APPENINN HOLDING NYRT.

CONSOLIDATED

Business Report and Management Report

for the year ending on 31 December 2017

Business Report provided for in Act C of 2000 on Accounting, based on the International Financial Reporting Standards (IFRS) and

Management Report
based on Annex 1 of Decree no. 24/2008 (of 15 August) of the Minister of Finance, presented in a consolidated structure

Budapest, 26th March 2018

Prutkay Zoltán	Székely Gábor
Member of the Audit Committee	Chairman of the Audit Committee

Report from the Board of Appeninn Nyrt.

Dear Shareholders!

Year 2017 was a record one in terms of business performance of Appeninn Nyrt. (“Appeninn” or “Company”) and it also brought a serious change in the Company’s shareholder structure.

In August 2017 the KONZUM Group has acquired a controlling interest in Appeninn. KONZUM is one of the most dynamically growing investment holding in Hungary, which, due to its capital and management knowledge will greatly support the growth of our Company.

Appeninn has closed the year with a EUR 72.5 million consolidated balance sheet total and EUR 32.2 million equity. Its 2017 year rental income has reached EUR 4.9 million. In line with our Company strategy collaterals further grew in 2017, and direct collaterals exceeded EUR 3.5t. The value of EBITDA was EUR 4.4 million, while we reached a EUR 3.3 million profit/loss before tax as aggregated item from interest, exchange rate and amortisation, with EUR 1.1 million expenditure.

In 2017, alongside the strategy after the appearance of the new shareholder, the transformation and profile cleaning of the real estate portfolio has started. Accordingly, our Company gradually replaces its typically category B, C property portfolio to category A, and premium category properties. Amongst others, Appeninn has sold its Mérleg utca office block purchased during the property market crisis, but also sold Appeninn Logisztika Zrt. and the property in Nagykanizsa at the same time. On both transactions the Company realised outstanding profit. In addition to this, Appeninn increased its owned portfolio: the high-end office block in Andrássy út 105, surrounded by listed buildings, was acquired by the Company by way of a capital increase. At the same time Appeninn launched a company for the earlier outsourced property operation tasks, in its own scope of consolidation, this operation company has started its business in last December by 20 employees.

In 2018 Appeninn has set the goal to achieve stable growth in the holding company’s business by increasing economies of scale and value adding capacity. After the balance sheet date several important economic events took place in connection with the Company’s investment policy:

- *An agreement was concluded with KONZUM Investment Fund Manager on the set of conditions for a future capital increase exceeding HUF 4.6 billion, under which the Üllői úti Ü48 Office Block (FHB headquarter) can join the portfolio.*
- *An agreement was concluded with KONZUM Nyrt on the extension of a EUR 2 million loan for the purposes of the Company buying the Andrassy palace, to be found at Andrássy út 59. Under this agreement KONZUM Nyrt. increases capital in the Company by using its claim.*
- *The Company has entered into a purchase agreement to buy 18 SPAR stores in Hungary. After restructuring, this portfolio provides a significant added value to the Company.*
- *On 8 March the Konzum Group acquired a majority influence and control above Appeninn, approved by the Competition Authority.*

After the closure of the above transactions Appeninn’s income- and cash-flow generating capacity improves significantly. According to the management’s expectations, after the closure of the above transactions the Company’s equity is expected to increase from the current EUR 32.2 million to EUR 54 million. This nearly 70% well reflects the growth potential Appeninn faces in the upcoming years

Appeninn Holding Nyrt.
Board of Directors

Appeninn Holding Nyrt. has prepared its consolidated financial report for 2017 pursuant to the International Financial Reporting Standards (IFRS).

Act C of 2000 on Accounting provides for an additional business report to be prepared by the Company, and Annex 1 of Decree no. 24/2008 (of 15 August) provides for an additional *management report*, the requirements concerning those reports are published in a consolidated structure in the present report.

Appeninn Asset Management Holding Public Limited Company has drafted the present document as a document accompanying the consolidated stand-alone annual report of Appeninn Holding Nyrt., with the content outlined and indicated in the business report (Act on Accounting, Section 95) provided for in Act C of 2000 on Accounting (hereinafter referred to as: **"Act on Accounting"**) and in the management report based on Annex 1 of Decree no. 24/2008 (of 15 August) of the Minister of Finance (hereinafter referred to as: **"Decree of the Minister of Finance"**), in a consolidated structure.

The purpose of the annual report is to demonstrate the financial position and performance, the course of business of the company - including the key risk factors and uncertainties imminent in the company's activities - through evaluating the figures contained in the annual account in a manner that provides a true and fair view, reflecting the actual circumstances on the basis of facts from the past and of estimated future data. Act on Accounting, Section 95 (1). The annual report shall contain an exhaustive analysis of the company's performance and any improvement in business trends, consistent with the company's size and structure. Act on Accounting, Section 95 (2).

Having regard to the principle of relevance, the Company sets out below all the financial indicators to the extent necessary for the assessment of the Company's development, performance or situation, and where necessary, all non-financial indicators of crucial importance which are essential for the given business.

The following shall be described in the annual report:

Contents

History of the Company

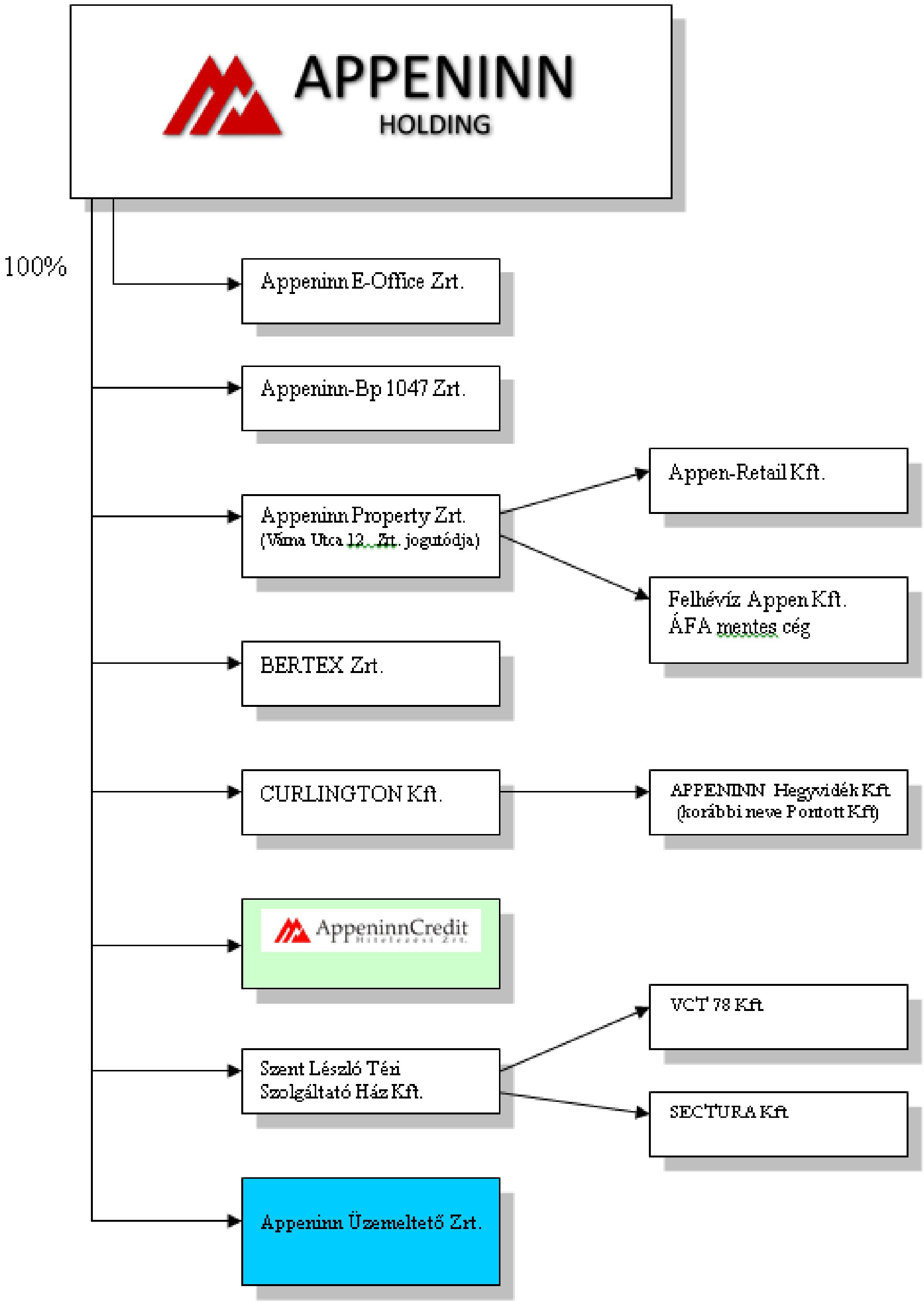
Appeninn Vagyonkezelő Holding Nyrt. was founded in December 2009, and started its income-generating business operations in 2010; today, the Company is one of the most dynamically growing property investment operators in Hungary. Appeninn Vagyonkezelő Holding Nyrt. (hereinafter referred to as: **the "Company" or "Appeninn Nyrt." or the "Group"**) has a holding company function within the Group, it assists and supports the members of the Company by rendering the following services:

- provision of real-estate property maintenance and operating services that are necessary for the lease-out activities of the subsidiaries
- active portfolio management
- centralized management and administration, as well as legal representation
- centralized arrangement of purchasing transactions, finding the most favourable offers
- organization and implementation of property renovation, conversion works, professional supervision
- receivables management
- provision and operation of the central dispatcher/fault reporting line
- organization of the security guarding and reception services of the properties
- advertising properties/offices to let, recruitment of tenants, maintaining contacts with the tenants
- presentation of the subsidiaries and their properties at the appeninn.hu website
- publication of advertisements in the electronic and printed media.

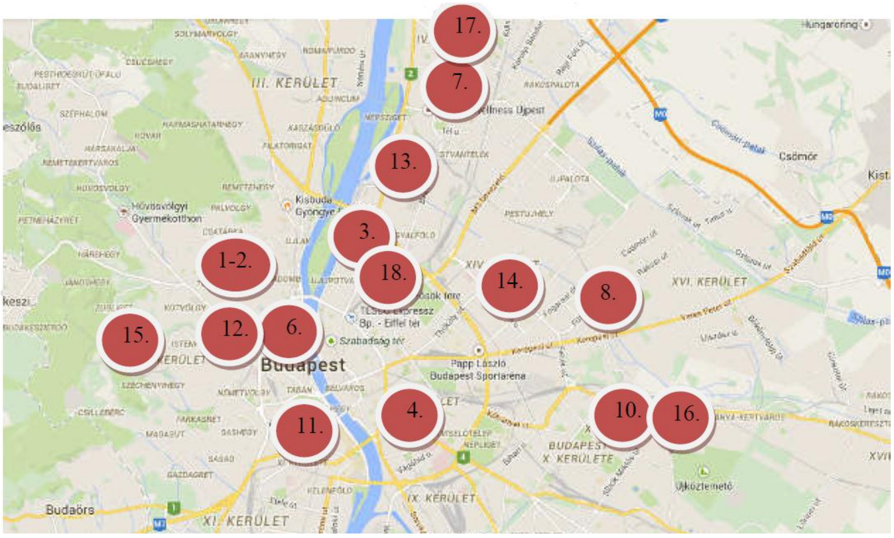
The Company is one of Hungary's most dynamically growing property investment companies. During its operations, the Company focuses on such market segments where favourably priced assets with high earnings-generating potentials can be acquired and held as medium and long-term investments. This target area includes – among others – category B office buildings, industrial and logistics properties, but the Company would also be willing to take part in investments of a similar portfolio approach in other business areas.

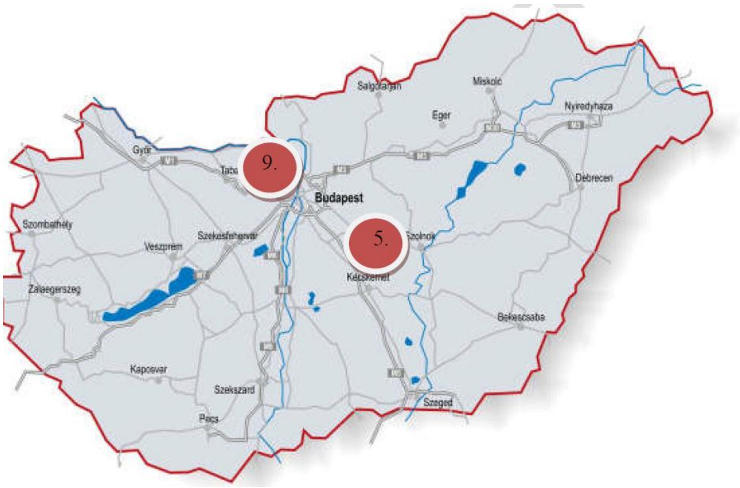
Appeninn Holding has to goal to become a real-estate property holding company that represents traditional, conservative business policy and readily definable asset-based values through the continuous expansion of the Company's real-estate property portfolio.

1.1 Company structure (Section 95 (4) of the Act on Accounting)



1.2 Location of the properties included in the portfolio





Budapest: In the third quarter of 2017, the shopping centre's stock was 771,500 square metres. In recent years, the development activities have considerably fallen, both within the country and in Budapest. On the one hand, it has been due to the construction ban, on the other hand, any further expansion of the brands has become unjustified due to the low volume of retail sales, thereby the expansion of the shopping centre's stock. However, this trend seems to be changing as a result of the strengthening of the retail sector in the past year, in October 2016 Futureal decided to start concluding the pre-lease agreements for the Etele Plaza planned to be established near Kelenföld railway station. Furthermore, there are developing quarters within Budapest, where new development activities could provide a high turnover, but given that in the central areas of Budapest there are a lot of shopping centres operating successfully, the extent of potential development activities is currently limited. The Budapest shopping centres' market is made up of 5 important centres which realise the highest turnover and revenue. These include: Allee, Aréna Plaza, Árkád, Mammut Shopping Centre and Westend City Center.

Kecskemét is a city of county tank, the seat of Bács-Kiskun County and the center of the Kecskemet District.It is inhabited by 112,000 people, which makes it the eighth largest settlement in the country, or - when its public administration area is concerned - the seventh largest city in Hungary. Approximately 22% of Bács-Kiskun County's population lives in Kecskemét. The city lying in the plain area between River Tisza and Danube owes its existence to the favourable local circumstances. It is easily accessible from all parts of the country, and is 85 km far from Budapest to the southeast along Motorway M5.

The town of *Biatorbágy* is located in the capital's conurbation, the number of its inhabitants is: 13.000, due to its location there are important logistics/storage bases on its territory.

2 Achievements in the annual reporting period and perspectives (Section 4 (4) of the Decree of the Minister of Finance)

2.1 Profits from the business activity

The Group's revenues on rents in 2017 amounted to EUR 4.9 million. ***The Group's direct hedge in 2017 amounted to EUR 3.5 million.***

(In the profit and loss account sheet the notes refer to the Annexes to the Group's Annual Report, of which the present report forms an annex.)

In line with the transformation goals, the hedges for 2017 increased.

The balance of the costs (administrative and personnel expenditure) disbursed by the Company in 2017 amounted to ***EUR 608 thousand as expense items***.

Due to penalties and other irregular activities realised in financial year 2017, the Group ***realized a profit amounting to EUR 799 million***.

The investment activities carried out in 2017 are categorized on the basis of three components. The Group sold its properties in Mérleg utca, Nagykanizsa and Kelenhegy (partially). The sale took place through financial realization of real value changes (profit) stated in the accounts among the asset elements. The Group acquired new investments and the properties in the investments were put into service. Due to the acquisition, the conditioning, the disposal and the valuation of the Group's asset elements, its ***joint and consolidated earnings amount to EUR 703 thousand***.

In 2017, the earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 4.4 million.

Incomse Statements	Dec 31, 2017 by the end of business year EUR	Dec 31, 2016 by the end of business year EUR
Property rental revenue	4 933 089	4 630 116
Property related expense	(1 420 286)	(1 777 439)
Direct contribution from rental activities	**3 512 803**	**2 852 677**
Administration expense	(526 990)	(489 310)
Employee related expense	(81 359)	(23 540)
Other income/(expense)	799 481	269 937
Gain (loss) on sale or purchase of subsidiary	(1 018)	11 164
Gain (loss) on sale of investment property	(535 868)	5 972
Fair value differences on investement property	2 458 897	2 590 002
Expenses for maintinging investment property conditions	(562 051)	(339 008)
Losses on investments	(657 274)	(2 149 186)
Gross operating profit (EBITDA)**	**4 406 621**	**2 728 708**
Depreciation and amortization	(3 332)	(9 622)
Other financial income/(expense)	(19 677)	(205 062)
Interest incomes (expenses) total	(1 094 534)	(818 619)
Profit before tax	**3 289 078**	**1 695 405**
Income tax expenses	(740 810)	912 591
Profit for the year	**2 548 268**	**2 607 996**

With expenses amounting to EUR 1,117 thousand recorded as a consolidated item of the interests, exchange rates and depreciation, the Group ended the year with EUR 3.2 million profit before taxation.

The tax burden of the Group established with the use of the tax provisions (tax losses) amounted to EUR 740 thousand. The final value of the profit for 2017, the year under review, was EUR 2.5 million.

2.2 Aggregated market value of the properties in the Group's balance sheet

Rounded Aggregated Market Value: EUR 63 million, *i.e.* HUF 19.5 billion.

- Immovable properties are constituted by the properties owned by the Company.
- The Group presents the Property elements according to fair valuation, in which it takes into consideration the restrictions and the rights associated with the property elements.

nr.	Investment property	Classification	Asset / Investment owner	2017 '000 HUF (1 EUR = 310,14)	2017 EUR
1	1023 Budapest, Bég u. 3-5.	Office	Appeninn E-Office Zrt.	2 760 246	8 900 000
2	1022 Budapest, Bég u. 4.	Office	Appeninn E-Office Zrt.	1 023 462	3 300 000
3	1133 Budapest, Visegrádi u. 110-112.	Office	Appeninn E-Office Zrt.	1 581 714	5 100 000
4	1094 Budapest, Páva u. 8.	Office	Appeninn E-Office Zrt.	1 457 658	4 700 000
5	6000 Kecskemét, Kiskőrösi utca 30.	Store and Logistic		961 434	3 100 000
5	6000 Kecskemét, Kiskőrösi utca 30.	Store and Logistic	Appeninn Vagyonkezelő Holding Nyrt.	-	- 850 000
6	1015 Budapest, Hattyú utca 14.	Office	Appeninn E-Office Zrt.	4 497 030	14 500 000
7	1047 Budapest, Schweidel utca 3.	Office	Appeninn - BP 1047 Zrt.	713 322	2 300 000
8	1147 Budapest, Egyenes u. 4.	Office	Curlington Kft.	341 154	1 100 000
9	2051 Biatorbágy, Tormásrét u.2.	Store and Logistic	Bertex Kft.	279 126	900 000
10	1105 Budapest, Bánya utca	Store and Logistic	Szent László Téri Szolgáltató Ház Kft.	589 266	1 900 000
11	1118 Budapest, Kelenhegyi út 43.	Office	Appeninn E-Office Zrt.	1 891 854	6 100 000
12	1023 Budapest, Felhévízi u. 24	Office	Felhévíz Appen Kft.	341 154	1 100 000
13	1139 Budapest, Frangepán u. 19.	Office	APPEN-RETAIL Kft.	899 406	2 900 000
14	1149 Budapest, Várna u. 12-14.	Office	Várna 12 Holding Zrt. (on Dec 31, 2017 n	542 745	1 750 000
15	1121 Budapest, Menyét út 5.	Building field	APPENINN Hegyvidék Ingatlankezelő és	294 633	950 000
16	1105 Budapest, Bánya utca	Office	Sectura Ingatlankezelő Kft. (Name befoı	105 448	340 000
17	1044 Budapest, Váci út 76-80.	Office	VCT78 Ingatlanhasznosító Kft.	651 294	2 100 000
18	1062 Budapest, Andrássy út 105.	Office	Appeninn Vagyonkezelő Holding Nyrt.	868 392	2 800 000
				19 799 338	62 990 000

2.2.1.1 Profit/loss and financing indicators of the Group, broken down by property groups

The following table presents the performance indicators and the performance, broken down by properties.

The Company constitutes property groups, and assigns those property groups to their financing. Property groups according to financing (figures belonging to references):

(1) The loans of Appeninn Nyrt. are made up of the issued own bonds. In 2018 the bonds will be repaid.

(2) The property owned by Appeninn Hegyvidék Kft. was valued at cost. The property is financed from equity.

(3) The financing of the properties owned by Appeninn E-Office Zrt. was provided by Erste Bank Zrt.

(4) In 2018, changes have occurred in the financing of the Companies. For the details, see the Group's financial statement.

(5) The properties and the loans represent a common hedge.

Data	unit	Appeninn Nyrt.	Appeninn Hegyvidék Kft.	Appeninn E-Office Zrt.	Appeninn Property Zrt.	Appeninn - Bp 1047 Zrt.	Bertex Kft.	Curlington Kft.	FELHÉVÍZ-APPEN Kft.	APPEN-RETAIL Kft.	Szent László Téri Szolgáltató Ház Kft.	Sectura Kft.	VCT78 Ingatlanhasznosító Kft.	Total
Note		(1)	(2)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	
Fair value	EUR	5 049 999	950 000	42 599 999	1 750 000	2 300 000	900 000	1 100 000	1 100 000	2 900 000	1 900 000	340 000	2 100 003	62 990 000
Loans	EUR	200 000	-	29 393 616	693 249	832 715	485 743	89 551	175 036	1 592 829	330 387	-	2 127 086	35 920 212
Turnover	EUR	505 488	(0)	3 381 030	134 600	174 999	77 663	112 912	56 342	130 493	204 010	1 604	83 299	4 862 439
Expenses	EUR	(33 590)	743	(1 146 053)	(67 876)	(24 949)	(3 554)	(81 877)	(17 662)	(17 800)	(50 305)	(1 940)	(21 712)	(1 466 576)
Margin	EUR	471 898	743	2 234 977	66 724	150 049	74 109	31 035	38 679	112 693	153 705	(336)	61 587	3 395 863
Interst	EUR	-	(0)	(997 785)	(15 385)	(14 925)	(12 712)	(2 876)	(2 816)	-	(15 439)	-	(12 123)	(1 074 059)
Loans / Fair value	arány %	4%	0%	69%	40%	36%	54%	8%	16%	55%	17%	0%	101%	57%
Capacity m2	m2	7 017	1 183	23 875	2 732	6 574	1 273	2 061	732	2 983	5 107	619	2 330	56 486
Margin / m2	arány %	9,34%	0,08%	5,25%	3,81%	6,52%	8,23%	2,82%	3,52%	3,89%	8,09%	-0,10%	2,93%	5,39%
Capacity by property														
1023 Budapest, Bég u. 3-5.				4 109										4 109
1022 Budapest, Bég u. 4.				1 694										1 694
1133 Budapest, Visegrádi u. 110-112.				3 350										3 350
1094 Budapest, Páva u. 8.				3 532										3 532
6000 Kecskemét, Kiskőrösi utca 30.		6 024												-
1015 Budapest, Hattyú utca 14.				7 815										7 815
1047 Budapest, Schweidel utca 3.						6 574								6 574
1147 Budapest, Egyenes u. 4.								2 061						2 061
2051 Biatorbágy, Tormásrét u.2.							1 273							1 273
1105 Budapest, Bánya utca											5 107			5 107
1118 Budapest, Kelenhegyi út 43.				3 375										3 375
1023 Budapest, Felhévízi u. 24									732					732
1139 Budapest, Frangepán u. 19.										2 983				2 983
1149 Budapest, Várna u. 12-14.					2 732									2 732
1121 Budapest, Menyét út 5.			1 183											1 183
1105 Budapest, Bánya utca												619		619
1044 Budapest, Váci út 76-80.													2 330	2 330
1062 Budapest, Andrássy út 105.		993												993

2.2.1.2 Valuation methods for the property elements of the Group

Valuation methods and assumptions

Definition of market value

(RICS Valuation Standards, June 2017)

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In the case of properties the market comparison method and the yield method seem to be the most appropriate, therefore these two methods have been used.

2.2.1.3 Appraisal methods

In case of properties, the following methods have been used to determine the market value.

2.2.1.4 Market comparison method:

The essence of the method based on direct comparison is that objects having similar characteristics have similar value. The valuation based on the analysis of comparable market data analyses the sales prices, the offer prices and the rental prices of properties similar to the property under review, and compares them with the property under review. The basis of the comparison is constituted by the characteristics of the property in question, as well as the characteristics of the properties to be compared, and the differences between them determine the factors that modify the value. The market comparison method has been used basically as a method for verifying the DCF method, in certain cases its weighted value by 50% has been taken into consideration:

in case of the properties located in Kecskemét, Várna utca and Andrássy út. In each case two different methods have been used for the calculation of the market value.

2.2.1.5 Valuation based on yield calculation

In the valuation based on yield calculation, the estimated value is derived from the expected revenue from the legal title to the property, using the capitalisation method.

The two most common valuation methods is a) the discounted cash flow (DCF) from net revenue, where the estimated present value is calculated by discounting the expected future revenues, and b) the principle of direct capitalisation, where an average yield rate is established directly on the basis of the relevant market transactions. Typically, the values obtained by DCF yield calculation have been taken into consideration, given that the properties are revenue-generating properties. In some cases the obtained values (in the case of the properties located in Kecskemét, Várna utca and Andrássy út) have been weighted 50% to 50% using the market comparison method so as to obtain a more accurate market value.

2.2.1.6 Cost method

The essence of the cost-based approach is that the reproduction value of the superstructure must be reduced by the physical, functional and environmental obsolescence, then the value of the land belonging to the superstructure must be added to it. It is the method that expresses the least the actual market conditions. It is used for facilities under construction, damages facilities, covered engineering structures and in those cases where other methods cannot be used. The value of the lot obtained with the market comparison method has been increased by the reproduction value of the given buildings reduced by the joint physical and functional depreciation. This method has been used in one case, for verification purposes, in case of the property located in Menyét utca.

2.2.1.7 Residual value method

The residual value method is used for the valuation of vacant lots/development properties,

assuming that development is a profit-oriented business activity, and thus it becomes possible to

value the lot/development property in its current form, by commercially monitoring and optimalising the extent to which development is possible.

The implementation of the development increases the market value of the lot/development property, because the demand for new forms of use results in higher revenues than the initial form. The residual value method consists of the valuation of the developed lot/development property, and this value must be reduced by all the costs (engineering, infrastructural works, construction, expert, financing, sales, "development profit", etc. costs) associated with transforming the property so as to have higher value. The residual value after the deduction from the final market value is the amount that is worth to be paid by the developer for the transformation of the lot/development property.

This has been used as the main method in one case, for the property located in Menyét utca; the relevant hard and soft costs, (such as: construction, provisions, technical fees, financing, developer's profit, etc.) have been deducted from the revenues calculated for the total constructible area, then the resulting value has been discounted to the present value, which has resulted in the property's residual value.

2.2.1.8 3.4 General Assumptions for Appraisal

Our valuation has been made on the basis of information obtained from our client, as well as on the basis of the following assumptions:

a) The property in question is settled, marketable and free of all liens, claims and encumbrances;

b) At the time of the valuation the necessary licenses and consents are available or will be available;

c) We consider the information (*e.g.* ownership rights, size of the property, licenses and other essential information) obtained from the Client as complete and accurate;

d) There are no priority rights, rights of way, significant expenditure or restriction which would influence the property's value;

e) The area is not polluted;

f) The building has been constructed in accordance with the building permit and has been used in compliance with the permits, and there is no dispute with the owners of the properties in the neighbourhood, the tenants or the local government;

g) The building complies with the requirements on fire protection, OSH and environmental protection and other requirements;

h) The building has not undergone any structure analysis, therefore we cannot claim in our report that it is free from structural or other defects, including any deficiencies resulting from the inappropriate use of building materials.

In the valuation of the property in question, the approach based on yield calculation, more specifically the discounted cash-flow method has been used, and it has been analysed over a period of 10 years. The cash-flow approach assumes a period of 10 years; the exit value has been calculated on the basis of the revenue generated in the 11th year. The discount rate and the terminal capitalisation rate for the property have been determined on the basis of the known property investment transactions, our market knowledge and our discussions with investors from Central and Eastern Europe. In addition, those rates are in line with the normal interest rates and the relative return on the 10-year sovereign bonds as well. In formulating our opinion, we have taken into consideration the investment rates recorded by Jones Lang LaSalle for larger European countries.

In estimating the market value of the property the following have been taken into consideration:

a) The calculations start from 1st January 2018;

b) The rental rates have been indexed by HUF-CPI, as well as according to the Central Statistical Office of Hungary. The indexation has been applied on a yearly basis, in January;

c) The rental rates have been determined in euros, at a fixed exchange rate of EUR/HUF 314;

d) The specific discount rate and exit yield have been determined for the given properties with regard to their location, available rental rates and market position, which determined the revisionary yield (yield per ERV) and the average yield;

e) With respect to lease agreements and open-ended agreements, a fixed term of 1 year has been taken into account, followed by initial voids of 6 months. With respect to vacant lots, initial voids of 12 months have been taken into account. With respect to fixed term contracts, expiry voids of 6 months have also been taken into account. Structural vacancies have not been calculated anywhere, it has been assumed that appropriate marketing activity and market conditions would make it possible to lease each leasable area. Expiry voids have been applied per periods, after the expiry of the given or the assumed lease agreements.

f) The CAPEX/Renovation expenditure has been determined with regard to the age and the condition of the properties, and were calculated on the basis of the Gross Leasable Areas, depending on the age and the quality of the buildings.

g) Provisions have also been foreseen for other costs (management, missing operational charges, vacancies, other costs, property taxes, etc.).

h) The Exit Yield and the Discount Rates have been determined individually, on the basis on the location, the quality, the extent of lease, the quality of the lease agreements:

Exit Yield (EY)	Discount Rates
in the case of properties used as offices the Exit Yield varies: between 7.00% and 9.25%,	in the case of offices: between 7.50% and 9.75%,
in the case of industrial properties: between 8.50% and 9.00%,	in the case of industrial properties: between 8.75% and 9.25%.
In the case of offices, the prime EY is: 6.00% (decreasing)	
In the case of industrial properties, the prime EY is: 7.50 % (stable/decreasing)	

2.2.1.9 Sensitivity test

In connection with the DCF model, the sensitivity test has been performed in which the evolution of two factors has been taken into account: the ERV and the discount factor, which, in our opinion, may cause the most significant changes in the value of the property. The range, in which the ERV may vary, is: from - 5 to + 5%. In our opinion, significant changes will not occur in the short term. Similarly, in the case of discount factors, the maximum range varies between -0.50 and +0.50%. Realistically, we consider that the yields may vary within this range. It should be noted that the figures and the assumptions in the sensitivity table are modelling situations which take place in extreme circumstances. We do not assume liability for any event which might have a considerable influence on the international acceptance of the market by the investors, and similarly, we are not able to predict significant economic, social, political or any other event which might adversely affect the given properties.

	Investment property	2017					Model variables usded in DCF		Sensitivity of exit yield: (-0,5%), Sensitivity of rental income (-0,5%)	Sensitivity of exit yield: (+0,5%), Sensitivity of rental income (+0,5%)	Discount rate
nr.	Address: city, street	Market price	DCF	Fair value	method of valuation	Changes in valuation method	Exit yield	Rent income EUR/m2/month, for office and store places			
1	1023 Budapest, Bég u. 3-5.	8 900 000	8 900 000	8 900 000	DCF	same as 2016	7,25%	office 12, store 6	8 500 000	9 400 000	7,50%
2	1022 Budapest, Bég u. 4.	3 200 000	3 300 000	3 300 000	DCF	same as 2016	7,25%	office11	3 100 000	3 500 000	7,50%
3	1133 Budapest, Visegrádi u. 110-112.	4 700 000	5 100 000	5 100 000	DCF	same as 2016	7,40%	Iraoda10, store 4,5	4 900 000	5 400 000	7,60%
4	1094 Budapest, Páva u. 8.	4 600 000	4 700 000	4 700 000	DCF	same as 2016	8,00%	office9,5, store 6	4 400 000	4 900 000	8,25%
5	6000 Kecskemét, Kiskőrösi utca 30.	2 800 000	3 400 000	3 100 000	*average of DCF and market price*	same as 2016	11,00%	Irdoa 4, store 2, Föld0,5	3 200 000	3 600 000	11,50%
5	6000 Kecskemét, Kiskőrösi utca 30.			(850 000)	option price is applic:	same as 2016					
6	1015 Budapest, Hattyú utca 14.	14 500 000	14 500 000	14 500 000	DCF	same as 2016	7,50%	office11,5, store 6	13 700 000	15 300 000	7,50%
7	1047 Budapest, Schweidel utca 3.	2 300 000	2 300 000	2 300 000	DCF	same as 2016	9,00%	store 3,3	2 200 000	22 500 000	9,50%
8	1147 Budapest, Egyenes u. 4.	1 000 000	1 100 000	1 100 000	DCF	same as 2016	9,00%	store 4,75	1 000 000	1 200 000	9,50%
9	2051 Biatorbágy, Tormásrét u.2.	820 000	900 000	900 000	DCF	same as 2016	8,25%	office4	800 000	900 000	8,50%
10	1105 Budapest, Bánya utca	1 800 000	1 900 000	1 900 000	DCF	same as 2016	8,75%	office3.8, store3.5- 3.2	2 500 000	1 700 000	9,00%
11	1118 Budapest, Kelenhegyi út 43.	6 100 000	6 100 000	6 100 000	DCF	same as 2016	8,00%	office12,5, Flat 8, store 6	6 600 000	7 400 000	8,25%
12	1023 Budapest, Felhévízi u. 24	1 100 000	1 100 000	1 100 000	DCF	same as 2016	8,00%	office 10	1 000 000	1 100 000	8,25%
13	1139 Budapest, Frangepán u. 19.	3 100 000	2 900 000	2 900 000	DCF	frist valuation in 2017	8,00%	office7	2 800 000	3 100 000	8,50%
14	1149 Budapest, Várna u. 12-14.	1 900 000	1 600 000	1 750 000	average of DCF and market price	frist valuation in 2017	8,00%	office7.5, store 4	1 500 000	1 700 000	8,50%
15	1121 Budapest, Menyét út 5.	-	-	950 000	cost pricing	frist valuation in 2017	0,00%	nincs	nincs	nincs	0,00%
16	1105 Budapest, Bánya utca	340 000	340 000	340 000	DCF	frist valuation in 2017	9,25%	office6.5	320 000	340 000	9,75%
17	1044 Budapest, Váci út 76-80.	2 200 000	2 100 000	2 100 000	DCF	frist valuation in 2017	775,00%	office10, store8.4 other 4.5	2 000 000	2 200 000	8,00%
18	1062 Budapest, Andrássy út 105.	3 400 000	2 200 000	2 800 000	average of DCF and market price	frist valuation in 2017	7,00%	office 9.87, other 5	2 100 000	2 200 000	7,50%

2.2.1.10 Market Value

On the basis of the above, the estimated Market Value of the legal title of the property portfolio in question, owned by Appeninn Holding Nyrt., broken down by properties, as of 31 December 2017, is the following:

The Market Value is understood as the estimated value of the property, irrespective of the sales or the purchase costs and any associated taxes. Therefore, we have not deducted any amount for implementation costs or taxes arising in case of sales. The properties have been considered as not being subject to any mortgages or other encumbrances.

Property	Type of property	Valuation method			Value 2015	Value 2016
		DCF	Market price	Cost	EUR	EUR
1023 Budapest, Bég u. 3-5.	office	8 900 000	8 900 000	-	8 900 000	8 200 000
1022 Budapest, Bég u. 4.	office	3 300 000	3 200 000	-	3 300 000	3 700 000
1133 Budapest, Visegrádi u. 110-112.	office	5 100 000	4 700 000	-	5 100 000	5 100 000
1094 Budapest, Páva u. 8.	office	4 700 000	5 000 000	-	4 700 000	4 700 000
6000 Kecskemét, Kiskőrösi utca 30.	logistic	3 400 000	2 800 000	-	3 100 000	3 600 000
1015 Budapest, Hattyú utca 14.	office	14 500 000	14 500 000	-	14 500 000	14 100 000
1047 Budapest, Schweidel utca 3.	logistic	2 300 000	2 300 000	-	2 300 000	2 300 000
1147 Budapest, Egyenes u. 4.	logistic	1 100 000	1 000 000	-	1 100 000	1 200 000
2051 Biatorbágy, Tormásrét u.2.	logistic	900 000	820 000	-	900 000	800 000
1105 Budapest, Bánya utca	mixed	1 900 000	2 200 000	-	1 900 000	1 900 000
1118 Budapest, Kelenhegyi út 43.	office	7 000 000	7 000 000	-	7 000 000	7 000 000
1023 Budapest, Felhévízi u. 24	office	900 000	1 100 000	-	1 000 000	900 000
1139 Budapest, Frangepán u. 19.	office	3 300 000	3 400 000	-	3 300 000	-
1149 Budapest, Várna u. 12-14.	office	1 600 000	1 900 000	-	1 750 000	-
1121 Budapest, Menyét út 5.	-	-	690 000	730000	730 000	-
1105 Budapest, Bánya utca	office	300 000	340 000	-	320 000	-
1044 Budapest, Váci út 76-80.	logistic	1 800 000	2 200 000	-	2 000 000	-
1062 Budapest, Andrássy út 105.	office	2 200 000	3 400 000	-	2 800 000	-
TOTAL					**64 700 000**	**53 500 000**

2.2.1.11 Presentation of the properties and of the associates (subsidiaries) owning properties; valuations of the properties

The valuation of the properties of the Company has been performed by an expert. On behalf of Jones Lang Lasalle Ingatlanforgalmazó, Szaktanácsadó és Szolgáltató Kft. H-1054 Budapest, Szabadság tér 14., tax number: 10810491-2-41, company registration number: 01-09-261026, represented by: Furulyás Ferenc, Executive Director, the valuator: Jaroslav Kopac, MRICS and János Tóth, MRICS, have drafted its report to the financial statement of the Company pursuant to the IFRS, for the 31st December 2017 as reporting date. "In the valuation, the inputs used for the valuation methodologies have been applied on the basis of the valuator's judgement, and have been adjusted with regard to the specific situations. In the valuation our own input values have been assigned one by one to each of the valued properties. The models, the model inputs, the model variables, the model correlations, the sensitivity test of the inputs for the properties have been indicated in our report in an identifiable manner, in compliance with the content of IFRS 13 disclosed in table form. The compliance of the contents with the disclosure requirements of IFRS 13 has been ensured. "

The next table presents the property-specific summaries prepared for the valuation, the factors taken into consideration for the valuation, as well as the indicators used for the valuation regarding the properties:

<table>
<tr><td colspan="2">1. Rose Houses – I H-1022 Budapest, Bég utca 3-5.</td><td>Owner:</td><td>APPENINN E-OFFICE VAGYONKEZELŐ Zrt., with an ownership ratio of 1/1</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="3">The vast majority of the lease agreements is open-ended, the main tenants are: Hungarian Post Life Insurance Company, Publimont, ProCom. The vacancy rate has decreased to 0% in 2017, compared to 8.37% in 2016; at present, there is no leasable floor space in the office building.
Average duration of the valid lease agreements: 1.2 years.
Market rental rates in the case of offices: EUR 12.0/sq m/month, in the case of warehouses: EUR 6.0/sq m/month. In the case of parking lots, the parking rate in the underground garage is: EUR 100.0/car/month, in the case of parking on the surface: EUR 30.0/car/month.
The applied exit yield: 7.25%, the calculated discount rate: 7.50%.</td></tr>
<tr><td colspan="2">Micro-location, accessibility</td><td>Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="2">The office under valuation is located in the 2nd district, at the junction of Törökvész út and Pusztaszeri út, in the quarter called Vérhalom/Rózsadomb, which is a typical, popular residential area with condominia. The Rose Garden Shopping Centre can be found next to the property. The office building is easily accessible by public transport (bus no. 91 starting from Széll Kálmán Square, buses no. 11 and 111 starting from Batthyány Square).</td><td>The property is located in the 2nd district of Budapest. Pursuant to the local construction rules: its categorisation is I-II-10: Institutional area, typically built in with free-standing buildings.
Governing construction rules of the local government: pursuant to City Park Construction Rules no. 2/2007 (of 18 January).</td><td>The property's title deed indicates mortgages for the benefit of Erste Bank Hungary Zrt.: they amount to EUR 48,350,000.
A ban on disposal and encumbrances has been registered as a collateral for the mortgages recorded for the benefit of Erste Bank Hungary Zrt. Pursuant to the title deed, a utility easement covering 14 sq m has been recorded for the benefit of ELMŰ Hálózati Kft.</td></tr>
<tr><td colspan="2">Value of the property:</td><td>EUR 8.9 million.</td><td></td></tr>
</table>

<table>
<tr><td colspan="2">2. Rose Houses – II H-1022 Budapest, Bég utca 3-5.</td><td>Owner:</td><td>APPENINN E-OFFICE VAGYONKEZELŐ Zrt., with an ownership ratio of 1/1</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="3">The vast majority of the lease agreements is open-ended, the main tenants are: Kulcs Soft, KAT Zrt. The vacancy rate increased to 23.14% in 2017, compared to 5.49% in 2016.
Market rental rates in the case of offices: EUR 11.0/sq m/month, in the case of parking lots: EUR 100.0/car/month.
The applied exit yield: 7.25%, the calculated discount rate: 7.50%.</td></tr>
<tr><td colspan="2">Micro-location, accessibility</td><td>Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="2">The office under valuation is located in the 2nd district, at the junction of Törökvész út and Pusztaszeri út, in the quarter called Vérhalom/Rózsadomb, which is a typical, popular residential area with condominia. The Rose Garden Shopping Centre can be found next to the property. The office building is easily accessible by public transport (bus no. 91 starting from Széll Kálmán Square, buses no. 11 and 111 starting from Batthyány Square).</td><td>The property is located in the 2nd district of Budapest. Pursuant to the local construction rules: its categorisation is I-II-10: Institutional area, typically built in with free-standing buildings.
Governing construction rules of the local government: pursuant to City Park Construction Rules no. 2/2007 (of 18 January).</td><td>The property's title deed indicates mortgages for the benefit of Erste Bank Hungary Zrt.: they amount to EUR 48,350,000.
A ban on disposal and encumbrances has been registered as a collateral for the mortgages recorded for the benefit of Erste Bank Hungary Zrt. Pursuant to the title deed, utility easements covering 18 and 60 sq m have been recorded for the benefit of ELMŰ Hálózati Kft.</td></tr>
<tr><td colspan="2">Value of the property:</td><td>EUR 3.3 million.</td><td></td></tr>
</table>

<table>
<tr><td colspan="2">3. Central Office of Government Issued Documents - 12th District H-1133 Budapest, Visegrádi u. 110-112.</td><td>Owner:</td><td colspan="2">APPENINN E-OFFICE VAGYONKEZELŐ Zrt., with an ownership ratio of 1/1</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="4">Similarly to 2016, 100% of the property is rented. The single tenant of the property is the Central Office for Administrative and Electronic Public Services, a government office, which rents the entire surface area of the property (offices, basement, parking lots) from 1st January 2015 until 31 December 2019, with an option of 5 years. Average duration of the valid lease agreements: 2.0 years.
Market rental rates in the case of offices: EUR 10.0/sq m/month, in the case of warehouses: EUR 4.5/sq m/month, in the case of parking lots: EUR 11.0/car/month.
The applied exit yield: 7.40%, the calculated discount rate: 7.65%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="4">The property under valuation is situated in the 12th district, in quarter called Vizafogó, in a residential and institutional area. The 13.44 sq km area of the 13th district has a total of 107 thousand inhabitants, therefore this quarter is the fourth largest administrative unit in Budapest and the eleventh in the country as regards its population density. This quarter, especially the direct surroundings of Váci út is rapidly developing. Today, the office corridor situated in Váci út can be considered as the most significant and the most popular segment where modern office buildings are being built one after the other, even during the crisis of the real-estate property market. Several State bodies (Police, National Health Insurance Fund of Hungary) have office buildings in the surroundings of the property. Next to the office buildings called Árpád Center and Business Center (Váci út 110.) modern, category "A" office buildings have also been built in the surroundings. The property under review is situated cc. 100 metres from Váci út, between Árpád bridge and Dózsa György út metro stations. The area has good infrastructure and good facilities (bank, post office, supermarket).
As regards public transport, the Árpád bridge and the Dózsa György út metro stations along metro line 3 can be reached within 5 minutes walk. From the bus station located near the property, bus services go to the surroundings of Dunakeszi, Pilisvörösvár, Szentendre and Vác. The property can also be reached by public transport (metro line 3; tram no. 1; fast bus service no. 32, buses no 32, 106, 120 and 133). Despite its good accessibility, the building is situated at a relatively quiet location. Along its section towards Visegrádi utca and Véső utca it is possible to park vehicles in the street against payment.</td></tr>
<tr><td colspan="4">Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="4">The property is located in the 13th district of Budapest. Pursuant to the local construction rules: its categorisation is I-XIII-V: Institutional area built in with diverse buildings, with unbroken rows of buildings or free-standing buildings.
Governing construction rules of the local government: pursuant to City Park Construction Rules no. 56/2001 (of 20 December).</td><td>The title deed of the property includes the following mortgages: for the benefit of Erste Bank Hungary Rt.: CHF 25 and CHF 7.5, as well as EUR 39.850 million and EUR 8.5 million. Erste Bank has established a purchase option on the property until 28 May 2018. A ban on disposal and encumbrances has been registered for the mortgages recorded for the benefit of Erste Bank Hungary Zrt.</td></tr>
<tr><td colspan="2">Value of the property:</td><td>EUR 5.1 million.</td><td colspan="2"></td></tr>
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<tr><td colspan="2">4. Páva Point Office Building – 11th district H-1094 Budapest, Páva u. 8.</td><td>Owner:</td><td>APPENINN E-OFFICE VAGYONKEZELŐ Zrt., with an ownership ratio of 1/1</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="3">The vast majority of the property is rented out, similarly to 2016, the lease rate is 98.07%, the largest tenant is Magyar Telekom which rents offices with a surface area close to 1,800 sq m until 6 July 2019. The vast majority of the lease agreements is open-ended, the average remaining lease term is 1.20 years.
Market rental rates in the case of offices: EUR 9.5/sq m/month, in the case of warehouses: EUR 6.0/sq m/month, in the case of parking lots: EUR 80.0/car/month.

The applied exit yield: 8.00%, the calculated discount rate: 8.25%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="3">The property under valuation is located in the 9th district, in the quarter called Ferencváros, in the reconstructed area delimited by Mester utca, Ferenc körút and Üllői út, in residential and industrial surroundings.</td></tr>
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<tr><td></td><td colspan="3">The address of the property is: Páva utca 8. The office building has two street fronts, facing Páva utca and Liliom utca. The office building is accessible from both streets. The reception of the office building can be found at the entrance of Páva utca 9. There are office buildings, multi-storey residential buildings in its surroundings. All the important institutions (banks, post offices and shops) can be found nearby. Páva utca is a one-way street, driving in by passenger car is only possible from the direction of Mester utca. The street is in order, its paving has been renovated recently. In the surroundings of the property it is also possible to park vehicles against payment directly in front of the building, but the tenants of offices are also permitted to park their vehicles in the underground garage situated the building. The office building is easily accessible both by public transport (trams no. 30-30a, 2, 4-6; buses no. 12, 23, 15,54, metro line: 3, commuter railway - HÉV) and by passenger car. One of the most important boulevards of Budapest can be found within a few hundred metres from the property.</td></tr>
<tr><td colspan="2">Licenses, requirements</td><td colspan="2">Mortgages and other rights</td></tr>
<tr><td colspan="2">The property is located in the 9th district of Budapest. Pursuant to the local construction rules: its categorisation is L1-IXR:
City-like residential area, typically with unbroken rows of buildings. Governing construction rules of the local government:
pursuant to City Park Construction Rules no. 20/2002 (of 10 October).</td><td colspan="2">The following mortgages have been found on the title deed of the property includes: for the benefit of Erste Bank Hungary Rt.: CHF 25 and CHF 7.5, as well as EUR 39.85 million and EUR 8.5 million. Erste Bank has established a purchase option on the property until 28 May 2018. A ban on disposal and encumbrances has been registered as a collateral for the mortgages recorded for the benefit of Erste Bank Hungary Zrt.</td></tr>
<tr><td>Value of the property:</td><td>EUR 4.7 million.</td><td colspan="2"></td></tr>
<tr><td>5. H-6000 Kecskemét, Kiskőrösi utca 30.</td><td>Owner:</td><td colspan="2">APPENINN Vagyonkezelő Holding Nyrt., with an ownership ratio of 1/1</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="3">Previously, the single tenant of the whole property was Merkantil Bank (as of 2001) for an indefinite period, via SPLC Vagyonkezelő Kft. which stored and sold vehicles on the territory of the property.
In November 2016, the lease agreement for the property was signed by Wing Zrt., within the meaning of that agreement Wing Ingatlanfejlesztő és Beruházó Zrt. rents a surface area of 66,024 sq m for HUF 37,820 per month: an office, a warehouse and a land for a period of 1 year, which has expired and has not been renewed.
At present, at the time of the appraisal 100% of the property is vacant.
Market rental rates in the case of offices: EUR 4.0/sq m/month, in the case of warehouses: EUR 2.0/sq m/month, in the case of parking lots:
EUR 0.50/sq m/month.

The applied exit yield: 11.00%, the calculated discount rate: 11.50%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="3">The property under valuation is located in Kecskemét, Kiskőrösi út, in an economic, commercial and service provision zone. The property lies to the southwest of downtown Kecskemét, near Motorway M5 and main road no. 52. In the surroundings of the property, typically mixed residential (residential houses), industrial and commercial properties can be found. At the other side of Könyves Kálmán körút, KITE's and Agroker's premises can be found.</td></tr>
<tr><td colspan="2">Licenses, requirements</td><td colspan="2">Mortgages and other rights</td></tr>
<tr><td colspan="2">The property is located in the inner area of Kecskemét. Pursuant to the local construction rules the area is: an economic, commercial and service provision area. Governing construction rules of the local government: pursuant to Local Construction Rules no. 19/2005 (of 1 June).</td><td colspan="2">Pursuant to the title deed, a utility easement covering 29 sq m has been recorded for the benefit of Démász Hálózati Elosztó Kft. Erste Bank Hungary Zrt. has registered mortgages on the property, in the amounts of EUR 39,850,000, and EUR 8,500,000. A ban on disposal and encumbrances has been registered as a collateral for the mortgages recorded for the benefit of Erste Bank Hungary Zrt.

WING Ingatlanfejlesztő és Beruházó Zrt. has the right of pre-emption for a value of EUR 2,250,000, expiry: 31 October 2019</td></tr>
<tr><td>Value of the property:</td><td>EUR 3.1 million.</td><td colspan="2">corrected book value for the option sales price: EUR 2.25 million.</td></tr>
<tr><td>6. H-1015 Budapest, Hattyú u. 14.</td><td>Owner:</td><td colspan="2">The property registered under topographical lot number 13938 is a Condominium Property (13938/A/1-128). According to the deed of foundation, the parcel includes the commonhold building parts, equipment and premises. The condominium consists of 128 commonhold units.</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="3">The leasable surface area of the building is 7,815 sq m. The renting terms are varied, the rental statement includes a number of fixed-term and open ended agreements. The lease rate was 65% in 2016, which improved to 72% in 2017.
The main tenants are: Lapcom, Firstmed, National Archives, Mantra Jóga. The average remaining lease term is: 1.5 years.
Market rental rates in the case of offices: EUR 11.5/sq m/month, in the case of warehouses: EUR 6.0/sq m/month, in the case of parking lots: EUR 100.0/car/month.

The applied exit yield: 7.25%, the calculated discount rate: 7.50%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="3">The property under valuation is located in Budapest, near Széna Square, in the block delimited by Hattyú utca, Fiáth János utca and Batthyány utca. The building is adjacent to a multi-storey residential building at its fourth side. Between Hattyú utca and Batthyány utca there is a significant difference in level which has had a considerable impact on the functional design of the building. The property can be found in the surroundings of Moszkva Square, the main transport hub of Buda. The public transport conditions of the property are excellent. Besides the "red" metro line, several trams and buses have their final stations at Moszkva Square. In addition, Széna Square and Moszkva Square have a prominent role also as regards the conurbation of North-Buda. These squares have particularly favourable transport links with the exclusive residential areas of</td></tr>
</table>

	the Buda Hills (2nd and 12th districts). The property is very easily accessible: both by trams no. 4 and 6 from Széna Square and by metro line M2 from Széll Kálmán Square. The Swan House is a multifunctional building constructed in 1998 in the spirit of a specific architecture style, the Hungarian organic architecture. As regards its external aspect, the building is characterised by the use of natural substances (stone, wood, slate), as well as by the forms and the patterns of Hungarian folk architecture, which give a unique image to the building. The building complex has been built basically for office purposes, at present, it is used for such a function by way of rental.		
Licenses, requirements			Mortgages and other rights
The property is located in the 1st district of Budapest. Pursuant to the local construction rules: L1-V1-Z, City-like residential area Governing construction rules of the local government: pursuant to the District Construction Rules no. 16/2000 (of 15 August).			No mortgages have been found on the title deed of the property. Pursuant to the title deed, two utility easements have been recorded for the benefit of ELMŰ Hálózati Kft. for 7 and 8 sq m.
Value of the property:		EUR 14.5 million.	
7. H-1047 Budapest, Schweidel utca 3.		Owner:	The owner of the property registered under topographical lot number 73679/2 is Appeninn BP1047 Zrt., with an ownership ratio of 11923/14121. The property has no use agreement.
Lease agreements / market rental rates	Compared to the vacancy rate of 32.5% in 2016, the leasing rate slightly improved, at present, 69.70% of the property is used through storage lease, typically for indefinite lease periods, the average remaining lease term is: 1.0 year. The leasable surface area of the building is 6,574 sq m. The main tenants are: Burisch Kft, Hungarian Red Cross, Sacra Família Kft. and B+N Referencia. Market rental rates in the case of warehouses: EUR 3.30 sq m/month, the parking lots may be used free of charge. The applied exit yield: 9.00%, the calculated discount rate: 9.25%.		
Micro-location, accessibility	The property under review is located in the 4th district of Budapest, in Schweidel József utca. The property is situated not far from downtown Újpest, close to Fóti út. In the surrounding of the property there are residential, commercial and industrial properties as well, East to Schweidel utca, on the other side of Attila utca, residential houses can be seen in garden city environment. The industrial zone is situated close to motorway M3, being perfectly susceptible to access for the purpose of cargo transport. Because of the restrictions on urban cargo transport, there is a growing focus on the concept of city logistics, where office- and transport-related infrastructure may be operated in one place. The property is easily accessible by buses no. 96 and 220.		
Licenses, requirements			Mortgages and other rights
The property is located in the 4th district of Budapest. Pursuant to the local construction rules: L7-IV-6, Residential area with own lots, estate-like zones, residential communities and individual lots, in the territory of the central industrial city. Governing construction rules of the local government: pursuant to the Újpest Urban Planning and Construction Rules no. 20/2014 (of 27 June).			Mortgages have been found on the title deed of the property. According to the title deed of the property, K&H Bank has mortgages amounting to HUF 300,000,000, as well as an expired purchase option: until 20 June 2016. K&H Bank also enjoys the right of disposal and encumbrance. Pursuant to the title deed, four utility easements have been recorded for the benefit of ELMŰ Hálózati Kft. for 25,33, 56 and 67 sq m.
Value of the property:		EUR 2.3 million.	
8. H-1147 Budapest, Egyenes utca 4.		Owner:	Curlington Property Development Ltd, with an ownership ratio of 1/1.
Lease agreements / market rental rates	In 2016, the industrial property was almost fully rented: 99.3% was occupied by tenants, whereas because of the departure of a large tenant (I-cell Kft. rented a surface area of 500 sq m) the lease rate decreased to 75.5% in 2017. The property is rented by the tenants typically for indefinite periods. The majority of the tenants are related to the car repair/vehicle spare parts business, and rent the areas as workshops/warehouses. The main tenants are: Full garage 88 Kft. and Zöld Autó Szerviz Kft. Market rental rates in the case of workshops/warehouses: EUR 4.75/sq m/month, the parking lots may be used free of charge. The applied exit yield: 9.00%, the calculated discount rate: 9.25%.		
Micro-location, accessibility	The property under valuation is situated in the 14th district, in the quarter called Rákosfalva, in an industrial zone. The property lies at the borderline of Zugló, a few hundred metres from the railway line. Next to the property, in the direction of Füredy út a Shell petrol station and a car wash are operated. In Füredi út, on the other bank of Rákos brook the biggest housing estate of Zugló is situated. At Gvadányi út, there are institutional properties as well: e.g. the office building of the National Tax and Customs Administration. The property is easily accessible by buses no. 174 and 244.		
Licenses, requirements			Mortgages and other rights
The property is located in the 14th district of Budapest, in Zugló. Pursuant to the local construction rules: MZ-XIV-2, Working zone with significant green surfaces. Governing construction rules of the local government: pursuant to City Park Construction Rules no. 19/2003 (of 8 July).			Mortgages have been found on the title deed of the property. OTB Bank Nyrt. has recorded a general mortgage on the title deed of the property: its amount is HUF 350 million, as well as a purchase option until 30 August 2018. The OTP has waived the right to dispose of the ranking of 30 mortgages. Pursuant to the title deed, a utility easement covering 54 sq m has been recorded for the benefit of Budapesti Távhőszolgáltató Zrt.
Value of the property:		EUR 1.1 million.	
9. H-2051 Biatorbágy, Tormásrét u.2.		Owner:	is registered under topographical lot number 7737 in the Land Registry. The property under valuation has the following denomination: office building, warehouse on an unculti-

<table>
<tr><td></td><td></td><td>vated land. According to the transmitted copy of the title deed, the owner of the property is Bertex Ingatlanforgalmazó Zrt., with an ownership ratio of 1/1.</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="2">100% of the property was rented by Karcher Hungária Kft from 20 October 2005 until 30 June 2016, in July 2016 Remmers Ungarn signed a lease agreement as single tenant for a fixed period of 5 years: from July 2016 until July 2021, stipulating EUR 4.00/month as CPI-indexed rent payment, for renting the entire property.
The average remaining lease term is: 3.5 years.

The applied exit yield: 8.25%, the calculated discount rate: 8.50%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="2">The property under valuation is located in Biatorbágy, in Vendel Park. Vendel Park, belonging to Biatorbágy, has been constructed at the junction of motorway no. 1 (both linking Budapest, and constituting a part of he main European transport route) and highway no M0. The business park is situated to the West of Budapest, in Biatorbágy, along highway no. 1, and close to motorway no. 1. Premier Outlet, as well as Budapark, Rozália Park, and Westlog Distribution Center are also situated in the direct vicinity of the property under valuation. Biatorbágy is a small town of 12,000 inhabitants in the capital's conurbation. By public transport, the property is the most easily accessible by bus no. 188E.</td></tr>
<tr><td colspan="2">Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="2">The property is located in the industrial zone of Biatorbágy, in Vendel Park lying East to the small town. Pursuant to the local construction rules: Gksz -2, i.e. commercial, service and economic zone. Governing construction rules of the local government: pursuant to Local Construction Rules no. 7/2002 (of 1 October).</td><td>Mortgages have been found on the title deed of the property, for the benefit of the Hungarian branch of OBERBANK AG: up to EUR 530,000, as well as a ban on disposal and encumbrances for the benefit of the financial institution. There is a ban on construction for the benefit of the Municipality of Biatorbágy. The indexes attached to the title deed include a request for the ban on disposal and encumbrances and a request for recording mortgages by Oberbak AG, as well as a request for the ban on disposal and encumbrances and a request for the cancellation of mortgages by FHB Jelzálogbank Nyrt.</td></tr>
<tr><td>Value of the property:</td><td>EUR 0.9 million.</td><td></td></tr>
<tr><td>10. H-1105 Budapest, Bánya utca 20.</td><td>Owner:</td><td>under topographical lot numbers 39131/3; 39131/1/a/1 and 39131/1/B/1, Szent László Téri Szolgáltató Ház Kft., with an ownership ratio of 1/1.</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="2">96.55% of the property was rented in 2016, at present, at the moment of the appraisal, the lease rate is: 80%. There are several, cc. 100 smaller tenants, having mostly open-ended lease agreements. The average remaining lease term is: 1.23 year. One of the largest tenants, the Official Banknote Printing House (880 sq m) moved in 2015. The rented areas are typically: warehouses, workshops, rehearsal rooms and office spaces. The rental rates are indexed with the inflation rate provided by the Central Statistical Office.
The main tenants are: Irolef Kft, Kőbányai Sportklub, Szpan-Szer Kft.
The market rental rates used in the valuation have slightly increased: in the case of offices: by EUR 3.8/sq m/month, in the case of workshops: by EUR 3.5/sq m/month, in the case of storage rooms: by EUR 3.2/sq m/month. The rental rates of sporting areas: by EUR 2.5/sq m/month.

The applied exit yield: 8.75%, the calculated discount rate: 9.0%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="2">The property under valuation is located in Kőbánya, close to the downtown, in a residential area, close to traffic-loaded main roads (Kőrösi Csoma Sándor út, Kőbányai út, Jászberényi út, Éles corner). The 10th district of Budapest, commonly called Kőbánya, is a district lying in the part of the capital called Pest. Besides housing estates, the district includes both garden city-like zones and modest, suburban zones. Its surface area is: 32.50 sq km, the number of its inhabitants is: 81,500.
The property is located in Bánya utca, next to Szent László square. There are typically residential properties in its surroundings, and in the adjacent side streets sporadically properties with industrial, storage and office function can also be found. Parking is possible inside the yard, cc. for 30 or 40 vehicles. The building is perfectly accessible by car, public transport and railways. Trams no. 37 and 62 are easily accessible even on foot.</td></tr>
<tr><td colspan="2">Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="2">The property is located in Kőbánya, next to the downtown (Szent László square), in the quarter called Kőbánya-Ligettelek, in a mixed residential, institutional and industrial zone. Pursuant to the local construction rules: R1-X/2, i.e. the property under valuation is located in a mixed institutional construction zone having also residential function. Governing construction rules of the local government: pursuant to Local Construction Rules no. 22/2013 (of 22 May) and Quarter-specific Rules No. 54/2004 (of 15 October). The categorisation could not be identified in the local zone rules, only in the Capital's framework plan: it is indicated as a Vt-H zone. The construction zones of the central areas of municipalities, indicated as Vt-H (depending on the construction zone, built in with unbroken rows of buildings or free-standing buildings) including several independent destination units, are typically meant for hosting office buildings to provide institutional infrastructure to the population, as well as to ensure the administration and the management of economic life.</td><td>Mortgages have been found on the title deed of the property. Magyar Takarékszövetkezeti Bank established mortgages for an amount of HUF 350 million, as well as a purchase option until 31 December 2030, a right of pre-emption and a ban on disposal and encumbrances as a collateral for mortgages.
Pursuant to the title deed, a utility easement covering 2 sq m has been recorded for the benefit of ELMŰ Hálózati Kft. The Electricity Service Provider has established a right of use for ensuring the installation of electric equipment.</td></tr>
<tr><td>Value of the property:</td><td>EUR 1.9 million.</td><td></td></tr>
<tr><td>11. H-1118 Budapest, Kelenhegyi u. 43.</td><td>Owner:</td><td>The property under valuation is registered under topographical lot number 5396 in the Land Registry. Undivided joint ownership of the property: Yeal Sara Peretz - with an ownership ratio of 409/10000, Gergő Szetlik - with an ownership ratio of 173/10000, Lili Szetlik - with an ownership ratio of 173/10000, HP Associates Hungary Kft. - with an ownership ratio of</td></tr>
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		453/10000, HP Associates Kft. - with an ownership ratio of 197/10000, as well as Marianne Pápa - with an ownership ratio of 38/10000 and Appeninn E-Office Kft. - with an ownership ratio of 8557/10000. The ownership ratio to be valued (8557/10000) is the undivided joint ownership of the property.
Lease agreements / market rental rates	The main tenant in office building B is: CAE Kft. which rents an office area of 1,600 sq m. 100% of building B is leased: *i.e.* 2142 sq m, whereas in building A there are vacant spaces, thus the lease rate of the two buildings is: 64.9% at present. The average remaining lease term is: 1.0 year. The market rental rates used in the valuation: in the case of offices: EUR 12.5/sq m/month, in the case of apartments: EUR 8.0/sq m/month, in the case of storage rooms: EUR 6.0/sq m/month. The applied exit yield: 8.0%, the calculated discount rate: 8.25%.	
Micro-location, accessibility	The building complex to be valued is located in the 11th district of Budapest, on Gellért Hill, under the top of the hill, and under Jubilee Park, high above the quarter called Kelenföld. In its direct vicinity there are 2- or 3-storey condominia, villa buildings, the property is delimited by Jubilee Park at the North. Gellért Hill is one of the most characteristic sights of Budapest, and it offers one of the most beautiful panoramas on the capital. The 235m high hill is a favourite excursion spot, which is rich as regards its historical and natural values as well. The Gellért Hill, often called as the gem of Budapest, as well as the related nature conservation area has been on the World Heritage list since 1987. The property is located in a prestigious area, on the Southern slope of Gellért Hill. The Citadel and the hospitalry facilities next to the Citadel can be found in the vicinity of the property. The lot also includes a viewpoint. The upper storey of the building offers a circular panorama on Budapest (Sashegy/Eagle Hill). In its direct vicinity there are condominia properties of miscellaneous age, a little farther there are villa buildings. Because of the good infrastructure and transport connections for M1 and M7 motorways number of firms have been established in the surroundings. The institutional infrastructure of the district is excellent.	
Licenses, requirements	Mortgages and other rights	
The property is located in Újbuda, in the quarter called Sasad. Pursuant to the local construction rules: L6-XI/S, *i.e.* Sasad, mountain-based, garden city-like residential area, typically built in with free-standing buildings. Governing construction rules of the local government: pursuant to Local Construction Rules no. 34/2003 (of 21 October).	Several mortgages have been found on the title deed of the property. Pursuant to the title deed, five mortgages have been registered for the benefit of Erste Bank Hungary Rt.: EUR 8,500,000, EUR 39,850,000, HUF 1,900,000,000 and HUF 1,350,000,000. Mortgages amounting to EUR 1,500,000, registered by a private person can be found on title deed of the property. Erste Bank has also established a purchase option on the property until 28 May 2018. A ban on disposal and encumbrances has been registered as a collateral for the mortgages recorded for the benefit of Erste Bank Hungary Zrt. Mortgages amounting to EUR 950 thousand have also been registered, the beneficiary is SBERBANK Magyarország Zrt., furthermore, a ban on disposal and encumbrances have been registered as a collateral for mortgages. The title deed of the property indicated that legal proceedings have been initiated, applicant: Péter Kovács, defendant: Gergő Szetlik. The property is an area of historic and/or architectural interest, with several rights of way. A utility easement covering 5 sq m has been recorded for the benefit of ELMŰ HÁLÓZATI Kft.	
Value of the property:	EUR 6.1 million.	
12. H-1023 Budapest, Felhévízi u. 24.	Owner:	The property part under valuation is recorded under three topographical lot numbers (14924/0/A/6; 14924/0/A/7 and 14924/0/A/8) in the Land Registry. According to the transmitted copy of the title deed, the owner of the property complex is Felhévíz-Appen Kft., with an ownership ratio of 1/1 and 4/20, detailed as follows: The property is a condominium.
Lease agreements / market rental rates	At present, 100% of the property part under valuation is rented, the tenant is: Pénzügykutató Alapítvány which rents the property part under valuation for a fixed period of 6 years: between 2016 and 2022, with a renewal option. The average remaining lease term is: 4.7 years. The monthly rental rate is fixed: EUR 5,072 and EUR 68.0 in the case of parking lots, these rates are not indexed. The Gross Leased Area (GLA) is: 732 sq m. The market rental rates used in the valuation: in the case of offices: EUR 10.0/sq m/month, in the case of (3) parking lots in underground garage: EUR 100.0/sq m/month. The applied exit yield: 8.0%, the calculated discount rate: 8.25%.	
Micro-location, accessibility	The property complex to be valued is located in the 2nd district of Budapest, in inner Buda, in its part which is closer to the downtown (Felhévíz), in Felhévíz utca, in the vicinity of the traffic-loaded Bécsi út and Szépvölgyi út. In its surroundings, there are typically unbroken rows of buildings, multi-storey condominia, some villa buildings, some embassies, as well as sports facilities. Felhévízi utca is asphalt-paved, in front of the property there is a narrow road with low traffic, leading into Pusztaszeri út. As regards public transport, the property is accessible by several buses and the commuter railway (HÉV). The interlaced tram passes nearby, on Bécsi út. Parking is possible in the surrounding streets. The infrastructure provision of the property is excellent, there are several shopping malls, restaurants, banks, schools in the surroundings.	
Licenses, requirements	Mortgages and other rights	
The property is located in the 2nd district, in the quarter called Újlak, Felhévíz, in a mixed residential, institutional and commercial zone. Pursuant to the local construction rules: L3-II-02, *i.e.* the property under valuation can be found in a town-like residential zone. Governing construction rules of the local government: pursuant to Local Construction Rules no. 2/2007 (of 18 January).	Mortgages have been identified on the title deed of the property, amounting to HUF 60 million, the beneficiary is UNICREDIT BANK HUNGARY Zrt.,furthermore, a ban on disposal and encumbrances has been registered as a collateral for the mortgages.	
Value of the property:	EUR 1.1 million.	
13. H-1139 Budapest, Frangepán utca 19.	Owner:	the owner of the property complex is Appen-Retail Kft., with an ownership ratio of 1/1, it is registered in the Land Registry under topographical lot number 27685/2.
Lease agreements / market rental rates	In addition to the Gross Leasable Area of 2,983 sq m, a total surface area of 3,153 sq m is leased, the main tenant is EFEB (renting a total surface area of 2961 sq m on floors no. 1, 2, 3, 4 and 5 until 30 June 2021,	

	plus 10 parking lots), it also rents corridors and other surfaces categorised as non leasable areas, given that it rents practically the whole office building, besides it, there are only two small tenants in the building. The average remaining lease term is: 3.2 years. The market rental rates used in the valuation: in the case of offices: EUR 7.0/sq m/month, in the case of surface parking lots: EUR 40.0/car/month. The applied exit yield: 8.0%, the calculated discount rate: 8.50%.
Micro-location, accessibility	The property under valuation is located in Angyalföld, in the 13th district of the capital. The location of the property is excellent, it is close to the junction of Róbert Károly krt. and Váci út, approximately 400 metres from the traffic-loaded Váci út. The surface area of the 13th district is 13.44 sq km, the total number of its inhabitants is 107,000. Angyalföld, especially the direct surroundings of Váci út is rapidly developing. Today, the office corridor situated in Váci út can be considered as the most significant and the most popular segment where modern office buildings are being built one after the other, even during the crisis of the real-estate property market. Several State bodies (Police, National Health Insurance Fund of Hungary) have office buildings in the surroundings of the property. Next to Árpád bridge metro station the new downtown, called Agora is currently being built. The building complex designed to have a leasable area of 136,000 sq m, to be developed by HB Reavis in several phases, will include premium category, modern offices and shops. The property under valuation is located between metro stations Árpád bridge and Forgács út. As regards public transport, the Árpád bridge or the Forgács út metro stations along metro line 3 can be reached by 10 minutes walk. The property is located in a residential, institutional and commercial zone typically built in with new and older buildings; despite its excellent accessibility, the property is situated at a relatively quiet location. By car, the property is easily accessible from every direction of the city, the most easily from the direction of Váci út and Árpád bridge. Parking is possible in Frangepán utca and the adjacent street.

Licenses, requirements	Mortgages and other rights
The property is located in the quarter called Angyalföld, in a mixed residential, institutional and commercial zone. Pursuant to the local construction rules: L1-XIII-K, *i.e.* the property is located in a city-like residential zone built in with unbroken rows of buildings. Governing construction rules of the local government: pursuant to Local Construction Rules no. 19/2016 (of 15 November).	No mortgages have been found on the title deed of the property. Pursuant to the title deed, a utility easement covering 9 sq m has been recorded for the benefit of ELMŰ Hálózati Kft.

Value of the property:	EUR 2.9 million.	

14. H-1149 Budapest, Várna utca 12-14.	Owner:	Várna 12 Holding Zrt., under topographical lot number 32047, with an ownership ratio of 1/1.

Lease agreements / market rental rates	At present, 93,2% of the property is leased. There are several, cc. 30 smaller tenants, having mostly open-ended lease agreements. The average remaining lease term is: 1.0 year. The main tenant is: Dósafa Bútor, renting a total of 1,687 sq m, constituting 61.7% of the Gross Leasable Area (GLA). The market rental rates used in the valuation: in the case of offices: EUR 7.5/sq m/month, in the case of warehouses: EUR 4.0/sq m/month, in the case of surface parking lots: EUR 30.0/car/month. The applied exit yield: 8.0%, the calculated discount rate: 8.50%.
Micro-location, accessibility	The property under valuation is located in the 14th district of Budapest, in the so-called Törökőr quarter, in the block delimited by Mogyoródi út, Mexikói út and Kerepesi út, close to the junction of Hungária krt. and Kerepesi út. The surroundings of Várna utca are built in and used in mixed ways, there are a number of older condominia, with enclosed smaller sites, and next to Fogarasi út and Kerepesi út, the commercial function tends to dominate, mainly built in by office buildings. The property is easily accessible by car both from the direction of Kerepesi út and Hungária krt. It can be said that the public transport links of the surroundings are good, since in Fogarasi út, at approximately 300 metres from the property bus line no. 130 and trolley line no. 80 pass by, and a little farther, in Kerepesi út the station of metro line no.2 is accessible. Free parking is possible in Várna utca and in the surrounding streets; however, due to the limited parking opportunities in public spaces, in the asphalt paved inner yard of the property, numerous parking spaces can be found. Anyway, the area can be accessed by heavy-duty vehicles of 12 tons without permission, over that weight only with permission.

Licenses, requirements	Mortgages and other rights
The property is located in Zugló, close to Budapest Sports Arena, in the quarter called Törökőr, in a residential zone with unbroken rows of buildings. Pursuant to the local construction rules: the property under valuation is located in the construction zone coded L2/1. Governing construction rules of the local government: pursuant to Local Construction Rules no. 19/2003 (of 8 July).	Mortgages have been found on the title deed of the property. OTP Bank Nyrt. has established mortgages for an amount of HUF 280 million, as well as a ban on disposal and encumbrances. Pursuant to the title deed, a utility easement covering 18 and 13 sq m has been recorded for the benefit of ELMŰ Hálózati Kft.

Value of the property:	EUR 1.75 million.	

15. H-1121 Budapest, Menyét utca 5.	Owner:	Pontott Termelő és Kereskedelmi Kft., registered under topographical lot number 94271/1.

Lease agreements / market rental rates	The property is vacant, out of lease. In the valuation the cost and the residual value methods have been used because the property is intended for development purposes. In the case of the cost method, the value of the lot has been calculated by the market comparison method.
Micro-location, accessibility	The property under valuation is located in one of the most popular parts of Budapest, in a quiet green zone, on the slope of Sváb Hill, in Menyét utca, close to Eötvös utca. The 12th district, called Hegyvidék, lies on an area of approximately 26.7 sq m, in the central section of Buda. It is located in a typically mountainous and wooded area, the number of its inhabitants is 58,000. The district's part in inner Buda include for instance Saint John's Hospital, Moszkva Square and Souther Railway Station. The property is easily accessible both by car and by public transport. By car, it can be accessed the most easily from the direction of Istenhegyi út, then from Eötvös út. By public transport, it can be accessed the most easily bus buses no. 21, 21A, 60 and

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<tr><td></td><td colspan="3">212, as well as by the cog-wheel railway (or by tram no. 60).</td></tr>
<tr><td colspan="3">Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="3">The property is located in the 12th district of Budapest, called Hegyvidék, in a residential zone. Pursuant to the local construction rules: L6/A-SZ1, i.e. it is a mountainous, garden city-like residential area with large lots, built in with free-standing buildings. Governing construction rules of the local government: pursuant to Local Construction Rules no. 14/2005 (of 10 August).</td><td>none</td></tr>
<tr><td colspan="2">Value of the property:</td><td>EUR 0.95 million.</td><td></td></tr>
<tr><td colspan="2">16. H-1105 Budapest, Bánya utca</td><td>Owner:</td><td>under topographical lot number 39131/1/C/1, the property complex is owned by SECTURA Ingatlankezelő Kft. which holds an ownership share of 1/1.</td></tr>
<tr><td>Lease agreements / market rental rates</td><td colspan="3">The property is vacant, out of lease, its Gross Leasable Area (GLA) is: 619 sq m. After the departure of the last tenant, there has been no renovation, so before the new tenant moves in, renovation is needed, therefore fit-out costs amounting to EUR 30,950 have also been set.
The market rental rates used in the valuation: in the case of offices: EUR 6.5/sq m/month.
The applied exit yield: 9.25%, the calculated discount rate: 9.75%.</td></tr>
<tr><td>Micro-location, accessibility</td><td colspan="3">The property complex under valuation is located in Kőbánya, close to the downtown, in a residential area, close to traffic-loaded main roads (Kőrösi Csoma Sándor út, Kőbányai út, Jászberényi út, Éles corner). The 10th district of Budapest, commonly called Kőbánya, is a district lying in the part of the capital called Pest. Besides housing estates, the district includes both garden city-like zones and modest, suburban zones. Its surface area is: 32.50 sq m, the number of its inhabitants is: 81,500. The property is located in Bánya utca, next to Szent László square. There are typically residential properties in its surroundings, and in the adjacent side streets sporadically properties with industrial, storage and office function can also be found. The building is perfectly accessible by car, public transport and railways. Trams no. 37 and 62 are easily accessible even on foot. The property is located in the central part of the district, at the section of Bánya utca located at Szent László square, in the North-Eastern side of the street, in a shopping mall. The condominium unit under valuation is an independent building in the middle of the yard after entering the doorway. There are similar factory buildings and residential properties in its surroundings. The quality of the surroundings is average. The basic infrastructure institutions can be found nearby. Parking in the street is free, but difficult. Parking is possible inside the yard, cc. for 30 or 40 vehicles.</td></tr>
<tr><td colspan="3">Licenses, requirements</td><td>Mortgages and other rights</td></tr>
<tr><td colspan="3">The categorisation could not be identified in the local zone rules, only in the Capital's framework plan: it is indicated as a Vt-H zone. The construction zones of the central areas of municipalities, indicated as Vt-H (depending on the construction zone, built in with unbroken rows of buildings or free-standing buildings) including several independent destination units, are typically meant for hosting office buildings to provide institutional infrastructure to the population, as well as to ensure the administration and the management of economic life.</td><td>Mortgages have been found on the title deed of the property. Magyar Takarékszövetkezeti Bank has established mortgages for an amount of HUF 725 million, as well as a ban on disposal and encumbrances.</td></tr>
<tr><td colspan="2">Value of the property:</td><td>EUR 0.34 million.</td><td></td></tr>
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17. H-1044 Budapest, Váci út 76-80.	Owner:	Under topographical lot number 70381, VCT78 INGATLANHASZNOSÍTÓ Kft., with an ownership ratio of 1/1.
Lease agreements / market rental rates	At present, 77,29 % of the property is leased. There are 5 tenants in the property, they have open-ended lease agreements, the average remaining lease term is: 1.0 year. The main tenants are: HO-SP Hungary and CG Hungary. The market rental rates used in the valuation: in the case of offices: EUR 11.0/sq m/month, in the case of showrooms: EUR 8.0/sq m/month, in the case of warehouses: EUR 4.0/sq m/month, in the case of workshops: EUR 4.5/sq m/month. The applied exit yield: 7.75%, the calculated discount rate: 8.0%.	
Micro-location, accessibility	The property under valuation is located close to the city centre of Újpest, in Váci út, in a commercial and industrial zone. The 4th district of Budapest, commonly called Újpest, is the northernmost district lying in the part of the capital called Pest. Besides industrial, commercial and service zones, there are also housing estates, garden city-like and suburban parts in the district. Its surface area is: 18.82 sq km, the number of its inhabitants is: 101,182. The property is located at the junction of Váci út and Megyeri út, opposite the petrol station at the corner of Váci út and Megyeri út, at an extremely traffic-loaded hub which is easily accessible not only by car, but also by local buses and coaches. Public transport buses no. 104, 104A, 122, 196 and 204 stop in the immediate vicinity of the building. Due to its location, it ensures a rapid access towards the city centre via Váci út, towards motorway M3, main road no. 2 and ring-road M0, whose North-Eastern section can be reached by car in 10 minutes. Károly Róbert körút, which has the heaviest traffic in the capital, can also be reached in some minutes by car, just like one of the region's biggest shopping centres, called Duna Plaza, in 5 minutes, and by public transport in 15 minutes. The property is located to the North of Tímár utca, at the junction of Tímár utca and Váci út. There are typically commercial properties in its surroundings, and in Váci út and in the adjacent side streets sporadically properties with industrial, storage and office function can also be found. The property can be reached through Zsitva utca, a dead end street from Váci út, the client parking zone leading to the main entrance of the building is reachable through a doorway. In the middle of the yard of the property a free-standing building can be found. There are similar commercial units in its surroundings, such as Praktiker, Tesco Hypermarket, Szatmári Building Fittings Special Shop, PapírDepo, car dealerships and petrol stations. The basic infrastructure institutions can be found nearby. Parking is free for the clients in front of the office building, for 30 or 40 cars.	
Licenses, requirements	Mortgages and other rights	
In the local zone rules (18/2014) the property can be found in the category I-IV (VD-1), so it is an institutional construction zone.	The title deed of the property includes a general mortgage amounting to CHF 5.12 million, the beneficiary is Magyar Takarékszövetkezeti Bank Zrt. There is a purchase option until 20 January 2018 and 31 December 2030, the beneficiary is Magyar Takarékszövetkezeti Bank Zrt. The property is encumbered by mortgages amounting to HUF 725 million, the beneficiary is Magyar Takarékszövetkezeti Bank Zrt. There is a ban on disposal and encumbrances, the beneficiary is Magyar Takarékszövetkezeti Bank Zrt. The holder of the right of pre-emption is Magyar Takarékszövetkezeti Bank Zrt. Utility easements cover 3, 4 and 10 sq m, for the benefit of ELMŰ HÁLÓZATI Kft.	
Value of the property:	EUR 2.1 million.	

18. H-1062 Budapest, Andrássy út 105.	Owner:	under topographical lot number 29637, APPENINN Vagyonkezelő Holding Nyrt. (it received the property on 6 December 2017 as a contribution from Takarék Invest Befektetési és Ingatlankezelő Kft.)
Lease agreements / market rental rates	In our interpretation, the property has a Gross Leasable Area (GLA) of 1,516 sq m. At the time of the appraisal 100% of the property is leased to Konzum Nyrt., pursuant to the lease agreement concluded in December 2017. The property is rented for an indefinite period from 1 February 2018, the rental rate is: EUR 9.87/sq m/month. The market rental rates used in the valuation: in the case of offices: EUR 8-12.5/sq m/month, in the case of warehouses: EUR 5.0/sq m/month, in the case of parking lots: EUR 80.0/sq m/month. The applied exit yield: 7.0%, the calculated discount rate: 7.5%.	
Micro-location, accessibility	The office building under valuation is located in the 6th district of the capital, in Andrássy út, in the block delimited by Bajza utca, Délibáb utca and Munkácsy utca, in the diplomatic quarter in Pest. The property can be reached within a few minutes walk from the most important avenue of the capital, Andrássy út, close to the city centre, a few hundred metres from Heroes' Square and close to Oktogon Square in the boulevard, which is an important transport hub in the city. The adjacent streets offer a wide range of services, restaurants, cafés, pubs, pharmacies, shops, banks, offices, museums, etc. There are mainly residential properties, institutions, bank centres, offices, ministries and embassies in the surroundings of the building. The popular venues and buildings like the Museum of Fine Arts, the Art Gallery and the Andrássy út itself are also popular tourist sights. The are is the centre of national administration and of the diplomatic quarter of the country, with museums, ministries, offices and other cultural institutions. Due to its location, the property is well accessible by public transport: the most easily by underground line no. 1, station Bajza utca, or by car from each direction: Andrássy út, Dózsa György út, Teréz krt.	
Licenses, requirements	Mortgages and other rights	
The property is located in the area of competence of the Municipality of the 6th district, on the lot delimited by the block of Andrássy út, Munkácsy utca, Délibáb utca and Bajza utca, under topographical lot number 29637. Our investigations have revealed that the local construction rules of the area are included in local government decree no. 29/2011 (of 4 July) on the Urban Planning and Construction Rules and Regulation Plan of Terézváros District issued by the Municipality of the 6th District of Budapest. Pursuant to the decree, the property is located in a construction zone coded as L3-VI-1.	Pursuant to Decree NKÖM 7/2005 (of 1 March), as well as recording orders no. 60333/1/2009/08.03.06 and 60334/1/2009/08.03.06, the building is located in an area of historic and/or architectural interest. Based on license no. VMB-169/2012, the surface area of the lots have been encumbered by a utility easement covering 14 sq m, for the benefit of ELMŰ Hálózati Kft. During our valuation, it has been assumed that those easements have no further impact on the value of the building, and that there are no additional rights which would limit the transferability of the property.	
Value of the property:	EUR 2.1 million.	

3 Business environment of the Company (Section 4 (1) of the Decree of the Minister of Finance)

The Hungarian economy is a middle-sized, open economy, which is largely exposed to the economic and financial changes of the euro zone.

Presentation of the taxation environment:

From January 2017 onwards, the corporate tax has been uniformly reduced to 9%.

With this tax reduction Hungary has become the second most competitive OECD State after Switzerland, in terms of taxation. From a regional perspective, the Hungarian corporate tax rate is more competitive than the 22 percent in Slovakia, the 16 percent in Romania and the 15 percent in Slovakia. In addition to the reduction of the corporate tax rate, the Government has increased the wages – the minimum wage and the amount of the guaranteed wage minimum have also increased, respectively by 15% and 25%. According to the Government's expectations, these measures will result in the increase of the extent of economic growth, to 3-5 percent, compared to the present 2-3 percent per year.

VAT, supports, benefits

At the end of 2015, the Hungarian Parliament approved the Act according to which the VAT on newly constructed homes would decrease from 27% to 5% between 2016 and 2019. In accordance with that Act, VAT decrease concern homes located in residential communities with a surface area under 150 sq m, or free-standing houses with a surface area under 300 sq m.

VAT decrease will impact not only the prices of newly built houses, but also on the prices of recently built and used homes, and thereby on the rental rates. Furthermore, the decrease may result in higher yields for real estate entrepreneurs, thus the higher profit rate would foster the launching of more construction projects on the market. In parallel with the launching of new construction projects the price of vacant lots will increase. Therefore, the amount remaining after the decrease of VAT may be spent on purchasing vacant lots offered at higher prices.

It is expected that in 2017, construction costs will also increase due to the saturation of construction capacity. In January 2016, the Government launched its new Family Housing Support Program (the so-called "CSOK"). The Family Housing Support is available to families with children, wishing to purchase used housing facilities or to enlarge their already existing housing facility.

Salaries, wages

In July 2017, the gross average salary was HUF 290,500, which is 13,1% higher than in the previous year. From January to July 2017, the gross average salary was HUF 290,300. During the first seven months of the year, both gross and net salaries increased by 12,6% compared to the same period of the previous year. This increase was influenced by the 15% increase of the minimum wage and by the 25% increase of the guaranteed wage minimum, the salary adjustments affecting certain domains of the budgetary sector, as well as the workers of public service companies. During the period between January and July 2017, the average net salary was HUF 193,100, calculated without family benefits. In 2017, family tax benefits increased for families with two children, influencing the extent and the evolution of net salaries. Including also the benefits, the estimated average net salary was HUF 201,000.

Employment, unemployment

The resurgent economy exerts a positive impact on the labour market as well. During the period between June and August of 2017, the average number of unemployed persons decreased by 32,000, to 195,000, whereas the unemployment rate decreased by 0.7 percentage points, to 4.2%, compared to the figures of the previous year. The average number of persons in employment was 4 million 444, 58 thousand higher than a year before. The employment rate among 15–64 years old increased to 68.6%.

Retail sales

Based on the figures of the Central Statistical Office, in August 2017 the volume of retail sales was 4.7% higher than in the same period of the previous year, both according to raw figures and according to calendar effect adjusted figures. The calendar effect adjusted sales volume increased by 2.9% in food and non-specialised retailing, by 7.9% in non-food retailing, and by 2.6% in fuel retailing. Similarly, according calendar effect adjusted figures, during the period between January and August of 2017, the volume of retail sales was 4.0% higher than in the same period of the previous year.

Inflation, consumer prices

The deflation trend in Hungary exceeded the expectations in 2014. Consumer prices decreased by 0.2% on average compared to the previous year, showing the lowest value since 1986. In 2015, the consumer price index remained negative, reaching -0.1%, whereas in 2016 consumer prices increased by 0.4% on average compared to the previous year. The consolidation of inflation is continuing: the higher volume of retail sales allows for a higher degree of freedom to companies in determining the prices, and it is assumed that economic growth will strengthen inflatory pressures. According to the figures of the Central Statistical Office, consumer prices were 2.5% higher on average in September 2017 than in the same period of the previous year. In the past year the prices of alcoholic beverages, vehicle fuels and food increased the most.

In spring 2017, IMF positioned the expected economic growth rate of the country to a higher level for 2017 and 2018, and it increased the predicted extent of the expected inflation for those two years. According to the September 2017 report of the Central Bank of Hungary (MNB), it is expected that inflation will sustainably reach 3 percent (a value is consistent with price stability) in the second quarter of 2019, in the subsequent months it will be around 2.5 percent, then at the end of 2017 it will slow down again to approximately 2 percent, diverging from the central bank's target. In the medium term, as a result of a more modest imported inflation, a lower inflation path may be expected than the June prediction. Because of tax changes and milk price increase, core inflation will increase until mid-2018, and after their halt it will decrease.

Basic interest rate, GDP

As inflation varies around 0%, the Monetary Council of the Central Bank of Hungary is also committed to maintain the basic interest rate at a moderate level. Since May 2016 the basic interest rate has been 0.9% which is an unprecedented level in the Hungarian economy. At its meeting held in June 2017, the Monetary Council decided to maintain the level of the interest rate in line with the expectations of the market. All the other monetary policy instruments have also remained unchanged. Maintaining the current level is not surprising, due to the evolution of inflation and the moderate, but stable economic growth. Based on the figures of the Central Statistical Office, in the 2nd quarter of 2017 the volume of the gross national product was 3.2% higher than in the same period of the previous year. Mainly market-based services contributed to this increase. According to the seasonally and calendar effect cleared and balanced figures, the performance of the economy improved by 3.5% compared to the same quarter of the previous year, and by 0.9% compared to the previous quarter. In the 1st semester of 2017, the volume of the GDP increased by 3.6% compared to the figure of the previous year.

Real estate investment

Investment activity is very high in Hungary, it became extremely strong in 2016, since the yearly transaction volume doubled compared to 2015 and reached EUR 1.7 billion. The real estate market is characterised by a strong activity by the tenants, the proportion of immediately available vacant areas is decreasing, rental rates are increasing and there are more and more developments. Since Hungary offers significantly favourable prices compared to the Western-European or the other Eastern-European markets (*e.g.* Poland, Czech Republic), the interest towards properties in Hungary has received a strong boost, investors are constantly looking for the new purchase opportunities. This has a positive impact on liquidity and on the number of bids.

At the end of the third quarter of 2017, the overall transaction volume represented approximately EUR 1.28 billion, which is 11% lower than the volume measured in the same period of 2016 (EUR 1.44 billion). Approximately 47% of the transactions (EUR 606 million) was made up of transactions involving office buildings, followed by commercial properties, representing 39% (cc. EUR 497 million). During the semester, transactions involving logistics and industrial properties represented approximately EUR 137.3 million (11%), the remaining part was constituted by properties to be rebuilt.

Rental rates

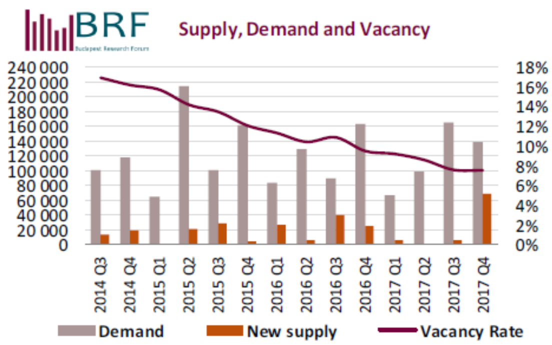
In the third quarter of 2017, following a 2.2% increase, the premium rental rate increased to a level of EUR 22.5/sq m/month.

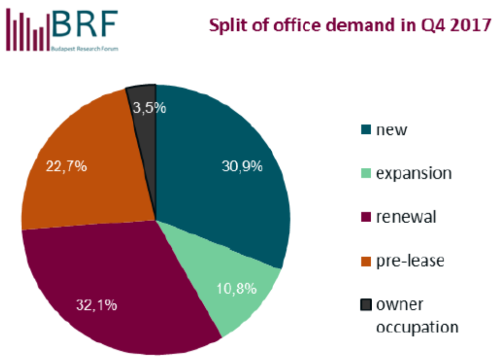
Average rental rates vary in a broad range, depending on the location, the technical specifications and the available services. As a result of the progressive reduction of the rate of under-utilisation rental rates have started to increase in category "A" office buildings, while preferential rental rates have decreased. The generous preferential packages observed before are becoming more and more restricted, and periods without rental rates are decreasing. The previously typical 1.5–2 months' periods without rental rates have decreased to 0.5–1 month by now. In the current market environment it is very difficult to find contiguous office areas in the popular, already existing, category "A" office buildings located in the downtown. In our view, the market will be favourable for lessors until the end of 2017. Since in the past quarters developers' activity has been strongly boosted, in 2018, it will be easier for tenants to find larger offices to rent. Despite the ever increasing development volume, for the time being, rental rates are not expected to decrease in the market, since there is a high demand in buildings currently under development on behalf of new entrants and current tenants wishing to expand. It is expected that the market environment will not turn towards "tenants' dominance" before the second semester of 2018.

Office market in Budapest

Budapest Real Estate Research Forum (BIEF, BRF) (members: CBRE, Colliers International, Cushman & Wakefield, Eston International, JLL and Robertson Hungary) published a summary description of the office market for the fourth quarter of 2017.

During the fourth quarter of 2017, four new office buildings were opened, thus increasing the size of Budapest's modern office range to 67,920 sq m. The first phase of the Hungarian Nobel Park was developed as a single-tenant 'built-to-suit' scheme for Ericsson on 24,000 sq m. On South Buda submarket Office Garden III was handed over with 18,510 sq m office area. The stock of Vaci Corridor submarket was increased due to the delivery of Balance Loft (6,500 sq m). 18,910 sq m office area was added to Non-Central Pest submarket with the completion of Skylight City. A formerly owner-occupied office building was transferred to the speculative stock, moreover an owner-occupied headquarters was excluded from the BRF registry due to its change in profile. Budapest's entire modern office range currently makes up 3,415,550 sq m, of which 2,754,595 sq m belong to the modern, speculative office area of type 'A' and 'B', whereas 660,950 sq m are privately owned offices.





The office vacancy rate has decreased to 7.5%, representing a 0.2 pps reduction quarter-on-quarter - the lowest rate ever recorded on Budapest office market. In line with the preceding quarters, the lowest vacancy rate was measured in the South Buda (3.3%) submarket whereas the Periphery still suffers from an overwhelming 32.2% vacancy rate.

Total demand in the fourth quarter of 2017 reached 144,365 sq m, representing a 13% decrease year-on-year. Renewals accounted for 32.1% of the total leasing activity, while new transactions were represented a 30.9% share. Pre-leases accounted for 22.7%, whereas expansions made up the remaining 10.8%. One owner occupation was registered during the period.

The strongest occupational activity was recorded in the Vaci Corridor submarket, attracting almost 30% of the total demand. The Vaci Corridor was followed by Non-Central Pest (25.3%) and Central Buda (22.7%) submarkets. BRF registered a total of 169 lease agreements during the quarter, with an average area of 854 sq m. BRF registered 37 transactions occupying more than 1,000 sq m office area split into 14 renewals, 9 new transactions, 8 pre-leases, 5 expansions and 1 owner-occupation transaction. The largest transaction during the fourth quarter was a pre-lease agreement in HillSide Offices; where Fundamenta moves into 10,235 sq m. The second largest deal was also a pre-lease on 8,000 sq m in the Promenade Gardens, while the largest new transaction was concluded in Skylight City for 5,980 sq m space. The net absorption in this quarter amounts to 65,205 sq m.

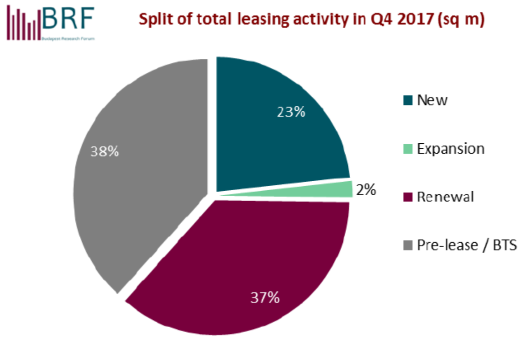
City logistics

The Budapest Research Forum (BRF, which comprises: CBRE, Colliers International, Cushman & Wakefield, ESTON International, JLL and Robertson Hungary) sets out below its Q4 2017 industrial market snapshot.

In the fourth quarter of 2017, six buildings with a combined size of 62,750 sq m were added to the industrial stock.Four new schemes were handed over: a 16,050 sq m BTS scheme on the area of CTP Biatorbagy, a 14,250 sq m warehouse in East Gate Business Park, an 8,400 sq m BTS building in Budapest Airport Business Park and a 7,000 sq m warehouse in Budapest Dock Szabadkikoto.

Furthermore, two existing buildings were included in the stock due to adequate quality and occupational status; the 8,550 sq m warehouse component of Logicor's Feherakac property and the 8,500 sq m Promesa Warehouse in Dunakeszi. The total modern industrial stock in Budapest and its surroundings stood at 2,043,220 sq m at the end of Q4 2017.

Source: BRF



Source: BRF

Total demand amounted to 211,250 sq m in Q4 2017, marking a 58% increase over the figure noted in the same period of the previous year. Lease renewals stood for 37% of the quarterly volume, while the share of new leases was 23%. Two pre-leases were signed during the quarter for BTS developments totalling 81,050 sq m, representing 38% of total demand, and expansions accounted for the remaining 2% of leasing activity.

29 leasing transactions were recorded in the fourth quarter, out of which six agreements were signed for more than 10,000 sq m. These deals accounted for 69% of all leased area. The average transaction size was 7,280 sq m during the quarter and the median amounted to 2,270 sq m, reflecting a distribution skewed towards a handful of dominant deals. As much as 96% of all leasing activity was recorded in logistics parks, with only two deals signed in city logistics schemes - an 8,550 sq m new lease and an 860 sq m expansion.

The largest transaction of the quarter was a 64,400 sq m pre-lease at Ullo Airport Logistics Center, which was coupled with another 16,650 sq m pre-lease in the same park. The largest renewal amounted to 28,590 sq m and was signed in Prologis Park Budapest - Batta. The vacancy rate dropped to a new record low of 4% by the end of the fourth quarter. A total of 81,960 sq m is currently vacant, and there are only three existing schemes with more than 5,000 sq m of available warehouse space. Net absorption totalled 73,650 sq m during the fourth quarter, which is the highest figure since 2009.

4 Goals, strategy of the Company (Section 4 (1) of the Decree of the Minister of Finance)

In line with its strategy, Appeninn Holding fundamentally focuses on such niche market segments where favorably priced assets promising high earning-generating potentials with professional operation can be acquired and held as medium and long-term investments. Primarily, the Group has office complexes in Budapest, but also acquires logistic, commercial properties nation-wide. Through its acquisitions in recent years, Appeninn has been able to broaden its property portfolio.

In addition to maintaining the utilization rate of the office properties belonging to the Company's portfolio on a favorable level, Appeninn attributes importance to satisfying the existing demands of tenants and keeping operating efficiency in the center of attention. The favorable locations and the applied leasing policy ensuring outstanding price-to-value ratios gives the Group a steady utilization rate over 95%, which goes well beyond the average in Budapest.

The principal expectations in relation to office properties include good location, easy access and beneficial functions – these criteria are eminently considered by the Company in its acquisitions. The Group owns the individual real-estate properties via its subsidiaries, and performs operation-related services (accounting, finance, maintenance) in a centralized manner, via the entities belonging to the holding company. To counterbalance the impacts of the economic environment on the tenants, the Company always aspires to continuously control and reduce operating costs, thereby responding to the tenants' cost reduction demands, and consequently the Company does not come under pressure to reduce rental levels, but there remains some room for increasing the amounts of rents even in the current market atmosphere.

5 Main resources and risks of the Company, related changes and uncertainties Main resources, risk factors and their changes, uncertainties (Section 4 (3) of the Decree of the Minister of Finance)

5.1 Main resources and risks of the Company

Strengths	Opportunities
The Company flexibly adapts itself to special customer demands The Company realizes cost-efficient operation Thoroughly considered property portfolio size and consequential volume-efficient management Maintenance of a coordinated funding and income structure The Company has a proper liquid asset portfolio The Company has well-balanced leverage. Uncertainties Uncertainties relating to the accurate forecasting of utilization rates in new acquisitions Duration of tenant changeover for continuous lease	The underpriced property market in Hungary is an attractive investment target for foreign investors Acquisition of undervalued properties in the niche market segments The demands of small and medium-sized enterprises as tenants mostly surface in category B Long-term cooperation with liquid companies with steady cash flow when the prime of the small and medium-sized enterprises are acquired

5.2 Financial Instruments (Act on Accounting, Section 95 (6))

Appeninn Nyrt.’s Treasury function coordinates participation in the financial markets in line with its long-term business interests. Appeninn Nyrt. analyzes the financial risks arising during its operations for the individual businesses separately. The examined risks include market risks (foreign exchange risks, real-value interest risk and pricing risks), as well as crediting risks, payment risks and cash flow interest risks. Appeninn Nyrt. aspires to minimize the impacts of these risks. Appeninn Nyrt. does not enter into financial schemes for speculative purposes.

The financial instruments of the Company are presented in the Company's additional reports, under the assets of the Company. (Act on Accounting, Section 95 (6) a))

The Company presents the price, credit, liquidity and cash-flow risk (also in quantified figures) in the Chapter on the "Management of financial risks" of the Company's supplementary reports (Act on Accounting, Section 95 (6) c)).

5.3 Financial risk factors and their management, risk management policy (Act on Accounting, Section 95 (6) a))

Appeninn Nyrt.'s Treasury function coordinates participation in the financial markets in line with the Company's long-term business interests.

Investments in the Hungarian office market can influence pricing indirectly and in the long term.

The risks of non-payment or default payment that are generally experienced in the corporate segment have already been managed by the Company by maintaining continuous customer monitoring. Customer monitoring activities are continuously developed by coordinating information flow among operations, energy management, customer management and finance.

100% of Appeninn Nyrt.'s FX-based investment loans are denominated in EUR.

The Group is exposed to risks arising from the changes in market and financial conditions. These changes may influence results, the values of the assets and liabilities. The purpose of the management of financial risks is that risks should be continuously mitigated via operating and financing activities. Hereunder, the market risks affecting the Group are described.

Rent-related risks	Foreign exchange risks

The Group establishes consistent, calculable and competitive rents for the tenants. The current amounts of the rents are in line with the environment and quality of the properties. With respect to the present global environment and the supply that is available in the office market of Budapest, however, it is not certain that the current rents and conditions can be sustained in the future. During the short term in the future, the Company foresees a 5–10% downward trend in rental revenues.	Appeninn Nyrt.'s FX-based investment loans are typically denominated in EUR following the successful restructuring of the credit portfolio during 2013–2015. With this move, the Company has taken a major step to harmonize its rental revenues with its financing. Appeninn Nyrt. and the Group headed by the parent company are planning to sustain the well-balanced EUR-based cash flow planning achieved in 2015. With the EUR movements, the Group does not face foreign exchange risks.
Interest rate risks	Liquidity risk
Interest rate risks represent the risk that the future cash flows of certain assets and liabilities fluctuate as a result of changes in market interest rates. On the average, the Group pays 3.0 % interest on its credits. On its issued interest-bearing bonds, Appeninn Nyrt. pays fixed interests at 7% and 5%.	The Group has the objective to maintain equilibrium between the continuity and flexibility of financing when the volumes of financial reserves and credits are shaped. The management opines that difficulties in liquidity cannot be expected, because revenues safely cover debt services and operating costs. The Company and the consolidated entities under its control fulfil their payment obligations within the respective terms of payment.
Credit risk	
Crediting risk is the exposure wherein a partner fails to fulfil its payment obligation connected with any financial asset or customer agreement, thereby causing financial loss. The Group is exposed to crediting risks in association with its lease-out and financial operations (including bank deposits and financial investments). In the case of tenant partners: Credit risk is managed by requiring tenants to pay deposits or give bank guarantees in advance, depending on the credit quality of the tenant assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. In the case of bank deposits and financial investments: Credit risk from balances with banks and financial investments is managed in accordance with the Group's conservative investment policy. To mitigate crediting risks, the Group keeps its financial reserves in cash or bank deposits at reputed financial institutions.	

6 Quantity- and quality-related indicators of performance measurement Section 4 (5) of the Decree of the Minister of Finance) presentation of premises and branches (Act on Accounting, Section 95 (4) d)).

Appeninn Holding Nyrt.'s corporate business activities involve the lease-out of own real-estate properties, as well as holding company operations.

Lease-out of the Company's own real estate properties:

Kecskemét

The building having the function of an office building is located in Kecskemét, at Kiskőrösi utca 30. The complementary services rendered include the provision of parking lots, warehousing, a service workshop, commercial store area, industrial sidetrack and 24/7 reception gate services with security guarding. The ***utilization rate of the building complex*** lying in an area of more than 6000 sq m ***approaches 90%***, which brings the performance of the property to the upper third third of the segment in view of comparative data. Kecskemét can boast of the most recent, large-volume greenfield investment into automobile assembly works. The connected industries are in need of considerable industrial and office areas, as a result of which there is significant demand for the properties that can be found in the district. The property lies in the economic, commercial and service zone, to the southwest of downtown Kecskemét, near Motorway M5 and main road no. 52. In the surroundings of the property, typically mixed residential, industrial and commercial properties can be found.

The estimated yield-based value of the building is EUR 3.1 million or EUR 2.25 million, this variable value is recorded by the Company at the lowest value of the purchase option for the area, *i.e.* EUR 2.25 million. In 2016-2017, the value of the property remained unchanged.

(In 2016, the Company sold the call option for the purchase of the real-estate property in Kecskemét to the current tenant, in consideration of a price of EUR 2.25 million, with the terminal date of 31 October 2019; the option fee was paid up by the beneficiary, until 31 December 2017, the beneficiary did not exercise the option).

Budapest

The office building located in Andrássy út became part of the portfolio in December 2017. The office building is located in the 6th district of the capital, in Andrássy út, in the block delimited by Bajza utca, Délibáb utca and Munkácsy utca, in the diplomatic quarter in Pest. The property can be reached within a few minutes walk from the most important avenue of the capital, Andrássy út, close to the city centre, a few hundred metres from Heroes' Square and close to Oktogon Square in the boulevard, which is an important transport hub in the city. The adjacent streets offer a wide range of services, restaurants, cafés, pubs, pharmacies, shops, banks, offices, museums, etc. There are mainly residential properties, institutions, bank centres, offices, ministries and embassies in the surroundings of the building. The popular venues and buildings like the Museum of Fine Arts, the Art Gallery and the Andrássy út itself are also popular tourist sights. The are is the centre of national administration and of the diplomatic quarter of the country, with museums, ministries, offices and other cultural institutions. Due to its location, the property is well accessible by public transport: the most easily by underground line no. 1, station Bajza utca, or by car from each direction: Andrássy út, Dózsa György út, Teréz krt.

The lot and the building

The building is located in the 6th district of Budapest, in Andrássy út, on the lot situated in the block delimited by Bajza utca, Délibáb utca and Munkácsy utca. According to the land registry, it is situated on one lot, whose topographical lot number is 29637. The lot is plain, its surface area is 1,094 sq m, its form is a regular rectangle. The entrance of the office building overlooks Andrássy út, the property is only accessible from this direction both by car and on foot. Other direct pedestrian, vehicle or general finance entrances do not belong to the building.

Lease agreements / market rental rates

Based on the details of the property, the building has a Gross Leasable Area (GLA) of 1,516 sq m. At the time of the appraisal 100% of the property is leased to Konzum Nyrt., pursuant to the lease agreement concluded in December 2017. The property is rented for an indefinite period from 1 February 2018, the rental rate is: EUR 9.87/sq m/month. The market rental rates used in the valuation: in the case of offices: EUR 8-12.5/sq m/month, in the case of warehouses: EUR 5.0/sq m/month, in the case of parking lots: EUR 80.0/sq m/month. The applied exit yield: 7.0%, the calculated discount rate: 7.5%.

7 Key events after the balance sheet date (Act on Accounting, Section 95 (4))

Following the balance sheet date and until the publication of this report, the Company has not observed events affecting the reporting period, which would be required to be entered in the books. any significant events and particularly important developments which took place following the balance sheet date; expected development (in line with the development of the business environment, known or anticipated, and with the proposed impact of internal policies); the Company has issued announcements. (Act on Accounting, Section 95 (4) a)). The Company does not deal with activities belonging to research and experimental development (Act on Accounting, Section 95 (4) b)).

At its publication sites, the Company presented additional events which were the following:

Date	Announcement	Brief content
12 March 2018	OTP Ingatlanbefektetési ALAP purchased Appeninn shares (5.92%), KONZUM Befektetési és Vagyonkezelő Nyrt. sold Appeninn shares (5.92%)	on this day, KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1065 Budapest, Révay utca 10., 2nd floor; company registration number: 01-10-049323; „KONZUM Nyrt.") has sold, within the framework of an OTC transaction, **2,020,372** APPENINN ordinary shares (ISIN code: HU0000102132) issued by the Company, of a nominal value of HUF 100, i.e. one-hundred Hungarian Forints each, to **OTP Ingatlanbefektetési Alap** (address: 1026 Budapest, Riadó utca 1-3.; registration number: 1211-05). As a result of this transaction and of other stock market transactions, on this day the number of APPENINN ordinary shares owned by OTP Ingatlanbefektetési Alap has **increased to 2,420,372, therefore OTP Ingatlanbefektetési Alap owns 5.92% of APPENINN ordinary shares.** As a result of the transaction, the equity participation of KONZUM Nyrt. in the Company has **decreased to 21.18 percent.** As a result of the transaction, the equity participation of KONZUM Group in the Company has **decreased to 46.46 percent.**
9 March 2018	LEHN AG . sold, KONZUM purchased	the transaction described in extraordinary information note issued by the Company on 19 December 2017, whereby from **Lehn Consulting AG** (registered office: Kaustrasse 6, 9050, Appenzell, Switzerland; company registration number: CHE-112.576.566, CHID: CH-660.2.229.005-4; EHRA-ID: 805945), as Seller, **KONZUM MANAGEMENT Kft**. (registered office: 1065 Budapest, Révay utca 10..; company registration number: 01-09-913725) as Buyer purchased, **on the basis the sales agreement concluded on 19 December 2017, 924,832,** i.e. nine hundred and twenty-four thousand eight hundred and thirty-two dematerialised ordinary shares (ISIN code: HU0000102132) issued by the Company, of a nominal value of HUF 100, i.e. one-hundred Hungarian Forints each, **has been implemented**, **having regard to the official certificate no. B/203-6/2018 of the Hungarian Competition Authority.**
9 March 2018	Purchase of 924,832 shares by Konzum Nyrt.	Based on the shareholders' information note received this day hereby informs the Honourable Investors that KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1065 Budapest, Révay utca 10. 2nd floor; company registration number: 01-10-049323; a hereinafter referred to as: **"KONZUM Nyrt."**) has purchased, within the framework of an OTC transaction, 924,832, i.e. nine hundred and twenty-four thousand eight hundred and thirty-two dematerialised ordinary shares (ISIN code: HU0000102132) issued by the Company, of a nominal value of HUF 100, i.e. one-hundred Hungarian Forints each. Name Ownership ratio (%) Number of shares **KONZUM PE Private Equity Fund 23.86% 9,755,567** **KONZUM Nyrt. 26.12% 10,680,399**
8 March 2018	Proceedings by the Competition Authority	Having regard to the official certificate no. B/203-6/2018 of the Hungarian Competition Authority, Konzum Nyrt. and its co-applicants may obtain joint control over the Company.

Date	Announcement	Brief content
5 March 2018	Transaction involving own shares	Appeninn Nyrt., as a dividend payment by way of its own shares (APPENINN ordinary shares, ISIN: HU0000102132) transferred 63 shares in compliance with the announcement on the modalities of dividend payment in 2016. As a consequence of the above, the quantity of the own shares held by the Group is 40,280 as of 5 March 2018, therefore Appeninn Nyrt.'s stock of own shares decreased to 0.098% without exceeding the threshold.
28 February 2018	Voting rights and size of the share capital	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (1022 Budapest Bég u. 3-5 company registration number: 01-10-046538), in compliance with Section 54 (9) of Act CXX of 2001 on the Capital Market, hereby discloses the number of voting rights attached to the Company's shares, as well as the size of the share capital. Number of own shares: 40,343, Total number of the shares: 40,892,545
22 February 2018	Transaction involving own shares	Appeninn Nyrt. purchased, within the framework of an OTC transaction, from its subsidiary, Felhévíz-APPEN Kft. 10,000 shares APPENINN (ISIN: HU0000102132) at an average price of HUF 700.00 each, and as a dividend payment by way of shares, it transferred 985 shares in accordance with the announcement on the modalities of dividend payment in 2016. As a consequence of the above, the quantity of the own shares held by the Group is 40,343 as of 22 February 2018, therefore Appeninn Nyrt.'s stock of own shares decreased to 0.099% without exceeding the threshold.
9 February 2018	Appeninn expands its portfolio with a new property in Andrássy út	The Company hereby informs the Honourable Investors that the Company has signed an agreement with the owners of Plaza House Ingatlanfejlesztési Korlátolt Felelősségű Társaság (registered office: 1138 Budapest, Váci út 168., building T.; company registration number: 01-09-662072; hereinafter referred to as: "Plaza House Kft.") in order to acquire 100 percent of the shares in Plaza House Kft. at a purchase price of EUR 7,000,000, i.e. seven million euros. As a result of the above transaction, the real estate registered at a Budapest 6th district, inner area, under topographical lot number 29458, located at 1062 Budapest, Andrássy út 59. is transferred to the indirect property of the Company. After the completion of the above transaction, KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1065 Budapest, Révay utca 10. 2nd floor, company registration number: 01-10-049323, hereinafter referred to as: "KONZUM") will make available to the Company its claim arising from the above transaction, amounting to EUR 2,000,000, i.e. two million euros, as a non-cash asset contribution, for the purpose of the future share capital increase of the Company, about which the Board of Directors of the Company will decide at a later date; however, it fixes the issue value of the shares to be issued in relation to the share capital increase at the daily closing rate of 8 February 2018, i.e. HUF 660.
7 February 2018	Transaction involving own shares	In 2016, one of the subsidiaries of Appeninn Nyrt., FELHÉVÍZ-APPEN Kft. as a closure of accounts resulting from an OTC transaction, acquired the ownership of 41,328 APPENINN shares (ISIN: HU0000102132). As a result of the above, the quantity of the own shares held by the Group is 41,328, therefore the Appeninn Group's stock of own shares changed to 0.1% without exceeding the threshold.
Date	Announcement	Brief content
31 January 2018	Voting rights and size of the share capital	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (1022 Budapest Bég u. 3-5 company registration number: 01-10-046538), in compliance with Section 54 (9) of Act CXX of 2001 on the Capital Market, hereby discloses the number of voting rights attached to the Company's shares, as well as the size of the share capital. Number of own shares: 0, Total number of shares: 40,892,545
18 January 2018	Supervisory penalty of the Central Bank of Hungary	The Central Bank of Hungary warns the Issuer to respect the legal provisions concerning its regular information provision obligations, including to take measures in order to publish by series the number of the voting rights attached to its shares within the deadline with respect to the last day of each calendar month, by indicating the stocks of own shares and the size of the share capital, as well as to disclose this information to the Central Bank of Hungary.

Date	Announcement	Brief content
12 January 2018	The Board of Directors of the Issuer decided that after the closure of the necessary proceedings by the Hungarian Competition Authority, it would increase the share capital of the Issuer by adopting a decision at a later stage.	The Board of Directors of the Issuer decided that after the closure of the necessary proceedings by the Hungarian Competition Authority, it would increase the share capital of the Issuer by adopting a decision at a later stage. The future share capital increase will take place having regard to the following: The new shares will be placed on the market privately, KONZUM II. Ingatlanbefektetési Alap (registration number: 1211-14; managed by: KONZUM Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság) will be entitled to their subscription. In the course of the future capital increase, the contributor will make available to the Issuer the property registered under topographical lot number 36372 located at 1082 Budapest, Üllői út 48., as a non-cash asset contribution (hereinafter referred to as: "Contribution"). Amount of the contribution: HUF 4,600,000,540, Share types to be issued: ordinary shares Planned quantity of the shares to be issued: 6,478,874 Issue value: HUF 710/share. After the completion of the transaction, the Issuer's share capital amounting to HUF 4,089,254,500 will increase to HUF 4,737,141,900, simultaneously, the quantity of the currently issued 40,892,545 ordinary shares issued by the Issuer will increase to 47,371,419 after the creation of the new shares and their introduction onto the stock market. We are drawing the attention of the Honourable Investors to the fact that the present extraordinary information note provides information on the modalities of the share capital increase to be realised after the required decisions of the Hungarian Competition Authority.
9 January 2018	Appeninn Nyrt. intends to conclude a re-financing agreement with FHB Commercial Bank Private Limited Company in order to redeem the loan stock of its subsidiaries.	The Company has decided to conclude a financing agreement (hereinafter referred to as: "Financing") with FHB Commercial Bank Limited (registered office: 1082 Budapest, Üllői út 48.; company registration number: 01-10-045459; hereinafter referred to as: "FHB Bank Zrt.") and Magyar Takarékszövetkezeti Bank Private Limited Company (registered office: 1122 Budapest, Pethényi köz 10.; company registration number: 01-10-041206; hereinafter referred to as: "Takarékbank Zrt.") for 15 years in order to redeem the loan stock of the subsidiaries under its control: Appeninn-Bp1047 Zártkörűen Működő Részvénytársaság (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-10-047160), APPEN-RETAIL Korlátolt Felelősségű Társaság (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-09-292725), BERTEX Ingatlanforgalmazó Zártkörűen Működő Részvénytársaság (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-10-045752), CURLINGTON Property Development Limited Liability Company (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-09-728951), FELHÉVÍZ-APPEN Korlátolt Felelősségű Társaság (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-09-285651) and Appeninn-Angel Vagyonkezelő Zártkörűen Működő Részvénytársaság (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-10-048362; predecessor: Várna 12 Holding Zártkörűen Működő Részvénytársaság (registered office: 1022 Budapest, Bég utca 3-5.; company registration number: 01-10-048812). As a result of the Financing, FHB Bank Zrt. and Takarékbank Zrt. shall become the strategic financing operators of the Company, alongside the already existing strategic financing operator, ERSTE BANK HUNGARY Zártkörűen Működő Részvénytársaság (registered office: 1138 Budapest, Népfürdő utca 24-26.; company registration number: 01-10-041054), as a consequence, long-term bank loans would enable the Company's future growth, the financing of the planned acquisitions.
8 January 2018	Other information	The Company hereby informs the Honourable Investors that the Budapest Court of Registration, upon request by the Company, has imposed the following amendments by way of its order no. Cg.01-10-046538/100, dated 3rd January 2018, pursuant to the resolutions made by the Company's Extraordinary General Meeting held on 21st December 2017. Balázs Szabó (mother's name: Éva Karancsy; date of birth: 18.02.1971; place of residence: 1025 Budapest, Karszt utca 5.; tax identification number: 8380334388) as member of the Board of Directors shall be deleted from the public company register. Lőrinc Éder (mother's name: Judit Nagy; date of birth: 20.08.1980; place of residence: 1137 Budapest, Pozsonyi út 32. 2nd floor 2a.; tax identification number: 8415040288) as member of the Board of Directors shall be deleted from the public company register. Sándor Juhász (mother's name: Viktória Kalivoda; date of birth: 17.10.1972; place of residence: 1165 Budapest, Farkasszőlő utca 53.; tax identification number: 8386401516) shall be entered into the public company register as a member of the Board of Directors. The mandate of the new member of the Board of Directors shall start from 21st December 2017 and shall last for an indefinite period. The joint company representation rights of György Ádámosi (mother's name: Franciska Eszes; date of birth: 02.06.1969; place of residence: CH 9050 Appenzell, Eggerstandenstrasse 25.; tax identification number: 8374074140), member of the Board of Directors, shall be entered into the public company register.
8 January 2018	Articles of Association	https://bet.hu/newkibdata/124606912/Appeninn_Nyrt_Alapszabaly_HU_20171221.pdf
		http://www.appeninnholding.com/alapszabaly

31 December 2018	Company Calendar of Events	20 April 2018 Annual General Meeting 20 April 2018 Disclosure of the Annual Report 28 September 2018 Disclosure of the Report for the first semester of 2018

8 Information on the capital and shares associated with the public listing of securities (Act on Accounting, Section 95/A)

The Company's securities carrying voting rights (hereinafter referred to as: issued shares) are admitted to trading on a recognized (regulated) market (exchange) of a Member State of the European Union (Act on Accounting, Section 95/A), therefore in its annual report it shall demonstrate the following contents in a detailed manner:

- (a) the structure of subscribed capital, including those issued securities which are not admitted to trading on a recognized (regulated) market (exchange) in any Member State of the European Union, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;, (see under **8.1**)

- b) any restrictions concerning the transfer of issued securities comprising the subscribed capital (including any restrictions relating to the acquisition of these securities, or if acquisition is made subject to the consent of the company or other holders of issued securities), (see under **15.3**)

- c) the investors with any significant - direct or indirect - holdings in the company's capital (including shareholdings through pyramid structures and cross-shareholdings), including where the holdings of such investors is effected by means of certificates representing shares, (see under **8.7**)

- d) the holders of any issued securities with special control rights and a description of those rights, (see under **15.3**)

- e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees, (see under **13.1**)

- f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities, (see under **15.3 and 9**, for the complete contents and details see the Articles of Association of the Company http://www.appeninnholding.com/alapszabaly)

- g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of issued securities and/or voting rights, (see under **15.3 and 9**)

- h) the rules governing the appointment and replacement of executive officers and the amendment of the articles of association, (see under **9**, for the complete contents and details see the Articles of Association of the Company http://www.appeninnholding.com/alapszabaly)

- i) the powers of executive officers, and in particular the power to issue or buy back shares, (see under **9**, for the complete contents and details see the Articles of Association of the Company http://www.appeninnholding.com/alapszabaly)

- j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is not obliged to disclose such information on the basis of other legal requirements, (see the announcements disclosed under 0 and before 31st December 2017)

- k) any agreements between the company and its executive officers or employees providing for compensation if they resign or are made redundant without valid reason, or if the employment of executive officers or employees is terminated unlawfully or if their employment ceases because of a takeover bid. , (see under **15.5**)

8.1 Composition of the share capital

The share capital of the Company is presented in sections II and III of the Articles of Association:

- II. HUF 4,089,254,500, made up of nominative, dematerialised ordinary shares, of a nominal value of HUF 100 each. Each share provides one voting right.

- III. Identification of the holders of the shares, asset contributions, increase of the share capital, rules governing transfer, release into free circulation, resolution no.20/2010 of the General Meeting

- IV. Keeping of a share register, modalities of carrying out tasks related to the share register

8.2 Issued shares and shareholding rights

Issued and kept in circulation, Appeninn shares can be freely traded, as there are no rights granted in the Articles of Association towards the restriction of such circulation. The shares belong to one series, the items of the share series are Appeninn ordinary shares conferring identical rights.

Appeinn Plc. Details of shares	
Nominal value	100
Issue currency	HUF
ISIN	HU0000102132
Captital market	Budapest Stock Exchange
First trading date	2. July 2010
Shareholders registering	Appeninn Plc. Board of Directors 1022 Budapest Bég utca 3-5.
Shares by Dec 31, 2016 (pieces)	39 800 000
Shares by Dec 31, 2017 (pieces)	40 892 550

8.3 Treasury shares

On 31 December 2017, the Company did not possess repurchased own shares.

Treasury shares	Dec 31, 2017 EUR		Dec 31, 2016 EUR	
	Cost	Piece	Cost	Piece
Opening	234 863	2 814 280	2 370 330	2 814 280
Treasury shares increased by purchase	2 839 405	341 325	1 364 284	1 846 089
Treasury shares sold	(3 074 268)	(3 155 605)	(3 499 751)	(4 347 347)
Closing	-	-	234 863	313 022
from which belongs to:				
Bertex Kft.	-	-	216 112	285 470
FELHÉVÍZ-APPEN Kft.	-	-	18 751	27 552

8.4 Composition of the share capital of the Company, capital increases in 2016 and 2017

The shares of Appeninn Asset Management Holding Plc were introduced for public trading to the Budapest Stock Exchange on 2 July 2010.

Registered capital of the Company: HUF 40,892,545,000 (2015: HUF 3,980,000,000), i.e. 40,892,545 pieces (2015: 39,800,000 pieces) of shares, with a nominal value of HUF 100 each.

Based on the General Meeting of Shareholders on 01 December 2017, the Company decided to issue 109,255 ordinary shares, which were registered by the Budapest Court of Registration on 6 December 2017.

Based on the General Meeting of Shareholders on 20 May 2016, the Company decided to issue 330,000 ordinary shares, which were registered by the Budapest Court of Registration on 23 June 2016.

Issued capital	Dec 31, 2017 EUR	Dec 31, 2016 EUR
Issued shared on nominal value		
Opening	12 893 071	**11 850 483**
Issued shares May 20, 2016	-	1 042 588
Issued shares Dec 01, 2017	352 276	-
Closing	**13 245 347**	**12 893 071**

8.5 Presentation of the changes in the share capital

EUR	Issued capital	Treasury shares	Other reserves	Retained earnings	Shareholder's equity	Non-controlling interests	Total equity and reserves
Balance at Jan 01, 2017	**12 893 071**	**(234 863)**	**11 229 685**	**4 319 450**	**28 207 343**	**148 095**	**28 355 438**
Total comprehensive income for the year							
Profit for the year	-	-	-	2 548 268	**2 548 268**	-	**2 548 268**
Transactions by the equity holders of the Company:							
Discounts for long term receivables from shareholders				125 210	**125 210**		**125 210**
Transfer of equity components by the sale of non controlling interest	-	-	-	(1 055 993)	**(1 055 993)**		**(1 055 993)**
Acquisition of non-controlling interest				148 095	**148 095**	(148 095)	-
Purchase of treasury shares		(2 839 405)			**(2 839 405)**	-	**(2 839 405)**
Sale of treasury shares		3 074 268		81 824	**3 156 092**	-	**3 156 092**
Increase by owners for the advance of issued capital and other reserves	352 276		2 388 421		**2 740 697**	-	**2 740 697**
Dividend paid				(843 658)	**(843 658)**	-	**(843 658)**
Balance at Dec 31, 2017	**13 245 347**	**-**	**13 618 106**	**5 323 196**	**32 186 649**	**-**	**32 186 649**
Balance at Jan 01, 2016	**11 850 483**	**(2 370 330)**	**10 081 366**	**1 296 357**	**20 857 876**	**741 962**	**21 599 838**
Total comprehensive income for the year							
Profit for the year	-	-	-	2 478 061	**2 478 061**	129 935	**2 607 996**
Transactions by the equity holders of the Company:							
Discounts for long term receivables from shareholders	-	-	-	157 088	**157 088**		**157 088**
Discounts for long term receivables from shareholders	-	-	-	(125 210)	**(125 210)**	-	**(125 210)**
Transfers between shareholders	-	-	-	723 802	**723 802**	(723 802)	-
Purchase of treasury shares	-	(1 364 284)	-	-	**(1 364 284)**	-	**(1 364 284)**
Sale of treasury shares	-	3 499 751	-	-	**3 499 751**	-	**3 499 751**
Loss recognised on treasury shares	-	-	-	(210 648)	**(210 648)**	-	**(210 648)**
Increase by owners for the advance of issued capital and other reserves	1 042 588	-	1 148 319	-	**2 190 907**	-	**2 190 907**
Balance at Dec 31, 2017	**12 893 071**	**(234 863)**	**11 229 685**	**4 319 450**	**28 207 343**	**148 095**	**28 355 438**

8.6 Detailed presentation of the committed valuation reserves and of the equity reserves

- The committed reserves are not interpreted in this reporting standard. The stock of own shares, if their value is other than zero, are presented in the equity as a stock of own shares. At the end of 2017, the stock of own shares was zero (2016: HUF 65,368 thousand).

- The valuation reserves are not separately highlighted in this reporting standard.

Retained earnings	Note	Dec 31, 2017 EUR	Dec 31, 2016 EUR
Opening value at the beginning of the year		**4 319 450**	**1 296 357**
changes in the year:			
Profit for the year	(1)	2 548 268	2 478 061
Discounts for long term receivables from shareholders	(2)	125 210	(125 210)
Transfer of equity components by the sale of non controlling interest	(3)	(1 055 993)	-
Transfers between shareholders	(4)	148 095	723 802
Loss recognised on treasury shares	(5)	81 824	(210 648)
Dividend paid	(6)	(843 658)	-
Discounts for long term receivables from shareholders	(2)	-	157 088
Closing value at the end of the year		**5 323 196**	**4 319 450**

(1) The components of the profit and loss of the year under review are presented in notes no. 6 to 20.

(2) The discounted value of the liabilities towards the Shareholders are presented in section Hiba! A hivatkozási forrás nem található..

(3) In 2017, Appeninn Nyrt. purchased from Lehn Consulting Ag 1 share of Appeninn E-Office Zrt. (the sale took place in 2015). The cost assigned to the purchased shareholding was EUR 1056 thousand higher than the **value (4)** of the equity assigned to the minority shareholding from Appeninn E-office Zrt, therefore the difference was stated in the accounts as a loss transferred to the profit of the Group. Upon selling the shareholding to LEHN Consulting Ag., it applied a goodwill item to the 2015 value of the sales price, as regards the part of the goodwill item which remained within the Group, it was stated in the accounts by the Group at the end of 2015 and at the end of 2016 as an impairment loss. In the transaction carried out in 2017 with LEHN Consulting Ag., the sales price was calculated at a 76% discount value compared to that of 2015.

	Total of net asset value	Total of assets given for consideration received	Discounts on receivables	FX difference	Total gain (loss) in the current year profit and loss statement
Appeninn E-Office Zrt. Acquisition of 1 pc of 83 shares	123 760	(1 183 322)	-	3 569	(1 055 993)

(5) The Group sold its stock of own shares. The Group states the profit realised on its own shares in the profit reserves.

(6) The 2017 Annual General Meeting of the parent company of the Group decided to pay out dividends of EUR 844 thousand from the profit reserves.

Other reserves	Dec 31, 2017 EUR	Dec 31, 2016 EUR
Opening of premium	11 229 685	10 081 366
Premum from new Issue of shares at 20th May 2016	-	1 148 319
Issue of new shares with premium (decided on Dec 01, 2017 9.	2 388 421	-
	13 618 106	**11 229 685**

8.7 Presentation of significant investors

After the reporting date, the Company continuously disclosed the announcements related to the monthly regular reports (voting rights and equity at the end of each month), as well as the announcements related to the Shareholders' reports and changes in shareholding.

	Pieces of shares	% ownership (compared to the total amount of shares issued)
Konzum PE Magántőkealap (registration number : 6122-44; represented by: Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság),	9 755 567	23,86%
KONZUM Nyrt. (address: 1065Budapest, Révay utca 10. II. em., company registration number.: 01-10-049323)	9 755 567	23,86%
Managed ownership by agreement between the owners (voting together)	19 511 134	47,71%
Owners each below 5%	21 381 411	52,29%
	40 892 545	100,00%

9 Articles of Association

Appeninn Holding Nyrt. approved the Articles of Association the last time on 21 December 2017.

- At its usual places of public disclosure, the Company published its Articles of Association.
- Procedures, rights set out in the Company's Articles of Association are executed and exercised by disclosing its Articles of Association.
- The election of the senior officers and the associated process took place as required in the Articles of Association.
- The Company complied with the regulations relating to the issuance and withdrawal of shares, as specified in the Articles of Association.

10 Corporate management system, responsible corporate management report

- The Company operates a Board of Directors. The scope of the competences of the Board of Directors is regulated in Section VII of the Articles of Association.
- Together with its annual report, the Company discloses the document package (as prescribed by the Hungarian Act on Accounting, Section 95/B) describing its **responsible corporate management system (Responsible corporate management statement and report)**. (Act on Accounting, Section 95/B (1))
- The Company undertakes not to deviate from the statutory corporate management system or use further enterprise resource planning systems that would not meet the relevant legal requirements.
- (Having regard to Section 95/B (2) a) of the Act on Accounting: the Company declares that corporate governance systems of public limited companies applying to the Company are regulated by the Hungarian Civil Code. In its Articles of

Association, the Company appoints its governance system with the approval of the General Meeting. The Company respects its public disclosure obligations regarding its Articles of Association.

- (Having regard to Section 95/B (2) b) of the Act on Accounting: the Company discloses further information about the corporate governance practices in its regular and extraordinary announcements, if this information is of major importance or of general nature, it is presented as separate documents on its website separately. At present, there are no such exposition of views.

- (Having regard to Section 95/B (2) c) of the Act on Accounting: The Company declares that in that separate document (Responsible corporate management statement and report) it shall state in accordance with the relevant legislation when it departs from the legal requirements, and in such an event, it shall state the reasons for doing so.

- (Having regard to Section 95/B (2) d) of the Act on Accounting: In that separate document (Responsible corporate management statement and report), the Company shall state the reasons for not applying any of the provisions of corporate governance code provided for in the legislation.

- (Having regard to Section 95/B (2) e) of the Act on Accounting: In that separate document (Responsible corporate management statement and report), the Company shall describe the main features of its internal control and risk management systems in relation to the financial reporting process.

- (Having regard to Section 95/B (2) f) of the Act on Accounting: The Company shall present the information required by Paragraphs c), d), f), h) and i) of Section 95/A of the Act on Accounting as part of the separately disclosed document (Responsible corporate management statement and report), such as provided for in Section 95/B (2) g) of the Act on Accounting: the composition and operation of the supreme administrative, management and supervisory bodies and their committees.

- (Having regard to Section 95/B (2) h) of the Act on Accounting: A description of the diversity policy applied in relation to the Company’s administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period: in 2017, this is not applicable, since the Company's average staff is 1 person.

- (Having regard to Section 95/B (3) of the Act on Accounting: The Company discloses the Articles of Association, the Responsible Corporate Management Report and Statement with due regard to the above contents.

11 Framework of pursuing business activity

Appeninn Nyrt. has drafted its business plans for the period after 2017, on the basis of which the Company's future positive cash-flow provides a coverage for the Company's existing and predictable commitments.

12 Environmental considerations (Act on Accounting, Section 95 (5) a),b),c),d))

During its operations, the Company does not perform activities that are hazardous or detrimental to the environment. Dangerous substances are not used for operations, either.

13 Employment policy, Employee benefit plan, share option program (Act on Accounting, Section 95 (4) e))

13.1 Employee share scheme

The Company does not have any employee benefit plan and share option program.

13.2 Changes in the headcount of full-time employees

Period	Beginning of the year under review 01.01.2017	End of the year under review 31.12.2017	Average yearly staff number in 2017
Appeninn Üzemeltető Zrt. - a subsidiary owned in 100%	0 persons	16 persons	1.36 persons
Appeninn Vagyonkezelő Holding Nyrt.	1	3.35	0.36

13.3 Executive officers

Members of the Board of Directors - right of representation (start - end):

ifj. Ádámosi György – jointly (21.12.2017 –)

Juhász Sándor – jointly (21.12.2017 –)

Székely Gábor – jointly (13.04.2013 –)

Prutkay Zoltán – jointly (18.05.2015 –)

Kovács Attila Gábor – jointly (15.04.2016 –)

Éder Lőrinc – jointly (12.04.2013–21.12.2017)

Szabó Balázs – jointly (12.04.2013–21.12.2017)

ifj. Ádámosi György – independently (05.08.2014–21.12.2017)

14 Places of public disclosure (Act on Accounting, Section 89 (5))

The Company publishes its disclosures and reports at the following sites:

www.appeninnholding.com, - the website of the Company (Act on Accounting, Section 89 (5))

www.közzételek.hu,

www.bet.hu,

uploads them to the http://e-beszamolo.im.gov.hu/ site.

15 Basic information about drawing up the annual accounts

15.1 Statements of Conformity provided for in Decree no. 24/2008 (of 15 August) of the Minister of Finance

- Appeninn Nyrt., as it is an issuer with a registered office on Hungary, draws up its annual accounts in accordance with the provisions of Act C of 2000 on Accounting.
- Due to the amendment of the applied accounting principles (presentation according to the mandatory IFRSs for 1 January 2016), Appeninn Nyrt. provides comparative data.
- The accounting principles underlying subsequent annual reports must be the same. Therefore, in order to shift to the IFRSs of 1 January 2017, management data for 2016 are presented in accordance with the IFRSs.
- Appeninn Nyrt. discloses an annual report together with an audit report. The audit report is disclosed together with the business report, as part of the annual report.
- Our annual report include *the parent company's and the consolidated balance sheet*, the profit and loss account, the supplementing annexes/notes, the management report (the present document).

- Appeninn Nyrt. discloses its management report together with its annual accounts. The management report presents the accompanying analysis. The analysis presents the main processes and factors which have had an impact and will have an impact on the business performance, the development and the situation of the issuer during the annual reporting period. The data presented in the management report are disclosed with the data of the previous period, with an identical content. If there are any discrepancies in the content of the data, the comparative data will be disclosed again. The repeated disclosure will ensure the comparability of the data with those of the management report of the previous period.

15.2 Statement of Relevance and Conformity (Annex 1 to the Decree of the Minister of Finance, Section 95 (1) of the Act on Accounting)

The purpose of the present document, as the annual report of the Company, is to demonstrate the financial position and performance, the course of business of the company - including the key risk factors and uncertainties imminent in the company's activities - through evaluating the figures contained in the annual accounts in a manner that provides a true and fair view, reflecting the actual circumstances on the basis of facts from the past and of estimated future data. The annual report shall, if and where necessary, make reference to data contained in the annual account and shall provide further explanation where required. (Act on Accounting, Section 95 (7)) The annual report has been drafted in Hungarian language, and it has been signed by the Company's authorized representatives, with the place and date indicated, see in the next section. (Act on Accounting, Section 95 (8)).

15.3 Restriction of ownership rights

The Board of Directors is not aware of any restrictions concerning the shareholders, of any restriction of the transferability of the shares by the shareholders, or of any issued shares with special control rights.

Sections III to VI of the Articles of Association of the Company present and lay down the provisions on the content and the exercise of Ownership rights under the sections entitled Shares, Share Register, Rights and Obligations of the Shareholders, General Meeting. The Articles of Association of the Company are presented in section 9.

15.4 Relevant information

The Board of Directors has published at the Company's places of public disclosure all information which might be relevant for the Company's activities outside the normal range of activities. The Management has no information about any kind of loss compensation agreement with management members or employees.

15.5 Loss compensation agreements

The Board of Directors is not aware of any agreements between the company and its executive officers or employees providing for compensation if they resign or are made redundant without valid reason, or if the employment of executive officers or employees is terminated unlawfully or if their employment ceases because of a takeover bid.

15.6 Research and experimental development (Act on Accounting, Section 95 (4) c))

The Company does not deal with, nor takes part in research and development activities.

15.7 Declaration of liability

Declarations provided for in Annex 1 to Decree 24/2008 (of 15 August) of the Minister of Finance, relating to Appeninn Nyrt.'s (H-1022 Budapest, Bég utca 3-5.) stand-alone annual statements and reports for 2017, compiled pursuant to the Hungarian Act on Accounting, as well as pursuant to the parent company IFRS standards for 2017 (in accordance with the international accounting standards as published in Regulation form in the Official Journal of the European Union).

We, the undersigned hereby declare that the ***2017 consolidated annual report*** of Appeninn Nyrt. (issuer) has been drafted on the basis of the applicable accounting requirements, and to the best of our knowledge the stand-alone annual report offers a realistic and reliable view on the assets, the liabilities, ***the financial standing, as well as the profits and losses*** of the issuer, whereas the management report for ***2017*** draws up a reliable picture in relation to the current situation, development and performance of the issuer and the entities involved in the reporting, describing the key risks and factors of uncertainties.

Budapest, 26th March 2018.

Prutkay Zoltán Székely Gábor

Appeninn Vagyonkezelő Holding Nyrt. Members of the Board of Directors