Appeninn Asset Management Holding

Public Limited Company

2014. Fourth Quarterly Report

Company name	Appeninn Nyrt.
Company adress	H-1022 Budapest, Bég u. 3-5.
Sectoral classification	Asset Management (property management)
Reporting period	2014. IV. quarter
Investment relations	Gábor Székely
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E-mail	info@appeninnholding.com

This is the consolidated report of the Appeninn Asset Management Holding Public Limited Company on the fourth quarter of 2014, thereinafter referred to as the “Report”.

The Report includes the consolidated management report for 2014 Q4, the Consolidated Balance Sheet in line with the International Financial Reporting Standards (IFRS), the Profit and Loss Report, and an assessment of these reports.

Content of the consolidated management report

- Company introduction
- Summary of Appeninn Holding Ltd activities and results for 2014 Q4
- Key events after the reported period
- Background about industry environment
- Objectives and strategy
- Main resources, risk factors and their changes and uncertainties
- Consolidated balance-sheet, profit and loss account and cash-flow account in accordance with IFRS
- List of shareholders with a stake exceeding 5% (2014.12.31.)
- Managing executives, strategic employees
- Headcount of full-time employees (No. of people)
- General information pertaining of financial data

COMPANY DESCRIPTION

Appeninn Holding Nyrt. was founded in December 2009, and the business operation was launched in 2010. The Appeninn Nyrt. is a holding in the company group and provides the other group members with the following services:

- maintenance and operational services required for the affiliates' letting activities
- active portfolio management
- central management and administration, legal representation
- central procurement, search for best deals
- organisation, execution and technical supervision of property renovation and refurbishing
- claims management
- provide and operate a central dispatcher/hotline
- organise security and receptionist services
- advertise properties/offices to let, mediate and keep in touch with tenants
- feature affiliates and their properties on the appeninn.hu website
- place advertisements in electronic media and press.

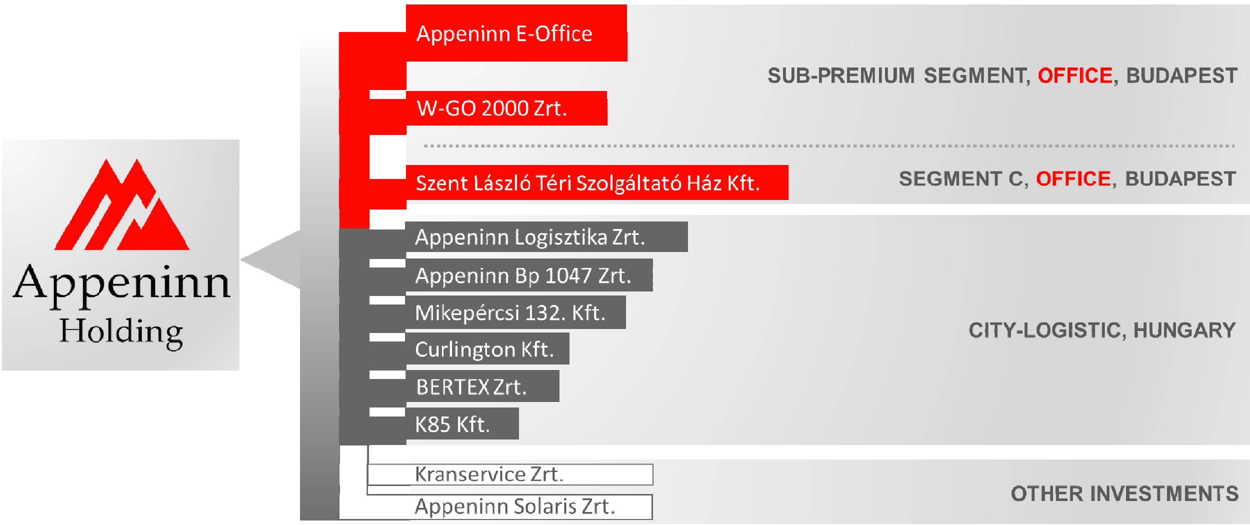
The company is now one of Hungary's dynamically developing real estate investment companies. It focuses on niche market segments in which low-cost assets promising high yields can be acquired and held on to as medium and long-term investments. The target area includes the Category B office building market as well as industrial and logistics properties, but the Appeninn Holding is also interested in investments of a similar portfolio approach in other business areas.

The objective of the Appeninn Holding is to become an international property holding that represents a traditional, conservative business policy and readily definable asset-based values through the continuous expansion of the company's property portfolio.

Company affiliates at the end of the reported period and Company's stake in percentage are as follows:

- Appeninn-Bp1047 Zrt. (100 %)
- Appeninn E-Office Zrt. (100 %)
- Appeninn-Logisztika Zrt. (100 %)
- Appeninn-Solaris Zrt. (100 %)
- BERTEX Zrt. (100%)
- Curlington Kft. (100 %)
- K85 Ingatlanhasznosító Kft. (100 %)
- Kranservice Zrt. (100 %)
- Mikepércsi út 132 Ingatlanhasznosító Kft. (100 %)
- W-GO 2000 Zrt. (100 %)
- Szent László Téri Szolgáltató Ház Kft. (100 %)

The Group operates in the following structure:



15 properties in the value of 61.5 million EUR are owned and operated by the company.

SUMMARY OF APPENINN HOLDING'S ACTIVITIES FOR 2014 Q IV

According to the company's interim report prepared in accordance with the IFRS, Appeninn Holding's consolidated rental revenue for 2014 amounted to EUR 4.855 million. The consolidated net rental revenue reduced by the direct costs reached 3.025 million euros, the company's EBITDA result was 2.322 million euros, and the profit after tax showed a loss of 1.855 million euros.

- In 2014 the Group's **gross rental revenue was EUR 4.855 million.** Revenues decreased by nearly 10 percent year-over-year due to the sale of an office portfolio element in 2014 Q2, a modest decrease in the income from the letting of special vehicles, and the weakening of the forint exchange rate. Nevertheless, the company's revenues reached the second highest level in its 5 years of operation.
- **Costs related to the real estate and assets leasing decreased by nearly 14 percent** year-over-year, adding up to a total of only EUR 1.830 million. The energy efficiency investments effectuated in five of the company's office buildings played a major role in cost reduction, by helping to cut operating costs.
- **Net rental income was EUR 3.025 million**, which is about 8 percent lower than last year's value of EUR 3.288 million.
- **The company's EBITDA amounted to EUR 2.322 million.**
- **The operating profit of Appeninn Group was EUR 2.062 million in 2014, which is below of last year's figure by only 3 percent.** A 246 thousand euros worth of goodwill impairment concerning one of the projects had a substantial impact on the operating profit in 2014.
- **The company's profit before the tax showed a loss of 2,157 million euros.** The following **items** had a **significant effect** on profit before tax:
    - The Group recorded EUR 2,050,654 net loss from the revaluation of investment properties.
    - The sale of the Group's shares in WBO Zrt. resulted a net loss of 347 thousand euros, and realised and unrealised exchange rate differences (in EUR/CHF and EUR/HUF) produced a further loss of 480 thousand euros on the other financial incomes / expenses line.
- **The company's after tax profit was EUR 1.855 million in 2014, which is equal to the profit attributable to the company's shareholders.**

The rental income, accounting for nearly 95 percent of the company's revenues, has exceeded EUR 4.6 million. The **company operated its portfolio with a 95 percent occupancy rate**, well above the market average of 83.8 percent .

"We are planning on purchasing office buildings in our target segments reinvesting our income stemming from from last year's sale of some of the properties that were sold on good prices and in line with our portfolio cleaning program. Furthermore, we have effectuated important investments in order to improve the profitability of the property portfolio. We are seeking to make the current portfolio flexible, and focus on larger properties that can be operated more efficiently, while seizing any great opportunity for the sale of a portfolio element. As activity is heating up, trust is growing on the domestic market,” Gábor Székely, CEO of Appeninn Plc commented on quarterly results.

MAIN CHANGES IN THE REPORTED PERIOD

On 8 October 2014 the company signed an agreement about the transfer of Kranservice Zrt., one of its subsidiaries. The closing of the transaction is expected by 1 March 2015. Until the close of the transaction, assets of Kranservice Zrt. will be recorded separately in the financial statements.

On 19 December 2014, Mr. György Károly resigned from the Board of Directors. The resignation has no effect on the operability of the Board.

EVENTS AFTER THE REPORTED PERIOD

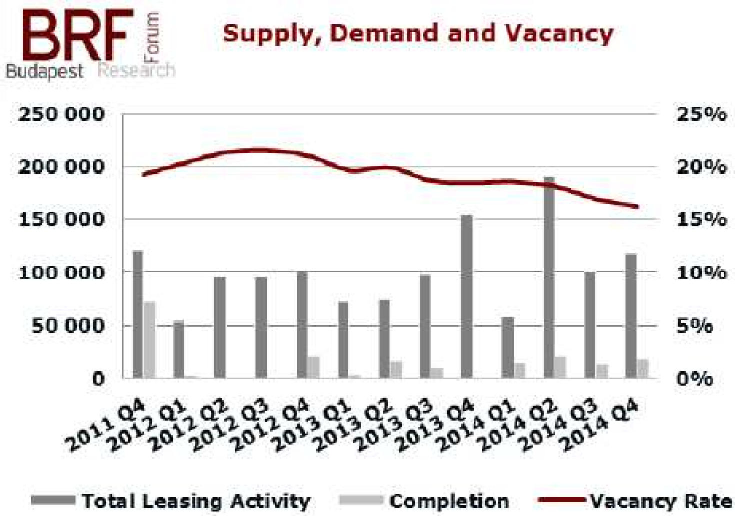
On 31 December 2014 25.5% of the Group's debts were denominated in CHF, therefore changes in CHF/EUR effects the financial results of the Group. The Swiss National Bank decided to drop the currency cap against the euro on January 15^{th}, 2015. The effects of the decision are expected to have a negative impact on the Group's financial results in 2015.

ANALYSIS OF INDUSTRY ENVIRONMENT

Budapest office market

According to the report of the Budapest Research Forum (BRF), three new office buildings were delivered to the market in the last quarter of 2014, thus the total Budapest office stock (including owner-occupied and speculative buildings) increased to 3,238,180 square metres of office space. The second phase of Vision Towers (9,075 square metres) was delivered in the Váci Corridor, Corvin Corner (6,120 square metres) was handed over in Central Pest and a smaller office (3,600 square metres) was refurbished in South Buda.

The office vacancy rate currently stands at 16.2% showing a 0.7 percentage point decrease quarter-over-quarter and a 2.2 percentage point decline year-over-year. At submarket level South Buda is still the best performing market (10.9%), whilst the highest vacancy level is still recorded in the Periphery region (31.7%). During the last quarter the largest positive change was registered in the Central Pest submarket, where the market indicator shrank by 2 percentage points quarter-over-quarter, now standing at 12.8%.



Similarly to previous quarters, occupier activity was strong in Q4. The total leasing activity amounted to 117,040 square metres, reflecting a 17% growth quarter-over-quarter. Out of this volume the renewals had a share of 45%. The volume of new leases accounted for 38%, expansions and pre-leases took 17% share. According to BRF annual demand reached a record high in 2014 with 465,600 square metres, indicating a 17% growth on 2013.

173 lease agreements were signed in Q4 2014, with an average deal size of 677 square metres, which equals a 23.5 percent increase quarter-over-quarter. On annual level, the total number of transactions reached 702 with an average size of 664 square metres, the latter being 24% higher than in 2013.

City logistics

According to BRF data, the size of modern industrial stock in Budapest and its surroundings increased by 7,500 square metres and reached 1,855,585 square metres in Q4 2014. Due to the high level of demand, the vacancy rate showed an outstandingly strong decrease, 5.5 percentage points year-over-year.

Demand for industrial space showed a strong performance in Q4 2014. The total volume of lease transactions reached 128,465 square metres, which is 2 times higher quarter-over-quarter. The annual demand increased also significantly, a 55% year-over-year growth was registered with a total amount of 386,625 square metres. During the year the share of renewals grew by 9 percentage points compared to 2013 accounting for 43% of the total leasing activity. New transactions took 36%, expansions 18%, pre-leases 3% of the annual demand. The largest lease renewal took place in ProLogis Park Budapest-Batta exceeding 28,500 square metres, while the largest new deal of the quarter was signed for 20,750 square metres.

94% of the 27 industrial transactions concluded in Q4 2014 were registered in logistic parks where the average transaction size reached 5,775 square metres, while in city logistics the transaction size is 1,190 square metres.

OBJECTIVES AND STRATEGY

Property management – Office market

As laid out in its strategy the Appeninn Holding' primarily focuses on niche market segments in which low-cost assets promising high yields through professional operation can be acquired and held onto as medium and long-term investments. The company groups' property assets mostly consist of office buildings in Budapest, but the Appeninn Holding acquires logistics and industrial properties in the whole territory of Hungary. Due to the acquisitions of the last years, the development of the Company shows a continuously increasing trend.

In addition to maintaining an advantageous occupancy rate regarding the office buildings on the company portfolio, it is very important for the Appeninn Nyrt. to meet tenants' expectations regarding service and to maintain operational efficiency. The adequate location of the properties and the Company's rental policy ensure an outstanding price/value ratio and a consolidated occupancy rate higher than 95%, which is well above the Budapest average.

The main expectations regarding office buildings are the following: good location, accessibility, advantageous facilities, all of which are taken into consideration when the Company acquires new property. The Company group owns the different properties through the affiliates, and it provides centralised operation services (accounting, finances, maintenance) through the Holding's companies. The Company handles the challenge to counterbalance the effects of the adverse economic situation on the tenants, but a reduction in the operational costs meets tenants' expectations for reduced utility expenses. Therefore, there is no pressure on the Company to reduce rental fees, and amongst current market circumstances there is a space for a modest increase of the rental fees.

Property management – city logistics

At the end of 2010 the company turned forcefully toward the warehouse and industrial real estate market, expanding its portfolio in several steps at a rapid pace, creating a stable Holding the second leg next to the office market. The entry in the new segment took place while the office market is formulated basic values above the average occupancy operated property, acquiring and running the next target shareholder value creation. The Appeninn in this segment of the market with a portfolio of tenants topping focused, successful, and active portfolio management and operations in order to optimize the portfolio structure.

Rental of special vehicles

The company kept the Kranservice Plc. in their portfolio, as an additional, revenue generating element which is not the part of their core business activity, butplays a unique role in the domestic market of its special vehicles capacity, self-propelled telescopic crane with good off-road capability. The subsidiary company's revenue, provided gradually a smaller income to the group gross rental revenues in parallel with the expansion of the property portfolio. Following the end of the third quarter, the Group signed an agreement on the sale of this subsidiary. The KRANSERVICE transaction planned to be closed by March, 2015.

MAIN RESOURCES, RISK FACTORS AND THEIR CHANGES AND UNCERTAINTIES

Strengths

- The Company can provide flexible, customer-oriented and cost-efficient property management at a high level;
- There is no significant competition from the rivals in the area of expertise and technical standard;
- Stable operations due to the volume of the property portfolio and the average tenant size;
- Considerable competitive advantage in market acquisition and market retaining;
- Well-above average professional competences in the Category B office market segment;
- The financing structures is in line with the Company's incomes;
- The rental fees are denominated in Euro, while the operational costs are denominated in Forint;
- The Company has a balanced equity and liabilities structure.

Weaknesses

- It must be ensured that the corporate structure and the internal resources can keep up with the growing demands (in the area of HR and customer care) and fast growth;
- Predicting occupancy rate is difficult in case of newly acquired properties. It requires resources, and accumulating reserves for this purpose might be necessary.

Opportunities

- The acquisition of significantly underpriced properties in the niche market segments;
- Stabilisation of the Hungarian real estate market in 2014;
- Small and medium-size enterprises primarily look for Category B offices;
- The under-priced Hungarian real estate market provides an attractive target for foreign investors, so far the portfolio elements could be marketable with sufficient yield

Threats

- The financial problems of the Eurozone have not been fully dealt with;
- The establishment of MARK Zrt.'s (a bad bank founded by the HNB) portfolio could significantly impact the selling parameters of the market property portfolio;
- In general, tenants' debts could increase at a sudden drop of the HUF exchange rate. Deposits could nevertheless provide an adequate guarantee to manage eventual tenants' debt;
- The development of CHF/EUR

Financial risks

The treasury function of the Appeninn Nyrt. co-ordinates the financial markets participation in accordance with the Company's interests. The risks that occur during the Company's activity are analysed according to deals and segments. Among the examined risks there are the market risk (FX risk, real value interest rate risk and price risk), credit risk, default risk and cash flow interest rate risk. Financing of the activities of the Appeninn Holding primarily resulting from changes in foreign exchange and interest rate risks occur. The key interest rate of the Hungarian forint and EUR interest rate. The to determining exchange rate is the EUR exchange rate. Appeninn Plc's main intention to minimize the impact of these risks and the company does not engage in a financial construct

Market risks

Resulting from Appeninn Plc.'s core activity the Hungarian office market investments indirectly affect the development of the price. In the corporate sector is generally seen in non-payment or late payment and their risk, so the prior and continuous monitoring activities for tenants protecting the Company, so the group can immediately response for any delays, preventing the formation of these overlapping.

FX risk management

The Appeninn Plc's FX investment loans primarily denominated in EUR after the successful restructuring of the loan portfolio in 2013. With this, the Company made a huge step towards creating a healthy balance between their rental incomes and financing, a process the Group is planning to continue in 2015 as well. On 31 December 2014, one of the Group's subsidiaries still had a substantial FX position in CHF/EUR, which is accounting for 25.5% of the Group's debt portfolio. All of the other liabilities incurred in foreign currency were accounted at the closing date FX rate, with unrealized exchange rate changes being recorded on the other financial income/expense line.

Guarantees

The assets (properties) purchased from the investment loans are mortgaged. The creditor has contractual rights to exercise his ownership rights in the event the mortgage taker breaches his contractual obligations, e.g. through non-payment of the debt services stipulated in the contract.

FINANCIAL DATA - CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

BALANCE-SHEET

data in EUR

Consolidated statements of financial position - Assets	December 31, 2014	December 31, 2013 Modified
Goodwill	5 929 029	7 718 666
Other intangible assets	7 892	14 577
Investment properties	61 490 000	64 360 000
Property, plants and equipments	81 781	837 954
Deferred tax assets	117 181	361 008
Investments in associates	0	5 052
Non-current assets	**67 625 883**	**73 297 257**
Inventories	3 716	3 941
Trade and other receivables	3 193 496	1 378 216
Prepayments and accrued income	67 262	156 590
Cash and cash equivalents	499 225	631 400
Current assets	**3 763 699**	**2 170 147**
Assets classified as held for sale	574 496	77 815
Total assets	**71 964 078**	**75 545 219**

Consolidated statements of financial position - Equity and liabilities	December 31, 2014	December 31, 2013 Modified
Issued capital	11 850 483	11 850 483
Other reserves	10 899 163	10 899 163
Treasury shares	-3 457 323	-2 792 588
Retained earnings	-437 365	1 517 116
Shareholder's equity	**18 854 958**	**21 474 174**
Non-controlling interests	0	0
Total equity and reserves	**18 854 958**	**21 474 174**
Long-term loans	43 528 965	45 619 215
Deposits from tenants	807 453	632 215
Finance lease liabilities	0	1 521 680
Provisions	158 786	0
Deferred tax liabilities	1 802 166	2 407 565
Total non-current liabilities	**46 297 370**	**50 180 675**
Trade and other payables	3 621 816	995 417
Short-term loan	1 820 602	1 507 852
Current tax liability	255 349	189 643
Short-term finance lease liabilities	0	249 777
Deferred revenue and accrued expense	921 750	947 681
Total current liabilities	**6 619 517**	**3 890 370**
Liabilities directly associated with assets classified as held for sale	192 233	0
Total liabilities	**53 109 120**	**54 071 045**
Total equity and liabilities	**71 964 078**	**75 545 219**

*Previous year's correction

The Group has established during the period that the business year 2013 financial statements contained an error concerning the amount of the reserves and loans, which constitute a significant amount of the Group's accounting policies. Based on the Group's decision the differences found in the current period has been corrected in accordance with IAS 8 standard requirements.

Profit and loss account

data in EUR

	2014	2013 Modified
Property rental revenue	4 608 028	5 062 298
Property related expense	-1 648 639	-1 928 820
Vehicle lease revenue	247 110	344 825
Vehicle lease related expense	-181 724	-190 213
Net rental revenue	**3 024 775**	**3 288 090**
Administration expense	-356 110	-346 021
Employee related expense	-36 390	-40 911
Other income/(expense)	-310 643	102 273
Gross operating profit (EBITDA)	**2 321 632**	**3 003 431**
Impairment of goodwill	-246 005	-843 154
Depreciation and amortization	-13 027	-43 084
Operating profit (EBIT)	**2 062 600**	**2 117 193**
Loss recognised on disposal of investment properties	95 558	-185 864
Net result from the revaluation of investment properties	-2 050 654	356 379
Badwill related to acquisitions	0	39 228
Interest income	46 718	61 625
Interest expense	-1 489 484	-1 481 425
Other financial income/(expense)	-821 652	604 885
Profit before tax	**-2 156 914**	**1 512 021**
Income tax expense	301 370	-334 913
Profit for the year	**-1 855 544**	**1 177 108**
Other comprehensive income		
Exchange differences on translating operations	0	0
Other comprehensive income, net of taxes	**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-1 855 544**	**1 177 108**
Attributable to:		
Owners of the Company	-1 855 540	1 168 546
Non-controlling interest	0	8 569
Earnings per share (EURcent/pcs)	**-5,53**	**3,07**
Diluted earnings per share (EURcent/pcs)	**-5,53**	**3,07**
Net asset value per share	**0,56**	**0,70**

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Appeninn Holding

APPEN BÉT PRÉMIUM KATEGÓRIA

SHAREHOLDERS' EQUITY

data in EUR

	Share capital	Other reserve	Translation reserve	Retained earnings	Treasury shares	Attributable to the Owners of the Parent	Non-controlling interests	Total equity and reserves
Balance at 1 January 2013	**10 503 273**	**7 387 001**	**854 849**	**-64 441**	**-3 068 046**	**15 612 636**	**404 133**	**16 016 769**
Total comprehensive income for the year	0	0	0	0	0	0	0	0
Profit for the year - modified	0	0	0	1 168 546	0	1 492 116	8 561	1 500 677
Issue of ordinary shares with premium	1 347 210	2 694 365	0	0	0	4 041 574	0	4 041 574
Non-controlling interests arising on current year acquisitions	0	0	0	1 089 635	0	1 089 635	-449 747	639 888
Translation difference	0	0	-37 052	0	0	-37 052	37 052	0
Purchase of treasury shares	0	0	0	0	-4 111 414	-4 111 414	0	-4 111 414
Sale of treasury shares	0	0	0	0	4 386 872	4 386 872	0	4 386 872
Loss recognised on treasury shares	0	0	0	-676 623	0	-676 623	0	-676 623
Balance at 31 December 2013 - modified	**11 850 483**	**10 081 366**	**817 797**	**1 517 116**	**-2 792 588**	**21 474 174**	**0**	**21 474 174**
Total comprehensive income for the year	0	0	0	-1 855 540	0	-1 855 540	0	-1 855 540
Purchase of treasury shares	0	0	0	0	-4 185 301	-4 185 301	0	-4 185 301
Sale of treasury shares	0	0	0	0	3 520 565	3 520 566	0	3 520 566
Recognized loss on treasury shares	0	0	0	-98 941	0	-98 941	0	-98 941
Balance at 31 December 2014	**11 850 483**	**10 081 366**	**817 797**	**-437 365**	**-3 457 323**	**18 854 958**	**0**	**18 854 958**

*Previous year's correction
The Group has established during the period that the business year 2013 financial statements contained an error concerning the amount of the reserves and loans, which constitute a significant amount of the Group's accounting policies. Based on the Group's decision the found differences has been corrected in the current period in accordance with IAS 8 standard requirements.

CASH-FLOW

data in EUR

	2014	2013 Modified
Profit before tax	**-2 156 914**	**1 512 021**
Net result from the revaluation of income-generating investment properties	2 010 080	326 946
Exchange rate difference not realised	-227 656	-30 960
Gain on disposal of investment properties	-95 558	185 864
Gain on disposal of assets held for sale	17 771	4 452
Depreciation and amortization	182 939	189 693
Impairment of trade receivables	154 110	109 161
Changes in provision	158 786	0
Impairment of goodwill	246 005	843 154
Share based payments	462 990	260 732
Badwill	0	39 228
Loss on disposed subsidiaries	347 015	0
Interest paid	1 489 484	307 409
Changes in trade and other receivables	-1 459 199	38 738
Changes in prepayments and accrued income	87 854	88 471
Changes in inventories	225	9 369
Changes in deferred income and liabilities	2 736 300	283 570
Changes in deposit from tenants	306 907	85 383
Income taxes paid	-138 930	-221 776
Net cash generated by operating activities	**4 122 200**	**4 031 455**
Acquisition of businesses, net of cash acquired	0	44 238
Net cash outflow on acquisition of subsidiaries	19 053	-37 790
Net cash outflow on acquisition of joint ventures	5 052	0
Payments for property, plant and equipment	-740 080	-834 886
Purchase and development of invesment property	0	-3 227
Proceeds from disposal of investment property	0	-658 340
Proceeds from disposal of assets held for sale	56 190	124 166
Proceeds from disposal of property, plant and eqipment	1 742 325	541 592
Net cash generated by investing activities	**1 082 540**	**-824 247**
Proceeds from borrowings	0	4 524 537
Repayment of borrowings	-3 119 748	-7 429 408
Repayment of finance lease liabilities	-194 742	-432 264
Purchase of treasury shares	-2 573 396	0
Sale of treasury shares	2 040 455	0
Interest received	0	63 935
Interest paid	-1 489 484	-316 838
Net cash used in financing activities	**-5 336 915**	**-3 590 038**
Net increase in cash and cash equivalents	-132 175	-382 830
Cash and cash equivalents at the beginning of the year	631 400	1 014 230
Cash and cash equivalents at the end of the year	**499 225**	**631 400**

Declaration on the audit of the reported figures

The figures in the flash report are consolidated, but are not audited by an independent auditor.

List and introduction of shareholders with a stake exceeding 5% (31.12 2014.)

Name	Nationality [1]	Activity [2]	Amount (pcs)	Share (%) [3]	Voting right (%) [4]	Comment [5]
Lehn Consulting AG	F	C	15,189,386	41.61	45.00	
Appeninn Nyrt.	I	C	2,746,976	7.52	–	treasury shares

[1] Domestic (I). Foreign (F)
[2] Custodian (Cu). Government (G). International Development Institute (IDD). Institutional (I). Company (C) Private (P). Employee, senior officer (E)
[3] Rounded to two decimal place
[4] Voting rights at the general meetings of ensuring participation in decision-making
[5] E.g. : strategic investors, financial investors, etc..

Managing executive, strategic employees (2014.12.31.)

Type	Name	Position	Beginning of mandate	End/termination of mandate	Shares held (pcs)
	György Ádámosi owns the stake through the Lehn Consulting AG	Chairman of the Board of Directors	17.01.2014.		15,189,386
	György Károly	Member of the Board of Directors	12.04.2013	19.12.2014	200,000
	Gábor Székely	Chairman of the Audit Committee Member of the Board of Directors	12.03.2010.		11,000
	Balázs Szabó	Member of the Board of Directors and member of the Audit Committee	10.04.2012.		0
	Lőrinc Éder	Member of the Board of Directors and member of the Audit Committee	12.03.2010.		0
	Gábor Varga	Member of the Board of Directors	17.01.2014.		2,015
	Mónika Altmann	CFO	12.03.2010.		4,930

Headcount of full-time employees (No. of people)

	Beginning of current	End of current period
Corporate level	3	3

General information pertaining to the financial data

	Yes	No
Audited		X
Consolidated	X	

Accounting principles	**Hungarian**		**IFRS**	X	**Other**	

Declaration of liability

The Group has established during the period that the business year 2013 financial statements contained an error concerning the amount of the reserves and loans, which constitute a significant amount of the Group's accounting policies. Based on the Group's decision the found differences has been corrected in the current, Q III. report in accordance with IAS 8 standard requirements.

We, the undersigned declare that to the best of our knowledge, this interim report gives a true and fair view of the Appeninn Plc. and its controlled undertakings financial position and performance and describes the major events that occurred during the relevant period and transactions, as well as undertaking included in those Appeninn Plc. and consolidation within the financial impact on the situation. In the period of the accounting policies and accounting principles did not change.

Budapest, 27 February, 2015.

Appeninn Asset Management Holding Plc.

Gábor Székely	György Ádámosi
Chairman of the	Chairman of the
Audit Committee	Board of Directors