rate	11.3 %	11.3 %

The end of the year deferred tax balance includes the following items:

Name	December 31, 2019	December 31, 2018	January 8, 2018
Tangible fixed assets	-1,062	-798	-5,681
Net closing balance of deferred tax assets and liabilities	**-1,062**	**-798**	**-5,681**
of this deferred tax assets			
of this deferred tax (liability)	**-1,062**	**-798**	**-5,681**

The Company reviewed the deferred tax liability for investment property and did not include it in its books, applying the exemption in the description of the IAS 12 standard.

Presentation of the difference calculated with the Company's current tax rate and the actual tax liability:

Name	2019	2018
Profit before tax	**13,295,952**	**6,243,312**
Current tax rate	11.30%	11.30%
Tax liability determined at the current rate	***1,502,443***	***705,494***
Total tax expenditure actually calculated	**783,576**	**686,131**
Deviation	-718,867	-19,363
Impact of different tax bases	-42,442	89,020
Not recognized deferred tax liability in accordance with IAS 12	-652,960	-74,660
Other effects	-23,465	-33,723
Total	**-718,867**	**-19,363**
Effective tax rate	5.9%	11.0%

29. EARNING PER SHARE

EPS indicator	2019	2018
Earnings that can be distributed among the shareholders	12,317,183	5,470,488
Weighted average number of shares outstanding during the year (pcs)	3,437,500	2,653,736

Earning per share (EPS)	**3.58**	**2.06**

Diluted EPS indicator	**2019**	**2018**
Earnings that can be distributed among the shareholders	12,317,183	5,470,488
Weighted average number of shares outstanding during the year (pcs)	3,437,500	2,653,736
Diluted earnings per share	**3.58**	**2.06**

The Company did not have any unexercised share options in 2019 or 2018, which would have a dilutive effect, therefore, earnings per share are equal to diluted earnings per share.

30. TRANSACTIONS WITH ASSOCIATED PARTIES

Transactions with associated companies are made on a market basis. The price used in transactions between associated parties corresponds to the normal market price specified in the legislation.

The parent company of the Company is BILK Holding Kft.

The company performing main control is High Yield Zrt. In accordance with Article 117(1) of the Accounting Act, the parent company is not required to prepare consolidated financial statements.

Open trade receivables from affiliated companies developed as follows:

Related party	**December 31, 2019**	**December 31, 2018**	**January 8, 2018**
W_New Holding Kft.	88	1,897	0
High Yield Zrt	181		
Royal Sped Zrt	20		
Vámkapu Zrt	2,222		
W-Facility Kft	1,278		
Supernova Intertrans Kft (jointly managed)	4,584		
Total:	**8,373**	**1,897**	**0**

Transactions carried out with related parties involve provision of services.

Liabilities to associated companies are as follows:

Related party	**December 31, 2019**	**December 31, 2018**	**January 8, 2018**
High Yield Zrt	7,383	7,054	8,386
W-Energy Kft	143,982	1,393,720	0
W-Facility Kft	18,440		
Total:	**169,805**	**1,400,774**	**8,386**

Loans from affiliated companies developed as follows:

Related party	December 31, 2019	December 31, 2018	January 8, 2018
High Yield Zrt			19,700,000
Total:			**19,700,000**

The Company did not grant loans to associated companies.

Revenue received from associated companies for the years ending on December 31, 2019 and December 31, 2018 is as follows:

Related party	01.01.2019-31.12.2019	08.01.2018-31.12.2018
High Yield Zrt	18,812	11,892
Lászlótanya Kft	0	74
W-New Holding Kft	18,532	17,960
Corpmed Egészségügyi Kft	229	
Royal Sped Zrt	28,462	
Vámkapu Zrt	238,491	
W-Facility Kft	16,625	
Supernova Intertrans Kft (jointly managed)	22,495	
Total:	**343,646**	**29,926**

Interest paid to associated companies for the years ending on December 31, 2019 and December 31, 2018 is as follows:

Related party	01.01.2019-31.12.2019	08.01.2018-31.12.2018
High Yield Zrt		66,812
Total:		**66,812**

Services received from associated companies for the years ending on December 31, 2019 and December 31, 2018 is as follows:

Related party	01.01.2019-31.12.2019	08.01.2018-31.12.2018
High Yield Zrt	69,039	81,471
Lászlótanya Kft	29,534	30,183
VTP Invest Kft	3,672	20,718
W-Energy Kft	1,648,701	1,218,503
Corpmed Egészségügyi Kft	268	
Royal Sped Zrt	611	
W-Facility Kft	86,606	
Total:	**1,838,431**	**1,350,875**

The key manager of the Company, the CEO, performs his duties in an employment relationship. In the business years 2019 and 2018, remuneration of the Board of Directors was as follows:

	01.01.2019-31.12.2019	08.01.2018-31.12.2018
Short-term employee benefits	0	0
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination indemnities	0	0
Total:	**0**	**0**

The Board of Directors and the Audit Committee perform their duties without remuneration. The Chairman of the Supervisory Board performs his duties for remuneration. His remuneration is HUF 200,000 per month on the basis of an assignment contract.

Géza Czakó, member of the Board of Directors, owns 44,894 shares; Miklós Marján, member of the Supervisory Board and of the Audit Committee owns 17,000 shares.

31. FINANCIAL RISK MANAGEMENT

The Company is exposed to two types of money market risk related to its operations: foreign exchange risk and interest rate risk, which it manages in its risk management strategy.

Foreign exchange risk

While almost total sales revenue of the Company is generated in EUR, its operating expenses are typically based on HUF, for the settlement of which it provides HUF coverage from EUR sales. The EURHUF exchange rate affects the EUR value of costs incurred in HUF, and thus the results. Management may decide to enter into a hedging transaction to mitigate the foreign exchange risk. A hedging instrument may be a futures transaction, a purchased option or a structured product consisting of options that are not net options, and which meets the requirements of a hedging instrument in accordance with IFRS 9. The underlying transaction is the operating cost incurred in HUF. The Company accounts for foreign currency hedging transactions as cash flow hedging transactions. The Company may apply layer hedging, that is, it may decide to cover the first specified amount of HUF for a given period's operating costs. In addition to its operating expenses, the Company may enter into hedging transactions in connection with fixed or current assets acquired in a currency other than its functional currency. The Company uses the theoretical derivative method to measure the hedging efficiency.
A long-term liability in the Company's balance sheet is a bank loan denominated in EUR. There are no long-term liabilities in HUF; in the case of short-term liabilities the exchange rate risk in connection with supplier invoices, salaries, taxes and contribution payment obligations is minimal.

In the 2019 and 2018 business years, the Company did not enter into any hedging transactions related to foreign exchange risk management.

Interest rate risk

The Company typically meets its financing needs by borrowing at variable interest rates. For such loans, a change in the market reference interest rate affects the amount of interest payable and, through it, the result. Management may decide to enter into a hedging transaction to reduce interest rate risk. A hedging instrument may be an interest rate swap (IRS), a purchased option or a structured product consisting of options that are not net options, and which meets the requirements of a hedging instrument in accordance with IFRS 9. The underlying transaction is a variable rate loan, the hedging instrument is a derivative transaction entered into to mitigate the interest rate risk. Hedging interest rate risk arising from variable interest rates can only be accounted for as a cash flow hedge. The Company may decide to enter into a hedging transaction in connection with a specific layer of credit. The Company uses the theoretical derivative method to measure the hedging efficiency.

In the 2018 and 2019 business years, the Company entered into interest rate swaps (IRS) to hedge the interest rate risk of its variable rate loans. Details of the transactions are presented in Section 18.

Through the performed IRS transactions, the Company exchanges a variable interest rate for a fixed interest rate (paying a fixed interest rate and receiving a variable interest rate). The loan taken out by the Company is tied to a 3-month Euribor reference interest rate, with the proviso that a negative benchmark interest rate is not enforced when determining the transaction interest rate of the loan in respect of principal debt not secured by an interest rate swaps (IRS) transaction, but it is enforced on the part of the capital covered by the interest rate hedging transaction. Therefore, the effect of IRS transactions on the aggregate amount of interest payable under the loan and the cash flows from the IRS is equal to the sum of the cash flows from the IRS fixed interest rate (interest arising from the variable interest rate is paid by the Company through the transaction interest rate of the loan and is received through the IRS variable interest rate). In the table below, the “Fixed interest payable under the IRS” column shows the cash flow effect of the fixed interest rate on IRS transactions until the maturity of the loan in each business year. Forward rates were higher than the prevailing benchmark interest rates at the time of the IRS transactions, thus, the amounts shown above are payable by the Company, therefore, in return, however, with respect to the secured part of the loan, interest-type cash flows have been fixed, the Company is not exposed to a possible increase in the reference interest rate. As long as the reference interest rate is quoted in the negative range, the effect of the interest rate swaps is only as shown in the column "Fixed interest payable under the IRS", in the case of a benchmark interest rate quoted in the positive range, the former effect is supplemented by the effect shown in the column "Effect of IRS transactions on positive benchmark interest rates (impact/1 bp)", which shows how the total amount of interest payable on the loan and the cash flows of the IRS decreases with a 1 basis point change in the benchmark interest rate.

Impact of IRS transactions on the Company's future cash flows:

Business year	Fixed interest payable under the IRS	Impact of IRS transactions in case of positive benchmark interest rates (impact/1 bp)
2020	173,207	-3,758
2021	166,857	-3,627
2022	160,771	-3,496
2023	152,158	-3,311
2024	144,908	-3,156

Sensitivity analysis of interest rate changes and its impact on the pre-tax profit:

In the case of a 1% increase in interest rates	**01.01.2019-31.12.2019**	**08.01.2018-31.12.2018**
Profit and loss from financial activities		
Increase in interest expense	208,383	247,830
Profit and loss from adjusted financial activities		
Profit before tax		
Increase in interest expense	208,383	247,830
Adjusted pre-tax profit/loss		

In the event of a 1% reduction in interest rates	**01.01.2019-31.12.2019**	**08.01.2018-31.12.2018**
Profit and loss from financial activities		
Increase in interest expense	0	0
Profit and loss from adjusted financial activities		
Profit before tax		
Increase in interest expense	0	0
Adjusted pre-tax profit and loss		

At the time of preparation of the financial statements, the benchmark interest rate was in the negative range, therefore, a further decrease would not change the combined interest expense arising from the loan and interest hedging transactions.

The loan taken out by the Company is tied to a 3-month Euribor reference interest rate, with the proviso that a negative benchmark interest rate is not enforced when determining the transaction interest rate of the loan in respect of principal debt not secured by an interest rate swaps (IRS) transaction, but it is enforced on the part of the capital covered by the interest rate hedging transaction. At the time of preparation of the financial statements, the benchmark interest rate was in the negative range, therefore, a further decrease would not change the combined interest expense arising from the loan and interest hedging transactions.

Market risk

Market risk is the risk that market trends - such as changes in exchange rates, interest rates and prices or in the rents that are significant to the Company - will affect the Company's income and the value of its financial instruments. The purpose of market risk management is to keep market risks within the Company's willingness to take risks, while optimizing returns.

Total risk arising from the lending activity

BILK Logisztikai Nyrt. seeks to minimize the risk arising from the non-fulfilment of partners' payment obligations in several ways.

Prior to concluding a contract, all prospective lessees undergo a customer rating during which we use the Opten and Bisnode Company Information Database, analyse the prospective lessee's ownership structure, relationship background, profitability, solvency, commercial credit limit recommendation, risk category, numbers and financial reports for the previous years, and during negotiations, we map the specialties, knowledge and market expectations related to the lessee's market segment. Following the owner's expectation, all leases must be secured by a collateral. Accepted lessee guarantees: bank guarantee and security deposit. As a result, all of our leases are secured.

The qualification and continuous monitoring of our partners is ongoing throughout the contract period. We check for any changes in the data and company statement of existing partners on a weekly basis using the Opten and Bisnode database. We pay special attention to negative company information (database of bankruptcies, liquidation, National Tax and Customs Administration of Hungary (NAV) or other court proceedings, executions).

Bank accounting and customer current account management are up-to-date, thus receivables management can work from an up-to-date database at any time.

A list of overdue receivables is prepared on a weekly basis, and we give priority to overdue receivables over 30 days. Excel statements, telephone and e-mail payment reminders are the basis for receivables management. When several formal notices are given, payment schedules are negotiated. The effectiveness of receivables management is shown by the fact that since its establishment in 2001 during the operation of BILK there has been practically no written-off receivables.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due. The Company's objective is to manage liquidity risk appropriately, that is, to have sufficient cash available to meet its financial obligations. The Company secures the arising liquidity needs from bank deposits and bank loans. The following table presents the Company's financial liabilities by maturity:

31.12.2019

Name	due within one year	due in 1–5 years	due in over 5 years
Trade and other payables	3,022,466	0	0
Capital part of the loans	1,900,205	65,655,913	0
Interest part of the loans	1,471,485	5,367,250	0
Total	**6,394,156**	**71,023,163**	**0**

31.12.2018

Name	due within one year	due in 1–5 years	due in over 5 years
Suppliers and other payables	6,118,077	0	0
Capital part of the loans	1,625,000	9,750,000	44,965,150
Interest part of the loans	1,256,805	4,641,902	1,030,521
Total	**8,999,882**	**14,391,902**	**45,995,671**

08.01.2018

Name	due within one year	due in 1–5 years	due in over 5 years
Suppliers and other payables	3,168,216	0	0

Capital part of the loans	19,700,000	0	0
Interest part of the loans	3,220	0	0
Total	**22,871,436**	**0**	**0**

Non-performance of the specified banking indicators also poses a certain risk in terms of securing the Company's loans and extending its framework. The table below shows the required amount of bank covenants for the Company and their fulfilment for the financial years 2019 and 2018.

Name and calculation of the indicator	**Criterion**	**Required value**	**Value delivered**	**Required value**	**Value delivered**
		for the year ending on 31 December 2019		for the year ending on 31 December 2018	
LTV = Loan-to-Value Ratio / Property value determined by an independent appraiser accepted by the Bank	MAX	61.50%	54.13%	62.21%	53.71%
DSCR = Debt Service Coverage Ratio / Debt Service	MIN	1.4	2.3	1.4	2.3
PDSCR = Projected Debt Service Cover Ratio / Debt Service (for the next 12 months)	MIN	1.4	2.4	1.4	2.2
Net Debt Service / EBITDA	MAX	10.0	8.3	10.0	8.1
WAULT = value of Weighted Average Unexpired Lease Term	MIN	4.0	5.5	4.0	6.1

As of January 8, 2018, the Company did not have a bank loan, therefore no covenant requirement applied to it.

SHORT TERM INDICATORS OF THE FINANCIAL SITUATION

Name	**Calculation**	**December 31, 2019**	**December 31, 2018**
Liquidity indicator	current assets / short term liabilities	130.23%	55.64%
Liquidity of liquid assets	cash / current liability	88.68%	27.24%

32. CAPITAL MANAGEMENT, COMPANY'S CAPITAL POSITION

The goal and endeavour of the Company’s management is to maintain the Company’s ability to continue to operate and to maintain a strong capital base for the trust of customers, suppliers, creditors and owners, and to enable it to continuously develop its business in the future.

During the operation of the Company, it pays special attention to its stable and reliable financial position. To support its short-term (annual) and medium-term (five-year) operations, it prepares a monthly detailed P&L and CF operational business plan and an annual P&L and CF five-year plan. The plans contain a detailed elaboration of the revenue for the next period, operating and investment (opex and capex) expenses, creditors' salaries and the free cash flow.
The owners of the Company primarily consider the fulfilment of the obligations in relation to the creditors (Bank and suppliers), and pay dividends from the free cash flow remaining after the investment plans.

FINANCIAL SITUATION AND CAPITAL STRUCTURE INDICATORS

Name	Calculation	December 31, 2019	December 31, 2018
Fixed asset ratio	Fixed assets / total assets	93.77%	96.03%
Current asset ratio	Current assets / total fixed assets	6.23%	3.97%
Capitalisation	equity / total resources	50.32%	47.97%
Equity - subscribed capital ratio	Equity - subscribed capital	28.95	23.47
Ratio of liabilities	liabilities / total resources	49.68%	52.03%
Capital tension	foreign capital / equity	93.46%	98.04%
Net working capital	Current assets – short term liabilities	2,288,612	-4,262,624

33. CONTINGENT RECEIVABLES AND COMMITMENTS

Pending receivable:

A contingent receivable is a possible receivable that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent receivable, for example, the guarantee received in the contract, or financial security. During the 2019 business year, the Company had the following contingent receivables:
Bank guarantee provided by lessees or lessees' parent company:

Hungarian branch of Access Business Group
Essity Hungary Kft
Express One Kft
Heineken Hungária Zrt
Lagermax Kft
Media Markt Saturn Holding Kft
Nutrifer Kft
Papyrus Hungária Zrt
Sews Kft
Unit-Logisztika Kft
Waberer's-Szemerey Kft
Yusen Logistics Kft
2018-ban pedig a következőkkel rendelkezett:
Bank guarantee provided by lessees or lessees' parent company:
Hungarian branch of Access Business Group
Essity Hungary Kft
Express One Kft
Heineken Hungária Zrt
Lagermax Kft
Nutrifer Kft
Papyrus Hungária Zrt
Sews Kft
Unit-Logisztika Kft
Waberer's-Szemerey Kft
Yusen Logistics Kft

The guarantees received are determined in the amount of 2-6 months' rent, common costs and VAT charged on them, depending on the length of the lease agreement. If the lessee is in default of payment as specified in the individual contract, the lessor has the right to draw the guarantee to settle the outstanding invoice. The expiration of the guarantees is related to the term of the lease.

Contingent liability:

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or an existing obligation that arises from past events but which is not displayed, because it is unlikely that the settlement of the obligation will require an outflow of resources embodying economic benefits, or

-
- the amount of the obligation cannot be measured with sufficient reliability.

The Company had no contingent liabilities during the 2018 and 2019 business years.

34. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date that would affect the Company's operations.

There are no ongoing lawsuits.

35. DISCLOSURES IN ACCORDANCE WITH THE REQUIREMENTS OF THE HUNGARIAN ACCOUNTING ACT

36.1 Accounting Services

Person responsible for directing, managing and preparing the financial statements in accordance with the IFRS:
- Name: Virág Gáspárné Pusztai
- Position: Chief accountant
- Ministry of Finance registration number: 171009

36.2 Audit

Pursuant to Article 155 of Act C of 2000 the Company is subject to statutory audits. Selected independent auditor: Ernst & Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.)
Person responsible for the audit: Zsuzsanna Bartha, MKVK 005268
The fee charged for the audit was EUR 9,926 in the 2019 financial year.

Amount of fees charged by the auditor in the 2019 business year for other assurance services, tax advisory services and other non-audit services: EUR 0.

36.3 Signatory of the Annual Financial Statements

Authorized to sign on behalf of the Company, the signatory of the financial statements:
Lívia Wáberer CEO (Address: 1055 Budapest, Kossuth Lajos tér 18.)
Method of representation: independent.

36.4 Equity Reconciliation Table

In accordance with Article 114/B of the Accounting Act, an enterprise that prepares financial statements in accordance with the IFRS standards shall compile an equity reconciliation table for the balance sheet date. Derivation of the difference between the equity according to the principles applied during the compilation and the equity according to the Hungarian Accounting Act includes the balances of the following capital items as of December 31, 2019 and December 31, 2019:

Equity capital
- Registered capital
- Subscribed but unpaid capital
- Capital reserve
- Retained earnings
- Valuation reserves
- Profit/loss after taxation
- Tied up reserves

The equity correlation table also includes:
- reconciling the amount of capital registered with the court of registration with the amount of subscribed capital in accordance with IFRS;

- the free retained earnings available for payment of dividends, which is reduced by the amount of the retained earnings including accumulated unrealized gains due to the increase in the fair value of investment property in accordance with IAS 40 Investment Property, and the related Amount of income taxes recognized in accordance with IAS 12 Income Taxes.

	2019	**2018**
Equity according to Section 114/B. (4) of IFRS		
Registered capital	2,750,000	2,750,000
Allowances of the	61,799,308	58,342,367
Profit/loss for the year (-)	15,049,608	3,440,008
Total shareholders' equity	**79,598,916**	**64,532,375**
Equity according to Section 114/B. (4)(a)		
Equity according to the IFRS standards	79,598,916	64,532,375
Additional payment recognised in IFRS as a liability (+)	0	0
Value of the additional paid asset according to the IFRS standards (-)	0	0
Amount recognized by law as deferred income from the value of funds to be placed in the capital reserve, or from assets taken over (+)	0	0
Amount of receivables from owners due to a capital increase that qualifies as an equity instrument (-)	0	0
Total shareholders' equity	**79,598,916**	**64,532,375**
Subscribed capital according to Section 114/B. (4)(b) of the IFRS standards		
Subscribed capital as defined in the Articles of Association, in so far as it qualifies as an equity instrument	2,750,000	2,750,000
Nominal value of repurchased own shares (-)		
Subscribed capital according to the IFRS standards	**2,750,000**	**2,750,000**
Article 114/B. (4)(c) Subscribed but unpaid capital		
Amount of subscribed capital in accordance with the IFRS standards not yet made available to the enterprise		
Total subscribed but unpaid capital		
Article 114/B. (4)(d) Capital reserve		
Amount of any and all components of equity that do not fall within the concepts of subscribed capital, subscribed but unpaid capital, retained earnings, revaluation reserve, profit/loss for the year or committed reserve in accordance with the IFRS standards	43,334,435	43,334,435
Total capital reserves:	**43,334,435**	**43,334,435**
Article 114/B. (4)(e) Retained earnings		
Profit recognized in the annual financial statements in accordance with the IFRS standards, accumulated in previous years and not distributed to owners, which may not include other comprehensive income (±)	31,504,072	18,991,696
Additional paid contribution recognized as an asset in the IFRS (-)	0	0
Unused development reserve (-)	0	0
Related deferred tax on unused development reserve calculated in accordance with IAS 12 (+)	0	0
Total retained earnings	**31,504,072**	**18,991,696**
Article 114/B. (4)(f) Valuation reserve		
Cumulative amount of other comprehensive income recognized in the statement of comprehensive income (±)	**-1,093,394**	**-543,756**
Amount of other comprehensive income including other comprehensive income for the year recognized in the statement of comprehensive income (±)	**-549,638**	**-543,756**
Valuation reserves	**-1,093,394**	**-543,756**
Article 114/B. (4)(g) Profit/loss for the year		
In the phase of comprehensive income statement of result, or profit/loss for the current year presented for continuing operations in the statement of separate income (-)	**12,512,376**	**5,557,180**

In the phase of comprehensive income statement of result, or profit/loss for the current year presented for discontinued operations in the statement of separate income	**0**	**0**
Profit/loss for the year (-)	**12,512,376**	**5,557,180**
Article 114/B. (4)(h) Committed reserve		
Additional payment recognised in IFRS as a liability (+)		
Unused development reserve (+)		
Deferred tax on unused development reserve calculated in accordance with IAS 12 (-)		
Total committed reserves		
Article 114/B. (5)(a) Reconciling the amount of capital registered with the court of registration with the amount of subscribed capital in accordance with the IFRS standards:		
Capital registered with the court of registration	2,750,000	2,750,000
Subscribed capital according to the IFRS standards	2,750,000	2,750,000
Deviation (nominal value of repurchased own shares)	**0**	**0**
Article 114/B. (5)(b) Free retained earnings available for dividend payments:		
Retained earnings (which also includes the current profit/loss for the financial year ended with the last financial statements)		
Cumulative, unrealized capital gains recognized on increases in the fair value of investment property in accordance with IAS 40	6,014,304	65,109
Retained earnings freely available for dividend payment	**6,497,267**	**5,492,071**

36.5 Proposal for the use of the after-tax profit (for the approval of dividends)

The General Meeting decides on the payment of a dividend of EUR 4,000,000 (four million euro) from the full after-tax profit for the current year, with a due date of April 30, 2021.

36. CONCLUSIONS FOR THE FUTURE

The Annual Financial Statements also contain conclusions related to the future. These conclusions are based on the current plans, estimates and projections, therefore, it would not be appropriate to rely on these conclusions in a way that goes beyond the sufficient extent. Conclusions related to the future involve risks and uncertainty. The Company draws attention to the fact that a number of important factors may cause the actual profit/loss to materially differ from that foreseen in statements made in respect of the future.

37. DISCLAIMER

Based on the applied accounting standards, the Individual Annual Financial Statements prepared by the Company with the utmost care provide a true and fair view of the Company's assets, liabilities, financial position and results; furthermore, the Business Report gives a true and fair view of the Company's position, development and performance, describing the main risks and uncertainties.

38. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, our Company subsequently received an invoice related to the J1 building which was handed over in August 2019. Management considered the value of the invoice to be significant and identified and transferred it as a modifying event in the 2019 financial statements in accordance with IAS 10.

No other event after the balance sheet date was identified by the management.

In connection with the COVID-19 pandemic, our Company provided all lessees with the procedures established by the National Centre for Public Health for information, and certain precautions were introduced to curb the pandemic. Our company has long-term lease agreements. The management has examined the market position of the current lessees and is in constant contact with them. Based on the information so far, one lessee has initiated a request for a longer payment deadline, while another lessee has inquired about the possibility of a payment moratorium.

Our lessees are mostly international, capital-intensive companies with a stable financial background. The previous crisis of 2007 affected some of our lessees, but none of the lessees became insolvent. In one or two cases, lessees were given an extended payment period for a temporary period of a few months, up to half a year, but it was not typical for BILK to have long-term receivables or an increased vacancy rate even in times of crisis.

Given the current situation, action plans are being developed, but the management believes that the temporary difficulties will not affect the operation of the company.

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Owner on April 7, 2020.