



## INDEPENDENT AUDITOR'S REPORT

To the shareholders of **Budapesti Ingatlan Nyrt.**

### Report on audit of consolidated financial statements

#### Opinion

We have carried out an audit of the consolidated financial statements of **Budapesti Ingatlan Nyrt.** (“the Company”) and its consolidated subsidiary (“the Group”) in the digital file 529900MBH2PPLPLX3782-2022-12-31-hu.zip<sup>1</sup>, which are consolidated financial statements from the consolidated financial position statement prepared at the 31 December 2022, in which the total amount of assets and liabilities is thousand HUF 81.684.320, the total overall profit for the financial year of thousand HUF 10.033.555 consists of a statement of profit, consolidated comprehensive income for the year ending that date, a statement of changes in consolidated equity, a statement of consolidated cash flows and consolidated notes including a summary of the significant elements of accounting policy.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs"), and the consolidated financial statements have been prepared, in all material respects, in accordance with the additional requirements of Act C of 2000 on Accounting (the "Accounting Act") for consolidated financial statements prepared in accordance with EU IFRSs.

#### Basis of the opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and the laws and regulations applicable to auditing in Hungary. Our liability under these standards is further described in the “Responsibility of auditors for auditing consolidated financial statements” section of our report.

We are independent of the Group in accordance with the relevant legislation in force in Hungary and the Hungarian Chamber of Auditors' Code of Conduct (Ethics) and Disciplinary Procedure for the Auditing Profession, and, for issues not covered by these rules, by the International Ethical Standards Board of Accountants' Handbook on

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<sup>1</sup> Digital identification of the above-linked digital file using SHA 256 HASH algorithm:  
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International Code of Ethics for Chamber Auditors (incorporating international independence standards) (the IESBA Code), and we comply with the additional ethical requirements contained in the same standards.

We are convinced that the audit evidence obtained by us provides sufficient and adequate basis for our opinion.

### Key Audit Questions

Key audit questions are the issues that were most relevant in our professional judgment during our audit of the consolidated financial statements of the current period. These issues have been examined in the context of our audit of the consolidated financial statements as a whole by us and in developing our opinion on them, and we will not issue a separate opinion on these issues.

<b>Key Audit Question</b>	<b>Our audit response to the key audit question</b>
<p><i>Investment property</i></p> <p>With reference to notes II/1.3.1 and III/1 of the notes to the consolidated financial statements.</p> <p>The Company recognises assets in the amount of thousand HUF 71.881.004 in the consolidated financial statements "Investment property".</p> <p>The Company measures the investment properties it owns at fair value. The market value of real estate shall be updated for 31 December each year. The evaluation shall be carried out taking into account international assessment standards. In valuation, three valuation methods generally accepted in international asset valuation practice (cost approach, market comparative approach and income approach) are applied, and then the market value of real estate is determined on the basis of prudence. Gains or losses arising from changes in fair value of investment property are recognised in the current period (other operating income or other operating expenses).</p> <p>The valuation of investment property includes significant estimates of future rents, inflation and expenditure of real estate.</p> <p>In view of the above, the accounting of investment property has been considered as a key audit area.</p>	<p>Our audit procedures for investment property accounts were as follows:</p> <p>We examined the functioning of the key internal controls established by the Company in relation to the fair value determination of investment property.</p> <p>We examined the stock changes in the value of investment property for the current year by examining basic documents in detail.</p> <p>With the involvement of an external asset appraiser, we examined the adequacy of the valuation models used by the external real estate expert, the accuracy of their input data, the assumptions used, including management estimates, to assess the external expert's proficiency in such assessments.</p> <p>We examined the proper application of relevant financial reporting standards, accounting accounts and disclosures.</p> <p>We have not identified any material misstatements based on our procedures.</p>

### **Other information: Consolidated business report**

Other information is taken from the 2022 consolidated annual report of **Budapest Ingatlan Nyrt.** and its consolidated subsidiary. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Accounting Act or other applicable law. Our opinion on the consolidated financial statements in the "Opinion" section of our Independent Auditor's Report does not apply to the consolidated financial statements.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated financial statements and consider whether the consolidated financial statements are materially inconsistent with the consolidated financial statements or with our knowledge obtained from our audit, or otherwise appear to be materially misstated. If we conclude on the basis of our work that other information contains a material misstatement, we are obliged to report this and the nature of the misstatement.

Our responsibility under the Accounting Act is also to express an opinion whether the consolidated financial statements comply with the relevant provisions of the Accounting Act and other applicable law, including whether the consolidated financial statements comply with the requirements of paragraphs 95(2)(e) and (f) of Article 95(2)(B) of the Accounting Act and to express an opinion on them and on the consistency of the consolidated financial statements with the consolidated financial statements. Pursuant to the Accounting Act, we are also required to declare whether the information specified in points a) to d), g) and h) of paragraph 2(2)(a) to (d) of Article 95 of the Accounting Act has been provided in the consolidated annual report.

In fulfilling this responsibility, when formulating our opinion on the business report, the Commission (EU) shall apply Article 2019/815 on supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards defining a single electronic reporting format. Delegated Regulation of 17 December 2018 ("ESEF Regulation") was considered as other legislation imposing additional requirements for consolidated business reporting.

In our opinion, the 2022 annual report of Budapest Ingatlan Nyrt. and its consolidated subsidiary is consistent, in all material respects, with the 2022 consolidated financial statements of Budapest Ingatlan Nyrt. and its consolidated subsidiary and the applicable requirements of the Accounting Act and the other applicable laws and regulations listed above. In the consolidated business report, the provisions of Article 95 of the Accounting Act were made available in accordance with Article 95 of the Accounting Act. /B (2) (a) to (d), (g) and (h). As other legislation does not impose additional content requirements for the Company on the consolidated business report, we do not give any opinion in this regard.

No other material inconsistencies or material misstatements of any other nature have been made aware of in the consolidated business report, so we have nothing to report in this regard.

### **Responsibility of management and persons in charge of management for consolidated financial statements.**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with EU IFRSs and the additional requirements of the Accounting Act for annual accounts prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing consolidated financial statements, management shall be responsible for assessing the Group's ability to continue the undertaking and disclose information on the continuation of the undertaking as appropriate, and management shall be responsible for applying accounting based on the principle of continuation of the undertaking in consolidated financial statements, unless the management intends to terminate the Group or cease the business activity, or when in addition, there are no other realistic options in front of him.

The persons entrusted with management are responsible for overseeing the Group's financial reporting process.

### **Responsibility of the auditor for auditing consolidated financial statements**

During the audit, our aim is to obtain sufficient assurance that the consolidated financial statements as a whole do not contain any material misstatements, whether due to fraud or error, and to issue an independent audit report containing our opinion on this basis. Sufficient assurance is a high degree of certainty, but it is not a guarantee that an audit carried out in accordance with the Hungarian National Auditing Standards will always reveal a material misstatement that otherwise exists. Erroneous statements may result from fraud or error and are considered material if it may be reasonable to expect that they alone or collectively could affect the economic decisions of users based on specific consolidated financial statements.

We use professional judgment and maintain professional skepticism throughout the audit according to the Hungarian National Auditing Standards.

Furthermore:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and implement audit procedures to manage those risks, and obtain sufficient appropriate audit evidence to provide a basis for our audit opinion. The risk of not discovering a material misstatement arising from fraud is higher than that resulting from error, as fraud may include collusion, falsification, intentional omissions, misrepresentations, or overwriting of internal control.
- We understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of the accounting policy used by management and the reasonableness of accounting estimates and related disclosures prepared by management.
- We conclude whether it is appropriate for management to prepare consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether there is any material uncertainty about events or conditions that may cast significant doubt about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we should draw attention to the related disclosures in the consolidated financial statements in our independent audit report, or if disclosures are inappropriate in this respect, we must qualify our opinion. Our conclusions are based on audit evidence obtained by the date of our independent auditor report. However, future events or conditions may cause the Group to be unable to continue the business.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures in the notes, and assess whether the consolidated financial statements give a true and fair view of the underlying transactions and events.
- We obtain sufficient and appropriate audit evidence of the financial information of the entities or business activities within the Group to deliver an opinion on consolidated financial statements. We are responsible for managing, supervising and performing group audit. We remain solely responsible for our auditor opinions.

We will communicate to those charged with governance, among other matters, the planned scope and timing of the audit, the significant findings of the audit, including significant deficiencies, if any, in the Group's internal control that we identified in our audit.

We will declare to those charged with governance that we comply with relevant ethical requirements relating to independence and communicate to them any relationships and other matters that could reasonably be expected to affect our independence and, where appropriate, the related safeguards.

Among the issues communicated to persons in charge of management, we identify the issues that were the most significant issues in the audit of the consolidated financial statements for the current period, and hence the key audit issues. We describe these issues in our auditor's report unless legislation or regulation precludes public disclosure of a particular issue or if, in extremely rare circumstances, we determine that a particular issue cannot be communicated in the audit report because, in reasonable expectations, its adverse consequences would be more severe than the benefits of communication in the public interest.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with Article 10 (2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council, we make the following statements in our independent audit report in addition to the reporting obligations imposed by the Hungarian National Auditing Standards:

### *Appointment of the auditor and duration of the mandate*

We were elected the auditor of Budapesti Ingatlan Nyrt. at the general meeting on 29 April 2022, and our assignment will last until 15 May 2023.

### *Consistency of the auditor's report with the additional report to the audit committee*

We confirm that our audit opinion on the consolidated financial statements expressed in this audit report is in accordance with the supplementary report addressed to the Audit Committee of Budapest Ingatlan Nyrt. issued on 6 April 2023 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

### *Provision of non-audit services*

We declare that we have not provided any prohibited non-audit services described in Article 5 (1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council to the Company. We further state that we have not provided any other non-audit services to Budapest Ingatlan Nyrt. and its controlled entities that are not included in the consolidated financial statements or consolidated annual report.

The signatories of the report shall be considered as the responsible counterparty for the audit resulting in this independent audit report.

Report on compliance of the presentation of consolidated financial statements with the requirements of the Single Electronic Reporting Format Regulation

We have completed an assignment for services providing sufficient certainty regarding the compliance of the presentation of the Group's consolidated financial statements ("ESEF consolidated financial statements") in the digital file 529900MBH2PPLPLX3782-2022-12-31-hu.zip<sup>1</sup> with the requirements set out in the ESEF Regulation.

*Responsibilities of management and persons in charge of management for consolidated financial statements in ESEF format*

Management shall be responsible for presenting consolidated financial statements in ESEF format in accordance with the ESEF Regulation. This responsibility includes:

- the preparation of consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate XBRL labels in accordance with the requirements of the ESEF Regulation, using judgement where necessary, including the full application of relevant labels and the appropriate creation and coupling of extension elements; and
- the establishment, introduction and maintenance of internal control relevant to the application of the ESEF Regulation.

The persons entrusted with the management shall be responsible for overseeing the Group's financial reporting process, including compliance with the ESEF Regulation.

*Our responsibility and a summary of the work performed*

It is our responsibility to comment, on the basis of the evidence we have obtained, whether the presentation of consolidated financial statements in ESEF format meets the requirements of the ESEF Regulation in all material respects. We performed our assurance engagement in accordance with the Hungarian National Standard on Assurance Engagements (ISAE 3000), Topic 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (revised).

The mandate for services providing sufficient assurance in accordance with ISAE 3000 includes the implementation of procedures to obtain evidence of compliance with the ESEF Regulation. The nature, timing and extent of the procedures selected, including the assessment of the risks of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error, depend on the auditor's judgment. Our assignment for services providing sufficient certainty included learning about labelling, learning about the Group's internal controls relevant to the application of the requirements of the ESEF Regulation and checking whether the XHTML format has been properly applied, an assessment of the completeness of the labelling of consolidated financial statements by the Group using the XBRL marking language, the XBRL elements chosen from the ESEF taxonomy Group and where no corresponding element has been identified in the ESEF taxonomy, the verification of the conformity of the creation of the extension elements and the assessment of the use of the coupling for the expansion elements.

We are convinced that the evidence we have obtained is sufficient and adequate to substantiate our opinion.

*Opinion*

In our opinion, the presentation of the consolidated financial statements of the Group for the year ended 31 December 2022 in the digital file 529900MBH2PPLPLX3782-2022-12-31-hu.zip<sup>1</sup> in the ESEF format complies, in all material respects, with the requirements of the ESEF Regulation.

*Veszprém, 6 April 2023*

*This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.*

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*András Tölgyes  
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