

## This is a translation of the Hungarian Report

### Independent Auditors' Report

To the Shareholders of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság

#### Report on the audit of the annual financial statements

#### Opinion

We have audited the accompanying 2019 annual financial statements of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság ("the Company"), which comprise the statement of financial position as at 31 December 2019 - showing a balance sheet total of HUF 41,340,292 thousand and a total comprehensive income for the year of HUF 1,661,208 thousand -, the related statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for annual financial statements prepared in accordance with EU IFRSs.

#### Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our report.

We are independent of the Company in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the annual financial statements section” of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying annual financial statements.

### Valuation of investments in subsidiaries

The Company’s investment in subsidiaries represents HUF 9,578,629 thousand, 23% of total assets. Valuation of investments in subsidiaries is a significant judgmental area. Management annually assesses if the investments are impaired in accordance with the EU IFRSs. This is a key audit matter as significant judgement is involved in determination if the investments are impaired.

Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company to assess whether the investments in subsidiaries are impaired and reviewed if there are any internal or external indication that investments may be impaired.

We assessed the adequacy of the Company’s disclosures about investments in subsidiaries in accordance with EU IFRSs including the information how the impairment is evaluated by the Company.

The Company’s accounting policy and disclosures about its investments in subsidiaries and related impairment are included in Note 2.1.3 Valuation of subsidiaries and Note 17 Investments.

## Determination of fair value of investment properties

The Company's investment properties represent HUF 8,791,832 thousand, 21% of total assets. Fair value is determined by management with involvement of external experts annually as the Company chose to measure its investment properties applying fair value model in accordance with IAS40. Valuation of investment properties is a significant judgmental area and it is highly dependent on estimates relating to future rental revenue, inflation and occupancy rates, therefore we considered determination of fair value of investment properties as a key audit matter.

Our audit procedures included, among others, using valuation specialists to assist us in evaluating the assumptions and methodologies used by management, testing input data into the valuation model and also evaluating qualification of the external experts for performing such valuation.

We assessed completeness and the adequacy of the Company's disclosures about those assumptions to which the outcome of the valuation model is the most sensitive. These disclosures are included in Note 2.1.5. FV of Investment property and Note 15 Investment properties.

## Other matter

The annual financial statements as at 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those annual financial statements on 25 March 2019.

## Other information

Other information consists of the 2019 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether 1) the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.