

Futureal Holding BV
IFRS consolidated interim financial information
for the period from 01 January 2020 to 30 June 2020

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

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

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

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

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

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

Financial liabilities

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

All financial liabilities in IFRS 9 are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability.

There are two measurement categories for financial liabilities: fair value, and amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL or an entity has opted to measure a liability at FVTPL.

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

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

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

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

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

Offsetting financial assets and financial liabilities

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

Impairment of financial assets

The Group applies IFRS 9 impairment model to:

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

The model does not apply to investments in equity instruments.

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

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

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

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

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

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

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

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

(f) Derivatives and hedging activities

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

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

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

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

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

Cash flow hedges that qualify for hedge accounting

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

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

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

Derivatives that do not qualify for hedge accounting

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

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(g) Trade and other receivables

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

(h) Receivables from related parties

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

(i) Receivables from third parties

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

(j) Cash and cash equivalents

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

The overdrafts are shown in current liabilities in borrowings line.

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

(k) Trade and other payables

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

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

(l) Liabilities to related parties

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

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

(m) Loans and borrowings

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down (and should be calculated with in the effective interest calculation and the amortized cost of the loan). In this case, the fee is deferred until the draw-down occurs. To the extent

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there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(n) Property and equipment

i. Recognition and measurement

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

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

ii. Depreciation

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

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

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

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

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

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

(o) Leases

The Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

(p) Inventories

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

Project construction costs include:

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

(q) Impairment of non-financial assets

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

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

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

(r) Equity

i. Share capital

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

ii. Share premium

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

iii. Currency translation reserve

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

iv. Other reserve

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

(s) Dividend distribution

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

(t) Borrowing costs

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

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

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

(u) Interest income and expense

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

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

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paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Current and deferred income tax

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

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

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

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

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

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

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

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

(w) Fair Value

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

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

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

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

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

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

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

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

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

(x) Amounts withheld for guarantees

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

5. Use of estimates and critical judgments

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

5.(a) Estimates

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

Fair value of investment and development properties

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

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

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

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

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

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

5.(b) Critical judgments

Group reorganization

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

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

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

Acquisitions of subsidiaries under common control

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

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

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

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

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

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

Acquisitions

Consideration paid	197 841
Net assets of subsidiaries acquired	206 372

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

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

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

Acquisition of Finext Group

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

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

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

Functional currency

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

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

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

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

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

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

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

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

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

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7. Revenue

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

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

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

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

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

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

8. Cost of sales

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

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

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

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

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

9. Selling and marketing expenses

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

10. Administrative expenses

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

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

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11. Other income

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

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

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

12. Other expenses

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

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

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13. Finance income and expense

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

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

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

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

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14. Income tax

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

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

Reconciliation of effective tax rate

For the half-year ended 30 June:	2020	2019
<i>In EUR</i>		
Profit / (loss) for the period	3 636 687	21 594 117
Total income tax expense / (benefit)	134 091	68 677
Profit / (loss) before income tax	3 770 778	21 525 440
<i>Expected income tax using the Hungarian tax rate (9%)</i>	<i>395 262</i>	<i>1 943 471</i>
Tax effect of:		
Not recognized deferred tax asset for tax loss carried forward	a) 1 510 525	3 758 674
Difference in tax rates	b) 292 732	6 305 079
Difference due to investment funds and entities under Real Estate Investment Trust	c) -2 118 008	-807 450
Non-taxable income	d) 0	-11 144 730
Other income tax	e) 52 490	0
Other	f) 1 089	13 633
Tax expense for the period	134 091	68 677
Effective tax rate	3,29%	0,32%

- a) This line includes the impact of tax losses with no deferred tax recognized.
- b) Since the substantially all the companies are under Hungarian taxation, we applied the Hungarian statutory rate (9%) for calculating the expected tax income. This line includes the impact of different tax rates used at foreign entities (Poland and Malta). Cordia Homes Group has been disposed in December 2019 (please refer also to Note 3). This causes the significant changes compared the prior period.
- c) Hungarian investments funds are not subject to income tax. Finext Nyrt. and its subsidiaries are registered as entities qualifying for the Real Estate Investment Trust ("REIT") status under the Hungarian regulations and are entitled for a reduced taxation scheme.

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- d) Capital gains derived from the sale of an investment registered by the tax authorities are not subject to income tax. For further details about the sale of investments please see the note 3. Basis of consolidation (in the 'Changes in group structure' section). After the restructuring in 2020, these items were wholly immaterial.
- e) This line mainly includes the impact of Hungarian local business tax, which is also classified as income tax based on IAS 12.
- f) Other differences contain non-deductible expenses and foreign exchange differences. None of these items are material separately.

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

15. Non-financial assets and liabilities

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

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

15.(a) Investment and development property

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

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

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

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

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

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

in EUR

30 June 2020	Properties under construction for rental purposes	Lands	Individually not significant properties
Valuation method	Residual amount	Residual amount/ Residual amount+ Comparable price method	Residual amount
Balance sheet classification	Investment and development property	Investment and development property	Investment and development property
Fair value	308 005 075	53 810 000	53 878 958
Area (m²)	93 064	77 026	31 985
Sensitivity for yield			
0.25%	-7 867 830	-9 967 128	-
-0.25%	8 087 945	10 870 875	-
Sensitivity for rental fees			
5%	9 571 570	12 073 111	-
-5%	-9 571 570	-12 073 111	-

in EUR

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

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

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

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

For the half-year ended 30 June:

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

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

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

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

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

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15.(b) Property, plant and equipment

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

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

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

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

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15.(c) Lease liabilities

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

For the half-year ended 30 June:

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

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

For the half-year ended 30 June:

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

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

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15.(d) Inventory

For the half-year ended 30 June 2020

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

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

Write-down revaluating the inventory

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

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

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

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16. Financial assets and financial liabilities

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

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

The group holds the following financial instruments:

As at 30 June 2020

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

As at 30 June 2020

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

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As at 31 December 2019

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

As at 31 December 2019

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

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As at 1 January 2019

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

Ast at 1 January 2019

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

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16. (a) Receivables from related parties

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

<i>In EUR</i>	30.06.20120	31.12.2019	01.01.2019
Loans granted	339 344	25 437 445	61 506 268
Trade receivables	126 729	416 831	4 051 212
Accrued revenue	557 641	577 444	936 971
Accrued interest receivables	98 826	0	137 533
Consideration receivable from sale of investment	1 037 070		
Other receivables	359 199	628 988	1 877 417
Total closing balance	2 518 810	27 060 708	68 509 401

Closing balance includes:

Current assets	2 518 810	27 060 708	54 712 483
Non-current assets	0	0	13 796 918

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

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