

**Report of the Board of Directors
on the business activity of
Budapesti Ingatlan Hasznosítási és Fejlesztési
Nyrt. in 2024**



Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. (registered office: 1033 Budapest Polgár utca 8-10.; Company Registration No.: 01-10-042813; website: www.bif.hu; hereinafter: the “Company” and/or “BIF”) hereby informs its shareholders, business partners and investors on the management, the business activity in 2024 and the financial position of Company.

I. Management of the Company

The Company operates in a unified control system.

The Board of Directors is the executive body of the Company, which shall represent the Company in front of courts of law and other authorities, as well as third parties. The Board of Directors established the rules of its operation and operated according to its Order of Procedure in 2024. The majority of the members of the Board of Directors are independent.

The Board of Directors performs its activities as a body. It designates the issues necessary to be put on the agenda of its meeting from the issues in its scope of responsibilities, appoints the member of the Board of Directors and/or management responsible for the preparation of the issue, discusses the issue presented at the meeting of the Board of Directors, passes a resolution in that regard, and provides for the monitoring of its implementation. The Board of Directors determines the dates of its regular meetings to be held in the period between its annual balance closing general meetings, as well as the expected agenda of such meetings to the necessary extent.

The Board of Directors held six in-person meetings in 2024. The Board of Directors made decisions electronically 12 times in 2024.

Members of the Company's Board of Directors (as at 31 December 2024)

Name	Position	Beginning of assignment	End of assignment
Dr Anna Ungár	President	30.04.2022	30.04.2027
Kristóf Berecz	Vice-President	30.04.2022	30.04.2027
Dr Frigyes Hárshegyi	member	30.04.2022	30.04.2027
Julian Tzvetkov	member	30.04.2022	30.04.2027
Miklós Vaszily	member	30.04.2022	30.04.2027

II. The Company's business policy and business activities in 2024

The business activity of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (registered seat: 1033 Budapest, Polgár utca 8-10.; hereinafter: the “Company” and/or “BIF”) in 2024 was along the lines of realizing the development strategy and objectives outlined below:

- seeking out office and other buildings that fit the existing revenue-generating property portfolio of the Company and performing acquisitions;
- utilizing the maximum revenue-generating potential in the existing property portfolio and the optimization of the operation of office buildings;
- the implementation of the fully developed concept of the 39 hectare Harsánylejtő development site in Budapest, District III., owned by the Company.

From 20 October, 2017 the Company was active as a regulated real investment pre-company (hereinafter: “SZIE/Pre-REIT”) under Act CII of 2011 on regulated real estate investment companies (hereinafter: “SZIT/REIT Act”), and since 31 December, 2018 it has been active as a regulated real estate investment company (hereinafter: “SZIT/REIT”). The Company is engaged in real estate development and utilization for its own properties (offices and other buildings and parking garages) by leasing, further development and the sale of construction sites in its ownership, the implementation of real estate developments on them, and the utilization and sale of completed properties.

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

- Office buildings
- Parking garages
- Construction lots
- Residential properties
- Hotels

Office buildings

In Q4 2024, the stock of modern offices in Budapest expanded with a new office building measuring 2,150 m². By the end of 2024, the total office stock amounted to 4,455,615 m², comprising 3,604,010 m² of "A" and "B" category modern speculative office space, as well as 851,605 m² of owned office buildings. The total gross demand in 2024 was 502,151 m², while the net demand during the same period was 170,630 m². Gross demand showed an 8% increase, whereas net demand exhibited a 20% decrease compared to the 2023 figures. The vacancy rate reached 14.1% at the end of the previous year.

In Q4 2024, the vacancy rate increased by 0.1 percentage points compared to the previous quarter and by 0.8 percentage points compared to the same period of the previous year.

The lowest vacancy rate in Q4 2024 was recorded in the North Buda submarket (8%), while the highest rate was measured in the agglomeration (28.6%). Net absorption turned negative during the fourth quarter, at -2,880 square metres. However, the annual results still showed a positive value, totalling 47,665 square metres in 2024.

In terms of tenant activity, the most popular submarket in Budapest during Q4 2024 was again the Váci úti office corridor, which attracted 37% of the demand. Following this, the second highest activity was recorded in the South Buda submarket, which achieved a 22% share of the quarterly leasing volume. (Source: BRF 2024 Q4 és Colliers Market Snapshot, CBRE Budapest Office Figures)

Within overall demand, the proportion of new contract renewals was the highest, standing at 76%. New contracts accounted for 18% of all leases, while expansions and prelease contracts were 4% and 2%, respectively. A total of 143 lease agreements were registered in Q4 2024, with an average size of 1,195 m². (Source: BRF Q4 2024)

On 31 December 2024, our Company owned six Category 'B' and four Category 'A' office buildings with excellent location in terms of infrastructure and transport. Following the successful revitalization of one of the former Category 'B' office building at 12-14 Városmajor Street in District XII of Budapest (hereinafter: "**Major Udvar** (Városmajor u. 12)") to convert it to Category 'A' was completed and handed over in October 2022, and 100% of the building has been leased since July 2023.

For our office building located at 8-10 Polgár Street, Budapest (hereinafter referred to as the "**Flórián Udvar Office Building**"), a lease agreement was signed in the last month of 2024 covering 40% of the leasable office space in the building, resulting in the occupancy of Flórián Udvar Office Building reaching 100% by year-end. The new tenant is scheduled to move in during Q1 2025.

In H1 2020, our Company successfully acquired the former Posta Hotel at 114-116 Üllői út, District X of Budapest, an iconic 13-storey tower building in the area, which was converted into a Category "A" office building (hereinafter: "**BIF Tower Office Building**") in a development project launched in 2021. Construction was completed in January 2023, and the building was 98% leased by December 2023, reaching 100% occupancy by February 2024. In the case of the adjacent three-storey building, formerly operating as an educational centre (hereinafter: "Üllői Avenue Educational Centre"), our aim is to use it as an office or educational centre in line with market demand. The two buildings will add more than 10,000 m² of office space.

In the case of our office buildings, our main objective is to maintain tenant satisfaction and thus extend tenancy contracts. In all our office buildings the operator's staff is present on an uninterrupted basis and maintenance service for our tenants. In the case of our Class "A" office buildings, we pay particular attention to modernising public spaces, operating buildings efficiently, using environmentally friendly solutions and meeting tenants' custom needs.

Parking garages

In Budapest, the extension of the paid on-street parking zone system continued in 2024, particularly affecting certain areas of Districts XI and XIV. This may not only boost the use of public transportation but also improve the utilisation of vacant capacities in the city's parking buildings and underground garages. According to the regulation adopted by the General Assembly of Budapest in November 2024, Budapest plans to gradually phase out parking meters, and within two years, payment for street parking will only be possible via an application. At the same time, it was also proposed that from 2026 onwards, holders of public transport travel passes should receive significant discounts on parking fees for public parking, thereby encouraging the use of public transport. (Source: www.vg.hu, 27/11/2024)

Our Company owns 2 **parking garages**, the **Aranykéz Parking Garage** (Budapest V. district Aranykéz utca 4-6.) and the **Parking Garage of Flórián Office Building**, located next to the Vigadó Palota Office Building (9 Apáczai Csere János Street, District V of Budapest). The parking garage in the Flórián Udvar Office Building is primarily intended to serve the tenants of the office building. Both parking garages are equipped with the latest Hungarian mobile-app parking system and modern payment facilities to ensure maximum service quality. In addition to rental and hourly rates, short-term rentals are also becoming increasingly popular for events and conferences in the area at our Aranykéz Parking Garage with a downtown location. The electric car charging service we introduced at the Aranykéz Parking Garage in 2024 is becoming increasingly popular.

Construction lots and residential properties

In 2024, a total of 13,295 new apartments were built nationwide, which is 29% fewer than the previous year. In Budapest, the number of newly occupied apartments fell by 28% compared to the previous year. Half of the new apartments in the capital were constructed in two districts (XI and XIII). Based on the issued building permits and simple notifications, the number of planned apartments was 20,494, a decrease of 4.7% compared to 2023. (Source: CSO, Housing constructions, building permits, Q1-Q4 2024)

With regard to the housing market activity, following a decline in 2023, the number of sold used and new apartments both increased in Q1 to Q3 2024. The total housing market turnover in the third quarter exceeded the previous year's figure by 14%. However, the proportion of new apartments in the first three quarters was relatively low, accounting for only 3.9%. (Source: CSO, Housing market prices, and apartment price index, Q3 2024)

In terms of prices, in Q1 2024, prices increased by 8.5%, and by 1.8% in Q2 2024. In Q3 2024, the price of used apartments practically stagnated, while that of new ones decreased slightly by 2.2%. Overall, due to the rapid increase at the beginning of the year, the level of apartment prices in the combined housing market was nominally 12% higher and 8.5% higher in real terms than the previous year. (Source: CSO, Housing market prices, and apartment price index, Q3 2024)

Within the framework of the **Harsánylejtő Kertváros** project (District III of Budapest), the Company launched a development project (hereinafter: "**Harsánylejtő Project**") in several phases over the past years, covering an area of approximately 39 hectares. As part of the project, plots suitable for land development, residential development and the construction of commercial units were developed as follows:

- **Land development:** A total of 153 land plots have been developed, constructed and sold within the framework of Phases I-II. The project was successfully completed in terms of development and sales (the total area of the above-mentioned Phases I to II exceeds 25 hectares).
- **Residential property development**
 - In Phases I and II of the residential development, a total of 40 flats of floor areas between 55 and 99 m² were built on an area of about 1 hectare. The first phase of the residential property development was successfully completed in 2019, and the second phase was successfully completed in the first half of 2021. The owner of the project was Harsánylejtő Ingatlanforgalmazó és -kezelő Kft. (hereinafter: "Harsánylejtő Kft."), which is 100% owned by the Company.
 - In the case of two residential properties suitable for development, sale agreements were signed with a retention of title in Q4 2021. Of these, one was handed over in 2022, while the other was delivered in 2024 following the payment of the full purchase price.
- A plot suitable for the development of a **commercial unit**, comprising a retail unit of approximately 1000 m² and a further 1500 m² of office or other service functions on an area of approximately 0.4 hectares.
- A sale and purchase agreement was signed in Q4 2022 for a plot of more than 2.4 hectares suitable for the development of **buildings of other functions**, for which the transfer of ownership has also been completed.

The Company is also investigating possibilities other than indicated above in respect of the utilization and sale of the plots owned by the Company.



In addition to the residential property development carried out in the Harsánylejtő Project, the Company owned, as of December 31, 2024, a residential property located at parcel number 6775 at 99 Attila Road and 42 Logodi Street in District I of Budapest, H-1012 (hereinafter referred to as “**Attila99Loft**” or “Attila Road Property”). Attila99Loft was the winner of the **Real Estate Awards "Residential Property Development of the Year 2021"** competition. The property includes 16 exclusive flats, a 22-space automated parking system, a restaurant, and a bakery. In addition to its location in the Castle District and the unique style of the flats, the exclusive services available within the building ensure the uniqueness of the building modelled on the "New York" style. The flats and commercial premises are leased by the Company.

One of the most prominent properties in the Company's portfolio is located at 80-82 Andrásy Avenue, District VI of Budapest, a World Heritage Site (hereinafter: “**Andrásy Avenue Property**”). On the more than 1,400 m² site, the Company prefers the possibility of a residential development with upscale apartments and services, taking into account the changing market needs and the district regulatory conditions. The preliminary design for the development has been completed, the building permit procedure closed in Q1 2024, and the building permit was obtained.

Hotels

In December 2024, nearly 1.3 million guests spent 2.9 million guest nights at tourism accommodation (commercial, private, and others). The number of guests increased by 11%, and the number of guest nights rose by 8.4% compared to the previous year. The number of nights spent by Hungarian guests grew by 0.6%, while nights spent by foreign guests increased by 15% compared to December 2023. In 2024, the number of guest nights in tourist accommodations was 5.8% higher than in the previous year. The total gross revenue for all tourist accommodations was nearly HUF 90 billion, which is 22% higher than the previous year at current prices.

In 2024, Hungarian accommodations welcomed a record 18 million tourists, marking an 11% increase compared to 2023. Factors contributing to these outstanding results include data-driven tourism decision-making, influencer campaigns, and the acquisition of Budapest Airport by Hungarian ownership. Preliminary data indicate that approximately 17 million passengers passed through Budapest Liszt Ferenc International Airport last year, representing an increase of over 17%.

(Source: KSH Monitor, üzletem.hu)

The Company currently owns one property which is operated as a hotel by the tenant (the Company does not generate any income from accommodation or catering services, it only rents out the properties it owns). The **Madách Square property** has one of the most prominent downtown locations in terms of tourism, as it is situated at 3 Madách Square, District VII of Budapest, housing a 4-star hotel, as well as two independent restaurants operating on the street frontage. As of the end of October 2023, the hotel-operating section was repossessed from the operator. We received the building permit for the renovation and interior transformation from the heritage protection authority in January 2025. Demolition work related to the renovation has begun. The complete renovation is expected to be completed by the end of 2026.

“**Building C**” of the **Üllői Avenue property complex** (114-116 Üllői Avenue, District X of Budapest, hereinafter referred to as “**BIF HOSTEL**”), located within the catchment area of Budapest Ferenc Liszt International Airport will be leased for use as a 2-star hotel by the Company, taking advantage of the building's favourable attributes starting in September 2024 (a student hostel previously operated in this building).

The outbreak of the Russian-Ukrainian war on 24 February 2022 and the related international sanctions have a significant impact on the economic outlook and increase economic risks. In order to minimize the exposures to risks caused by the war conflict (eventual request for the amendment or termination of lease contracts, substantial increase in operating costs, possible delays in ongoing developments projects, and the renegotiation of supplier/service provider partnerships), the Company will continue to closely monitor the current situation – especially actions by the government and other official bodies –, take new measures, and inform its employees and partners accordingly.

III. Key financial data

Key Financial Data of the Company's 2024 audited Consolidated Annual Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union

Profit and loss statement (IFRS consolidated, audited)

HUF '000'	2023	2024
Net sales revenue	8,188,976	13,387,786
Other operating income	6,286,138	3,168,820
Changes in internally generated inventories	0	-15,141
Capitalized value of internally generated assets	0	0
Raw materials, consumables and other external charges	-2,059,744	-4,068,887
Staff costs	-914,678	-1,291,985
Other operating expenditure	-871,916	-354,047
EBITDA	10,628,776	10,826,546
Depreciation and impairment	-253,629	-168,051
Operating P/L	10,375,147	10,658,495
Financial income	703,846	740,266
Financial expenses	-487,136	-486,144
P/L before tax	10,591,857	10,912,617
Actual tax expenditure	-24,121	-95,987
Deferred tax	0	-14,157
P/L after tax	10,567,736	10,802,473

Key balance sheet items (IFRS consolidated, audited)

HUF '000'	31/12/2023	31/12/2024
Investment property	78,581,204	84,300,782
<u>Long-term assets, total</u>	<u>79,549,117</u>	<u>88,211,923</u>
Cash and cash equivalents	6,336,433	13,943,645
<u>Current assets, total</u>	<u>6,891,423</u>	<u>15,716,933</u>
Assets, total	86,440,540	103,928,856
Subscribed capital	2,870,244	2,870,244
<u>Equity allocated to the parent company, total</u>	<u>62,274,173</u>	<u>78,076,646</u>
Financial liabilities (long-term)	18,886,201	17,895,603
<u>Long-term liabilities, total</u>	<u>20,282,488</u>	<u>19,800,214</u>
Financial liabilities (short-term)	1,446,747	1,775,556
<u>Current liabilities, total</u>	<u>3,883,879</u>	<u>6,051,996</u>
Liabilities and equity, total	86,440,540	103,928,856

IV. Summary, proposals and recommendation of the Board of Directors

The Board of Directors proposes the general meeting to approve the Audited Separate Annual Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. for 2024 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union with the following main figures (data in thousand HUF):

Total assets	101,318,663
Equity	77,480,051
Sales revenue	11,910,985
Profit before taxes	10,285,363
Retained earnings	10,236,224

Taking into account the relevant provisions of the REIT Act, the Board of Directors proposes the payment of a dividend of HUF 5,974,072 thousand – corresponding to the expected dividend according to the SZIT Act – from the disposable profit for the year and from the retained earnings generated in the current year, based on the Company's audited Separate Annual Financial Statements for 2024 prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

If the general meeting does not vote on the above dividend payment proposal, the Board of Directors, taking into account the Company's ongoing and planned developments, proposes the payment of a dividend of HUF 2,752,458,010, HUF 10 per share, from the disposable profit for the year and from the retained earnings generated in the current year, based on the Company's audited Separate Annual Financial Statements for 2024 prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. During the above dividend calculation, the Company has already distributed the dividend on its own shares among the shareholders entitled to the dividend in proportion to the nominal value of their shares.

The Board of Directors proposes the general meeting to approve the Audited Consolidated Annual Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. for 2024 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union with the following main figures (data in thousand HUF):

Total assets	103,928,856
Equity	78,076,646
Sales revenue	13,387,786
Profit before taxes	10,912,617
Retained earnings	10,802,473

The Board of Directors of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. hereby declares that the Audited Separate and Consolidated Annual Financial Statements for 2024, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and the Business (Management) Reports of the Company, contain true and correct data and statements and do not omit any fact that might have any significance concerning the assessment of the position of Company.

Budapest, 9 April, 2025

Dr. Anna Ungár
President of the Board of Directors

Annex

- Annual Report 2024 – Annual Financial Reports 2024
 - Annual Report 2024 – Annual Financial Report 2024 of the Parent Company (Audited Separate Annual Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. for 2024 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and Business (Management) Report)
 - Consolidated Annual Report 2024 – Consolidated Annual Financial Report 2024 (Audited Consolidated Annual Financial Statements of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt. for 2024 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and Consolidated Business (Management) Report)

