



# Appenninn Holding

**APPENINN HOLDING NYRT.**

**FINANCIAL STATEMENTS**

**for the year ended 31 December 2016**

**International Financial Reporting Standards (IFRS)**

*This report is a language translation of the Hungarian language report reviewed by the independent auditor. For the case of language translation differences the Hungarian language version prevails.*

## **General information**

### **Board of Directors:**

György Ádamosi (Chairman of the Board)  
Gábor Székely (Member of the Board, CEO)  
Attila Kovács  
Lőrinc Éder  
Zoltán Prutkay  
Balázs Szabó

### **Audit Committee:**

Gábor Székely (Chairman of the Audit Committee)  
Lőrinc Éder  
Balázs Szabó

### **Contact details of the Company:**

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Fax: +36-1-346-8868  
Web: [www.appeninn.hu](http://www.appeninn.hu)

### **Legal officer of the Company:**

Kapolyi Law Firm  
H-1051 Budapest, József Nádor Sqr. 5-6. III. floor

### **The Company's accountant:**

KAT Ltd. H-1022 Budapest, Bég u. 3-5., tax registration nr. 14314038-2-41, represented by Dr. Pozsony Maria Sandorné Farkas.  
IFRS accounting support by Anita Lenart, registration number 186427

### **Auditor of the Company:**

Alpine Audit Ltd. H-1026 Budapest, Pasaréti út 59. (registration number: 001145), auditor in charge of the performance of the audit: Gabriella Forgács, membership number at the Chamber of Auditors: 003228.

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## 1. Consolidated Income Statements

Income Statements	Note	31st Dec. 2016 by the	31st Dec. 2015 by the
		end of business year	end of business year
		EUR	EUR
Property rental revenue	6	4 630 116	4 581 949
Property related expense	7	(1 777 439)	(1 640 370)
<b>Direct contribution from rental activities</b>		<b>2 852 677</b>	<b>2 941 579</b>
Administration expense	8	(489 310)	(352 294)
Employee related expense	9	(23 540)	(35 902)
Other income/(expense)	10	269 937	(25 977)
Incomes from sale of subsidiaries (and post correction)	11	11 164	2 002 743
Gain / Loss (-) recognised on disposal of investment properties	12	5 972	(374 121)
Net result from the revaluation of investment properties	13	2 590 002	1 070 000
Expenses for maintaining investment properties	14	(339 008)	(255 904)
Impairment of goodwill	15	(2 149 186)	(3 473 264)
<b>Gross operating profit (EBITDA)**</b>		<b>2 728 708</b>	<b>1 496 860</b>
Depreciation and amortization	16	(9 622)	(16 763)
Other financial income/(expense)	17	(205 062)	2 195 994
Interest incomes (expenses) total	18	(818 619)	(1 247 296)
<b>Profit before tax</b>		<b>1 695 405</b>	<b>2 428 795</b>
Income tax expenses	19	912 591	(1 227 460)
<b>Profit for the year</b>		<b>2 607 996</b>	<b>1 201 335</b>
<b>Other comprehensive income</b>			
Exchange differences on translating operations		-	-
<b>Other comprehensive income, net of taxes</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2 607 996</b>	<b>1 201 335</b>
Attributable to:			
Non-controlling interest	20	129 935	34 214
Owners of the Company	20	2 478 061	1 167 121
<b>Earnings per share and Diluted earnings per share (EURcent/pcs)</b>	21	<b>6,82</b>	<b>3,42</b>
<b>Net asset value by shares</b>	21	<b>0,71</b>	<b>0,57</b>

\*\* non IFRS classification term

Notes to the financial statements pages from 12 to 51 are integrated part of the financial statements.

## 2. Consolidated Balance Sheet

Balance Sheet			31st Dec. 2016	31st Dec. 2015
Assets	Note		EUR	EUR
Investment properties	13		62 040 000	58 920 000
Goodwill	15		-	2 149 186
Other intangible assets	16		-	3 133
Property, plants and equipments	16		-	70 864
Deferred tax assets	19		-	52 670
Other long term financial assets	22		978 639	1 090 591
<b>Non-current assets</b>			<b>63 018 639</b>	<b>62 286 444</b>
Inventories	23		-	3 737
Trade receivables	24		267 000	338 151
Other short term receivables	22		2 400 863	346 749
Loans given	25		296 571	364 928
Prepayments and accrued income	26		46 374	90 167
Cash and cash equivalents	27		1 151 876	418 769
<b>Current assets</b>			<b>4 162 684</b>	<b>1 562 501</b>
Assets classified as held for sale	28		462 993	64 272
<b>Total assets</b>			<b>67 644 316</b>	<b>63 913 217</b>
Balance Sheet			31st Dec. 2016	31st Dec. 2015
Equity and liabilities	Note		EUR	EUR
Issued capital	29		12 893 071	11 850 483
Treasury shares	30		(234 863)	(2 370 330)
Other reserves	31		11 229 685	10 081 366
Retained earnings	32		4 319 450	1 296 357
<b>Shareholder's equity</b>			<b>28 207 343</b>	<b>20 857 876</b>
Non-controlling interests	20		148 095	741 962
<b>Total equity and reserves</b>			<b>28 355 438</b>	<b>21 599 838</b>
Long-term loans	33		32 271 782	33 613 507
Loing-term non bank loans	34		-	75 656
Issued corporate bonds	35		200 000	1 806 688
Tenants deposits	36		858 865	770 976
Deferred tax liabilities	19		1 701 345	2 787 609
<b>Total non-current liabilities</b>			<b>35 031 992</b>	<b>39 054 436</b>
Short-term loans from bank	33		1 521 378	1 294 250
Other payables	37		921 553	889 108
Trade accounts payables	38		351 278	603 598
Issued corporate bonds	35		228 378	-
Current tax liability	19		238 240	204 329
Deferred revenue and accrued expense	39		996 059	267 658
<b>Total current liabilities</b>			<b>4 256 886</b>	<b>3 258 943</b>
<b>Total liabilities</b>			<b>39 288 878</b>	<b>42 313 379</b>
<b>Total equity and liabilities</b>			<b>67 644 316</b>	<b>63 913 217</b>

Notes to the financial statements pages from 12 to 51 are integrated part of the financial statements.

### 3. Consolidated Cash-Flow statement

Cash- Flow	Note	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
<b>Profit before tax</b>		<b>1 695 405</b>	<b>2 428 795</b>
Net result from the revaluation of income- generating investment properties	13	(2 590 002)	(678 368)
Exchange rate difference non realised		133 396	(18 722)
Gain on disposal of investment properties	13	-	374 121
Gain on disposal of assets held for sale		-	-
Depreciation and amortization	16	9 622	15 677
Impairment of trade receivables	24	51 095	299 247
Követelések és kötelezettségek elévülés miatt kivetése		96 102	-
Hair cut on bank loans	33	-	(3 458 065)
Changes of earnings allocated to non controlling interest		-	-
Impairment of goodwill assets	15	2 149 186	3 473 262
Gain (loss) on disposal of subsidiaries	11	(11 164)	(2 002 743)
Interest received	18	(21 054)	-
Interest paid	18	839 673	1 335 247
Changes in trade and other receivables	22	(2 069 507)	224 589
Changes in prepayments and accrued income	26	43 793	34 749
Changes in inventories	23	3 737	(22)
Changes in deferred income and liabilities	37	2 119 877	558 429
Changes in deposit from tenants	36	87 889	(21 522)
income taxes paid	19	(137 972)	(197 168)
<b>Net cash generated by operating activities</b>		<b>2 400 076</b>	<b>2 367 506</b>
Net cash flow from the sale of shares in subsidiary	11	-	-
Net cash inflow on sale of subsidiaries	11	-	905 828
Net cash outflow on acquisition of joint ventures	11	11 164	-
Payments for property, plant and equipment	14	(339 008)	(255 904)
Net cash outflow on acquisition of investment property	13	(526 865)	-
Proceeds from disposal of assets held for sale	28	64 272	-
Proceeds from disposal of property, plant and equipment	28	(462 993)	486 288
<b>Net cash generated by investing activities</b>		<b>(1 253 430)</b>	<b>1 136 212</b>
Issue of new corporate bond	33	(475 095)	1 500 000
Cash inflow from loans given	24	68 357	1 876 486
Repayment of bank loans	32	(1 323 649)	(5 276 059)
Purchase of treasury shares	30	(1 364 284)	(1 345 556)
Sale of treasury shares	30	3 499 751	1 615 548
Interest paid	18	21 054	-
Interest received	18	(839 673)	(1 959 357)
<b>Net cash used in financing activities</b>		<b>(413 539)</b>	<b>(3 588 938)</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>26</b>	<b>733 107</b>	<b>(85 220)</b>
Cash and cash equivalents:			
At the beginning of the year	26	418 769	503 989
At the end of the year	26	1 151 876	418 769

Notes to the financial statements pages from 12 to 51 are integrated part of the financial statements.

## 4. Consolidated Statement of Equity

EUR	Issued capital	Treasury shares	Other reserves	Retained earnings	Shareholder's equity	Non-controlling interests	Total equity and reserves
<b>Balance at January 1, 2015</b>	<b>11 850 483</b>	<b>(2 643 620)</b>	<b>10 081 366</b>	<b>(599 104)</b>	<b>18 689 125</b>	-	<b>18 689 125</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	1 167 121	1 167 121	34 214	1 201 335
<b>Transactions by the equity holders of the Company:</b>							
Transfer of equity components by the sale of non controlling interest	-	-	-	-	-	707 748	707 748
Sale of non controlling interest	-	-	-	888 728	888 728	-	888 728
Discounts for long term receivables from shareholders	-	-	-	(157 088)	(157 088)	-	(157 088)
Purchase of treasury shares	-	1 615 547	-	-	1 615 547	-	1 615 547
Sale of treasury shares	-	(1 342 257)	-	-	(1 342 257)	-	(1 342 257)
Loss recognised on treasury shares	-	-	-	(3 300)	(3 300)	-	(3 300)
<b>Balance at December 31, 2015</b>	<b>11 850 483</b>	<b>(2 370 330)</b>	<b>10 081 366</b>	<b>1 296 357</b>	<b>20 857 876</b>	<b>741 962</b>	<b>21 599 838</b>
<b>Balance at January 1, 2016</b>	<b>11 850 483</b>	<b>(2 370 330)</b>	<b>10 081 366</b>	<b>1 296 357</b>	<b>20 857 876</b>	<b>741 962</b>	<b>21 599 838</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	2 478 061	2 478 061	129 935	2 607 996
<b>Transactions by the equity holders of the Company:</b>							
Discounts write back 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 equity items	-	-	-	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 other reserves	1 042 588	-	1 148 319	-	2 190 907	-	2 190 907
<b>Balance at December 31, 2016</b>	<b>12 893 071</b>	<b>(234 863)</b>	<b>11 229 685</b>	<b>4 319 450</b>	<b>28 207 343</b>	<b>148 095</b>	<b>28 355 438</b>

Notes to the financial statements pages from 12 to 51 are integrated part of the financial statements.

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## 5.1 General information

### 5.1.1 Company information

Appenninn Asset Management Public Limited Company by Shares ("the Company") is incorporated under the laws of the Republic of Hungary. Registered address of the Company: H-1022 Budapest, Bég st. 3-5.

Main activities of the Company is managing and letting out office buildings, commercial properties, warehouses and other properties owned by the subsidiaries of the Company.

Shareholder structure of the Company is as follows:

	31st Dec. 2016		31st Dec. 2015	
	Shares Piece	Ownership (%)	Shares Piece	Ownership (%)
<b>Stakes larger than 5%</b>	<b>19 780 151</b>	<b>49,70%</b>	<b>22 976 011</b>	<b>62,95%</b>
Lehn Consulting AG.	9 347 004	23,48%	12 176 011	33,36%
E-Milorg Kft.	7 040 000	17,69%	10 800 000	29,59%
Wallis Portfólió Kft.	3 393 147	8,53%	-	-
<b>Treasury shares</b>	<b>313 022</b>	<b>0,79%</b>	<b>2 814 280</b>	<b>7,71%</b>
from which owns:				
Appenninn Vagyonkezelő Holding Nyrt.	285 470	0,72%	2 814 280	7,71%
Felhévíz Appen Kft.	27 552	0,07%	-	-
<b>Board of Directors and their ownership in Appenninn Plc.</b>	<b>9 553 104</b>	<b>24,00%</b>	-	-
György Ádámosi Jr.	9 347 004	23,48%	-	-
Lőrincz Éder	-	-	-	-
Attila Gábor Kovács	100 000	0,25%	-	-
Balázs Szabó	-	-	-	-
Gábor Székely	16 100	0,04%	-	-
Zoltán Prutkay	90 000	0,23%	-	-
<b>Owners others</b>	<b>10 153 723</b>	<b>25,51%</b>	<b>10 709 709</b>	<b>29,34%</b>
<b>Total</b>	<b>39 800 000</b>	<b>100,00%</b>	<b>36 500 000</b>	<b>100,00%</b>

### 5.1.2 Consolidated group companies

The table below shows the details of the subsidiaries:

Name of the Company	Address	Company registry nr.	Ownership ratio	Mother company	Principal activity
Appenninn Angel Zrt.	1022 Budapest, Bég u. 3-5	01 10 048362	100,00%	Appenninn Nyrt.	Asset Management
Appenninn - BP 1047 Zrt.	1022 Budapest, Bég u. 3-5	01 10 047160	100,00%	Appenninn Nyrt.	Logistics property rental
* Appenninn E-Office Zrt.	1022 Budapest, Bég u. 3-5	01 10 047783	98,63%*	Appenninn Nyrt.	Office rental
Appenninn Logisztikai Zrt.	1022 Budapest, Bég u. 3-5	01 10 046822	100,00%	Appenninn Nyrt.	Logistics property rental
Appenninn Solaris Zrt.	1022 Budapest, Bég u. 3-5	01 10 047055	100,00%	Appenninn Nyrt.	Office rental
Appenninn Vagyonkezelő Holding Nyrt.	1022 Budapest, Bég u. 3-5	01 10 046538	100%	Appenninn Nyrt.	Asset Management
Bertex Kft.	1022 Budapest, Bég u. 3-5	01 10 045752	100,00%	Appenninn Nyrt.	Logistics property rental
Curlington Kft.	1022 Budapest, Bég u. 3-5	01 09 728951	100,00%	Appenninn Nyrt.	Logistics property rental
Szent László Téri Szolgáltató Ház Kft.	1022 Budapest, Bég u. 3-5	01 09 947093	100,00%	Appenninn Nyrt.	Office rental
** Felhévíz Appen Kft.	1022 Budapest, Bég u. 3-5	01 09 285651	100,00%	Appenninn Solaris Zrt.	Office rental
** Acquisition of new subsidiary after launch of the Company ( 2nd August 2016)					
* Company was unter transformation in the year of 2016					
W-GO 2000 Zrt.	1022 Budapest, Bég u. 3-5		60,00%		Office rental
merger with Appenninn-E-Office Zrt. , after the merger the Non Controlling interest become 0,137% (before the merger W-GO 200 Zrt. NCI: 40% )					

Short term investment in comany related rights and assets	Address	Company registry	Starting of investments	Sale of investment	Investing company
Appenninn-Investment Zrt.	1022 Budapest, Bég utca 3-5.	01 10 046926	2016.06.09	2016.11.28	Appenninn Nyrt.
Pontott Termelő, Szolgáltató és Kereskedel	1022 Budapest, Bég utca 3-5.	01 09 731476	2016.06.09	2016.11.28	Appenninn Nyrt.
AppenninnCredit Hitelezési Zrt.	1044 Budapest, Váci út 76-80.	01 10 045678	2016.10.20	-	Appenninn Solaris Zrt.

Appenninn Asset Management Plc. was introduced on the Hungarian Stock Exchange on 2nd July, 2010 through public trading. The Share Capital of the Company is 3,650,000 thHUF, which consists of 36,500,000 shares each with a face value of 100 HUF.

### 5.1.3 Basis of preparation of the Consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

These International Financial Reporting Standards (IFRS) includes all International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and approved by the Board of the European Union. Furthermore also includes the interpretations issued by the IFRS Interpretation Committee and by the Standrad Interpretation Committee (SIC) and, which are also approved by the European Union.

The Company Management A vezetés a fenti nyilatkozatot a pénzügyi kimutatások összeállításáért fennálló felelőségének tudatában tette meg.

### 5.1.4 Beszámoló készítés alapja, a vállalkozás folytatása és a konszolidáció alapja

A beszámoló pénzügyi éve 2016. december 31-én zárult. Jelen pénzügyi jelentés a vállalkozás folytatásának elve alapján készült, mivel a Csoport menedzsmentje úgy ítéli meg, hogy a tevékenységét a belátható időn belül folytatni tudja. A Csoport konszolidált pénzügyi kimutatásaiban megadott adatok eruo (ERU) -ban (így is jelölve: EUR) értendők. Valamennyi összeg a legközelebbi euro összegre kerekítve szerepel a kimutatásokban.

The consolidated financial statements of the Group have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair value.

The reporting currency of the Group is the Hungarian Forint („HUF”) which, was defined based on the currency of the primary economic environment in which the Group operates („the functional currency”). Amounts in the consolidated financial statements rounded to thousand HUF („thHUF”), except it is stated otherwise.

### 5.1.5 Basis of consolidation

The consolidated financial statements present the net assets and overall profit of Appenninn Asset Management Holding Plc (parent company) and its subsidiaries, over which the Group's parent company has direct or indirect control. The Group understands the ability to control as the capability of controlling the subsidiary (has power over it), while it is exposed to a variable yield, and it can determine the ultimate utilization of the generated variable yield. When defining this level of control, we have taken into account the rights that can currently be exercised or be transformed into a right to vote, which existed and were of a substantive nature as of 31 December 2016 (i.e. control was actually ensured or there were no limits narrowing the effective exercise of the rights in question). In addition to the presented details, there are no other related parties over which the Group would have had such influence. The reporting date of the subsidiaries' financial statements was the same as the parent company's balance sheet date, and the accounting policy applied to the subsidiaries was identical to the parent company's accounting policy.

The so-called acquisition method was used in the consolidated financial statements. The involved companies are detailed in Section 43 of the supplementary notes. During the consolidation, all intra-group balances and transactions were eliminated.

Non-controlling interest shows the share of external shareholders in the net assets of the consolidated subsidiaries, which are included in the consolidated balance sheet within equity, separately from the parent's equity. In the consolidated comprehensive profit & loss account, the portion of non-controlling interest is also separately presented (for net profit and for other overall result).

When assessing non-controlling interest, we take into account the proportionate part of the net asset value per share (we do not determine and allocate the goodwill assignable to the non-controlling interest).

The consolidated financial statements of the Company and its subsidiaries ("the Group") have been prepared by taking into account the historical cost principle, except in the case of investment properties and futures or forward contracts that have been presented at fair value.

On the basis of the economic events and circumstances that characterize the Group's activities, Euro ("EUR") has been defined as the settlement and reporting currency. Consequently, the figures in the consolidated financial statements are in EUR, except where other relevant information is provided.

Since the registration of the Company, it has compiled its financial statements in conformance to the IFRS principles, so IFRS 1 standard (first-time adoption of International Financial Reporting Standards) has not been used.

### 5.1.6 Accounting policy

Changes in accounting policies, the foreseeable effects of IFRSs and IFRICs not yet effective on the date of the financial statements, past applications

For 2016, the Group did not change its accounting policies applied in 2015.

### 5.1.7 Közzétett, de még nem hatályos Nemzetközi Pénzügyi Beszámolási Standardok

Issued but not yet effective International Financial Reporting Standards and Amendments At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective.

Based on preliminary assessment the group believes that the adoption of the following standards will not have significant impact on its consolidated results and financial position:

- IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018, this amendment has not been approved by EU yet).
- IFRS 4 Insurance contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective for annual periods beginning on or after 1 January 2018, this standard has not been approved by EU yet)
- IFRS 10 Consolidated Financial Statements - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet)
- IFRS 10 Consolidated Financial Statements - Amendment regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2017)
- IFRS 12 Disclosure of Interests in Other Entities - Amendment regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2017, this amendment has not been approved by EU yet)
- IFRS 14 Regulatory Deferral Accounts (effective date to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016, this standard will not be endorsed for use in the EU)
- IAS 7 Statement of cash flows - Amendment resulting from the disclosure initiative (effective for annual periods beginning on or after 1 January 2017, this amendment has not been approved by EU yet)
- IAS 12 Income taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017, this amendment has not been approved by EU yet)
- IAS 28 Investments in Associates and Joint Ventures - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet) • IAS 28 Investments in Associates and Joint Ventures - Amendment regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2017)

Amendments resulting from Annual Improvements 2014–2016 Cycle (effective for annual periods beginning on or after 1 January 2018) The Group is currently considering the implications of the following standard which is expected to have an impact on the Group's consolidated results and financial position:

IFRS 9 Financial Instruments: Classification and Measurement IFRS 9 covers the classification, measurement and derecognition of financial instruments, new impairment methodology and a new hedge accounting model. IFRS 9 is intended to replace IAS 39 Financial instruments: recognition and measurement. Effective for annual periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 will replace IAS 18 Revenue and IAS 11 Construction contracts. Effective date to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018.

IFRS 16 Leases In the case of the lessee, the new standard provides a single accounting model, and require recognition of assets and liabilities for all leases. Exceptions are leases contracted for less than 1 year, and leases with low value underlying assets. This removes the present classification as either finance or operative leases for lessee. Lessors continue to classify leases as operating or finance similarly to IAS 17 Leases. IFRS 16 Leases replaces IAS 17 Leases, IFRIC 4, SIC-15 and SIC-27. Effective for annual periods beginning on or after 1 January 2019, this standard has not been approved by EU yet.

## 5.2 Summary of accounting policies

### 5.2.1 Translation of foreign currency

The currency used by Appennin Asset Management Holding Plc and its subsidiaries for accounting and reporting purposes is Euro (EUR). Non-monetary assets and liabilities existing on the balance sheet date and incurred in foreign currencies are

converted into Euro at the exchange rate prevailing on the date of the transaction (historical exchange rate). Monetary assets and liabilities incurred in foreign currencies are converted into Euro at the exchange rate on the balance sheet date. The resulting exchange rate difference is recognized against the profit. Non-monetary assets and liabilities denominated in foreign currencies, valued at fair value are converted at the exchange rates prevailing at the time when the fair value is determined: any difference should be recognized against the item against which the difference due to the change of fair value is to be settled.

At the exchange rate prevailing on the balance sheet date, the Group converts the balance sheet data of the subsidiaries' annual financial statements denominated in HUF into Euro currency applied by Appenninn Plc. The data of the profit & loss account are converted at the average exchange rate during the reporting period (if it is required by volatility, then the average is determined for a period that is shorter than one year). The exchange difference arising from the conversion of the individual companies' financial statements into Euro is presented against the profit of other financial income (expense) of the period under review.

Operating currencies (functional):

Hungary - Hungarian Forint

EURO

If the transaction is to be settled in any foreign currency, the transaction will be presented on the transaction date at the exchange rate prevailing at the time of settlement. By the end of the reporting period, all monetary items are revaluated to the exchange rate prevailing at the end of the period. Non-monetary items are not revaluated.

For the purposes of consolidation, the result items of the net asset value of companies with non-EUR functional currency are reconverted. The assets and liabilities are revaluated at the exchange rate prevailing at the end of the period. Capital items remain at the historical exchange rate. The items of overall result are translated at the average exchange rate of reporting. Goodwill is revaluated at the end of each period, the difference being presented against other overall result, accumulating within equity.

## 5.2.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets and transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets and liabilities, and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based payment;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain, purchase gain.

When consideration transferred by the Group in a business combination includes assets and liabilities resulting from a contingent consideration arrangement, the contingent consideration measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the „measurement period“ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date (the date when the controlling right is acquired) fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### 5.2.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 18.) less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. Any impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 5.2.4 Acquisition of properties and investments

The Group acquires interest in those subsidiaries, which has properties. At the time of the acquisition the Group decides whether shares in the acquired subsidiary is part of the Group's operational activity. If the Group acquired shares related to the property management segment than the acquisition classifies as business combination. To make sure that the Group acquired shares in the property management segment of a subsidiary it should review, which are those significant property management activities over which a control was obtained (ie. property repair and maintenance, property management, leasing activity, cleaning, security guarding). In case of the significance of any acquired business activity the Group shall consider the principles of IAS 40.

### 5.2.5 Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group sells some of its interest in an associate and its constitutes significant loss of influence, and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### 5.2.6 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### 5.2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

All discounts provided to the tenants accrued and recognised during the lease term, though it is not accordance with the financial settlement.

Incomes from the termination of operating lease contracts recognised at the time of their occurrence.

#### Income from recharged operation expenses

Income from recharged operation expenses in relation to office rental is recognised in the same period when the related operation expenses occurred. The Company bears the risk that the income from recharged operation expenses not cover the related operation expenses, so in this transaction the Company is not an agent but a supplier.

#### Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

### 5.2.8 Segment information

Information reported to the chief operating decision maker – Board of Directors – for the purpose of resource allocation and assessment of segment performance focuses on the types of services delivered or provided. The Group's reportable segments under IFRS 8 are as follows:

- Office rental services
- Logistics property rental services

Segment profit is the direct revenue less direct cost of the segment assets.

Non allocated items are general operating items of the Group. The Segment profit including the non controlling interest profit. The investment costs (Capex) are cost of the fixed (investment) assets necessary to keep the conditions.

### 5.2.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as Lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group was not involved in finance lease transactions as a Lessor on 31 December, and 31 December 2014.

#### The Group as Lessee

The Group reviews its lease contracts based on the principles of IFRIC 4 and classifies its leases as per IAS 17 as operating lease or finance lease.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 5.2.10 Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in the fair value recognised in profit or loss for the year.

### 5.2.11 Taxation

#### Current tax:

Subsidiaries of the Group pay corporate income tax to the Hungarian Tax Authority and local municipality tax to the Local Municipality. Base of the corporate income tax is the taxable profit modified by tax increasing and tax decreasing items. Base of the local municipality tax is the revenue decreased by different types of costs and expenses (gross margin).

#### Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilised.

In the case of any investment property for which a fair value model according to IAS 40 investment property has been applied, the fair value model assumes that they will be recovered over time through selling, and this principle is also applied for deferred tax calculation. Deferred tax payables and deferred tax receivables must be determined on the basis that they will be recovered through sale. If the investment properties are presented at fair value in conformance to IAS 40, the Company does not recognize any deferred tax payables and deferred tax receivables in jurisdictions where tax is not imposed on the selling of investment properties (currently the Hungarian tax system does not impose tax on it) for gains and losses incurred with fair valuation.

### 5.2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, short-term bank deposits with less than three month to maturity and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 5.2.13 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the underlying arrangement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments as well as historical collections are considered indicators that the trade receivable may have been impaired.

Provisions for impairment of trade receivables classified in the consolidated financial statements based on the original classification of the related receivable, so the provision for impairment can be classified as an expense related to vehicle lease or as operating expense of rentals.

#### 5.2.14 Property, plant and equipment

Properties are carried at initial cost less accumulated depreciation and recognised impairment loss, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets, any gain or loss arising on the disposal or retirement of an item is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised among other income or other expenses.

The initial cost of assets comprises its purchase price, including duties and non-refundable purchase taxes and any directly attributable costs bringing the asset to its working condition and location for its intended use, such as borrowing costs.

Replacements and improvements, which prolong the useful life or significantly improve the condition of the asset are capitalised. Maintenance and repairs are recognised as an expense in the period in which they are incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. General depreciation rules are stated as follows:

Type of asset	Useful life
Intangible asset	3 years
Equipment	3-7 years
Machinery for rental purposes	5 years
Office equipment	3-7 years

#### 5.2.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The Group recognises impairment loss immediately in profit or loss among other income or other expense.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss among other income or other expense.

#### 5.2.16 Investment in property plant

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### 5.2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the

obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

Provisions are booked at the value of our best estimate as necessary to settle the outstanding liabilities existing as of the balance sheet date.

- The Group raises provisions for fines and penalties whenever they can be legally required, or when they represent a payment obligation to the authorities.
- The Group raises provisions for expected costs in view of exiting employees whenever the related decision is made before the balance sheet date.
- The Group raises provisions for loans granted to key personnel for motivational purposes and in order to promote loyalty.
- The Group raises provisions for litigations, in cases involving claims by third parties in the ongoing legal proceedings phase, and when it has sufficient information to carry out reliable estimates, which is supported by the legal counsel that it is expected to result in a payment obligation.
- The Group raises provisions to cover its guarantees to its customers in relation to its activities. The amount of the provision is determined individually on the basis of the sales revenue and the amount of liabilities previously incurred with the guarantees.

### 5.2.18 Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### Loans and other borrowings

Borrowings are recognised initially at fair value less transaction costs, and subsequently measured at amortised costs using the effective interest rate method. The effective interest is recognised in the income statement (finance expenses) over the period of the borrowings.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 5.2.19 Equity

A jegyzett tőkét a kibocsátott részvények fordulónapi névértékén mutatjuk be. A tőkekibocsátásból származó névérték feletti többlethozam ázsióként kerül elszámolásra.

### 5.2.20 Treasury shares

Treasury shares are recognised at cost, each purchased distinguished individually. Treasury stock represents the cost of shares repurchased and is displayed as a reduction of shareholder's equity. Premiums and discounts on disposal are credited and debited respectively directly to retained earnings.

### 5.2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 5.2.22 Deposit from tenants

Deposit from tenants is recognised initially at fair value and subsequently measured at amortised costs using the effective interest rate method. Deposits from tenants related to contracts over one year period are classified as long-term liabilities, while other deposits from tenants are classified as short-term liabilities in the consolidated financial statements.

### 5.2.23 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of common stocks outstanding. Diluted earnings per share is calculated considering the weighted average number of diluting share options (if any) in addition to the number of common stocks outstanding.

### 5.2.24 Off balance sheet items

Off-balance-sheet liabilities are such items not stated in the financial statements, and are not presented only when the outflow of assets carrying economic benefits is time away. Off-balance-sheet assets are not stated in the financial statements, but if they are likely to have an inflow of economic benefits, they will be presented.

### 5.2.25 Events after the reporting date

Events after the reporting date (correction events) are presented in the financial statements. Events with non-corrective effect after the reporting date (if significant) are shown in the annexes.

### 5.2.26 Comparative data

In order to compare the data of the year under review and the previous year, in some cases reclassification was necessary among the comparative balances.

## 5.3 Accounting estimates and uncertainties

A Csoport IFRS számviteli politikájának alkalmazása során a vezetésnek döntéseket, becsléseket és feltételezéseket kell tennie azon eszközök és kötelezettségek nyilvántartási értéke tekintetében, amelyek más forrásokból nem nyilvánvalóak. A becslések és a kapcsolódó feltételezések múltbeli tapasztalatokon és más, relevánsnak minősített tényezőkhöz alapulnak. A tényleges eredmények eltérhetnek a becslésektől.

A becsléseket és az ezeket megalapozó feltételezéseket folyamatosan felül kell vizsgálni. A számviteli becslések módosításait a módosítás időszakában kell elszámolni, amennyiben a módosítás kizárólag ezt az időszakot érinti, vagy a módosítás időszakában és az azt követő időszakokban, amennyiben a módosítás a tárgyidőszakot és a jövőbeli időszakokat is érinti.

### 5.3.1 Decisions in the accounting

The Management of the Group had certain assumptions when applying the accounting policy. Details of those critical accounting judgements – except of accounting estimates - which, have the most important effect on the amounts in the financial statements, presented below.

#### Functional currency and reporting currency

The reporting currency of the Group is the Euro („EUR”) which, was defined based on the currency of the primary economic environment in which the Group operates („the functional currency”). Amounts in the consolidated financial statements rounded to Euro („EUR”), except it is stated otherwise. cep is stated otherwise.

When converting the Group's non-EUR accounting records for the 2016 report, the following MNB HUF-EUR rates were used with respect to the conversion date:

FX rate	31 <sup>st</sup> 12. 2016	31 <sup>st</sup> 12 2015.
Closing rate	311,02	313,12
12 months daily average	311,46	309,09

#### Operating leases – Group as a Lessor

Lease contracts where the Group functions as a lessor are reviewed on a yearly basis. In accordance with IAS 17 and the harmonizing accounting policies, the lease contracts (including the heavy vehicle rental activity) are considered to operating leases.

#### Classification of properties

Properties held by the Group are classified at initial recognition as investment properties or development properties, as it follows:

- Investment properties are properties, which are bought by the Group with the primary intention of consume substantially all of the economic benefits earned through rental or increase in value over time. These properties (offices, warehouses and industrial properties) are not in use by the Group in the long run and there is no intention of sales in the near future.
- Development properties are properties, which are bought by the Group with the intention of development and future sale (mainly building of a residential property).

### 5.3.2 Accounting estimates

The Management of the Group had certain assumptions when applying the accounting policy. Details of those critical accounting estimates which, have the most important effect on the amounts in the financial statements, presented below:

#### Impairment of goodwill

Goodwill arising on the purchase of shares, reviewed once in a year at the time of the preparation of the consolidated financial statements. Determining whether the goodwill is impaired an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash-flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

#### Useful life of property, plant and equipment

In accordance with IFRS, the Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period.

The Board of Directors concluded that there is no need to amend the useful life and residual value of properties, plants and equipments in the current year.

#### Fair value of investment properties

Fair value of investment properties bases on significant estimations and judgements, so the current value can differ from the estimated fair value.

Fair value of investment properties determined by the Group and also by an independent property appraiser.

#### Valuation principles:

The fair value of completed investment property and investment property under construction, where fair market value can be reliably measured is determined on a market value basis. Investment properties under construction where fair value cannot be reliably measured (due to the low stage of completion, the unique nature of the property and/or an absolute lack of transaction activity in the market) are carried at amortized cost decreased with possible impairment if necessary.

#### Valuation methodologies:

The valuations are carried out using the income approach, discounted cash flow method. This method involves the projection of a series of periodic cash flows from the properties. To this projected cash flow series, a market derived discount rate, which reflects the yield expectations of the investors, is applied to establish an indication of the present value of the income stream associated with the property. The calculated period cash flow is estimated as gross income less vacancy and less expense related to the operation and reinstatement of the property. A series of periodic net operating incomes, along with an estimate of the residual value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the fair value of the property.

Investment property fair value estimates are disclosed in Note 21.

### 5.3.3 Reclassifications

For consistency and comparability of the data of the period under review and of the comparative period, in balance sheet and profit & loss account rows for the year of 2015, it was justified to display separately or reclassify in the following spots.

Income Statements	31st Dec. 2015 by the end of business year	2015. report
	EUR	Reclassifications
Property rental revenue	4 581 949	
Property related expense	(1 640 370)	
<b>Direct contribution from rental activities</b>	<b>2 941 579</b>	-
Administration expense	(352 294)	
Employee related expense	(35 902)	
Other income/(expense)	(25 977)	
Incomes from sale of subsidiaries (and post correction)	2 002 743	2 002 743
Gain / Loss (-) recognised on disposal of investment properties	(374 121)	
Net result from the revaluation of investment properties	1 070 000	135 728
Expenses for maintaining investment properties	(255 904)	
Impairment of goodwill	(3 473 264)	
<b>Gross operating profit (EBITDA)**</b>	<b>1 496 860</b>	<b>2 138 471</b>
Depreciation and amortization	(16 763)	
Other financial income/(expense)	2 195 994	(2 138 471)
Interest incomes (expenses) total	(1 247 296)	
<b>Profit before tax</b>	<b>2 428 795</b>	-
Income tax expenses	(1 227 460)	
<b>Profit for the year</b>	<b>1 201 335</b>	-
<b>Other comprehensive income</b>		
Exchange differences on translating operations	-	
<b>Other comprehensive income, net of taxes</b>	-	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1 201 335</b>	-

## 6. Segment information (Continuing operation)

Information reported to the chief operating decision maker – Board of Directors – for the purpose of resource allocation and assessment of segment performance focuses on the types of services delivered or provided. The Group's reportable segments under IFRS 8 are as follows:

- Office rental services
- Logistics property rental services
- Commercial property rental services (sold by end of 2015)

## Consolidated segment revenues and results for year ended 31 December 2016

31st Dec. 2016 by the end of business year	Office	Logistics property	Non segment items	Total
<b>EUR</b>				
Property rental revenue	3 811 996	818 120	-	4 630 116
Property related expense	(1 547 571)	(229 743)	(125)	(1 777 439)
<b>Direct contribution from rental activities</b>	<b>2 264 425</b>	<b>588 377</b>	<b>(125)</b>	<b>2 852 677</b>
Administration expense	(450 691)	(31 325)	(7 294)	(489 310)
Employee related expense	-	(23 540)	-	(23 540)
Other income/(expense)	14 398	255 539	-	269 937
Interest incomes (expenses) total	(918 392)	106 208	(6 435)	(818 619)
Incomes from sale of subsidiaries (and post correction)	-	11 164	-	11 164
Other financial income/(expense)	(219 584)	15 973	(1 451)	(205 062)
Gain / Loss (-) recognised on disposal of investment properties	-	5 972	-	5 972
Net result from the revaluation of investment properties	3 181 842	(591 840)	-	2 590 002
Expenses for maintaining investment properties	(321 146)	(17 862)	-	(339 008)
Impairment of goodwill	(1 697 937)	(451 249)	-	(2 149 186)
Depreciation and amortization	(7 503)	(2 119)	-	(9 622)
<b>Profit before tax</b>	<b>1 845 412</b>	<b>(134 702)</b>	<b>(15 305)</b>	<b>1 695 405</b>
Income tax expenses	1 043 134	(128 738)	(1 805)	912 591
<b>Profit before tax from continuing operations</b>	<b>2 888 546</b>	<b>(263 440)</b>	<b>(17 110)</b>	<b>2 607 996</b>

## Consolidated segment revenues and results for year ended 31 December 2015

31st Dec. 2015 by the end of business year	Office	Logistics property	Total
<b>EUR</b>			
Rental income	3 823 600	758 349	4 581 949
Other income (expense)	27 761	(53 738)	(25 977)
Operating expense	(1 343 590)	(296 780)	(1 640 370)
Depretiation	(10 052)	(6 711)	(16 763)
<b>Segment profit 1.</b>	<b>2 497 719</b>	<b>401 120</b>	<b>2 898 839</b>
Administrative and employee related expense	(231 938)	(156 258)	(388 196)
Interest expenses and other financial expenses	(1 093 437)	(241 810)	(1 335 247)
Interest incomes and other financial incomes	1 581 358	2 841 058	4 422 416
<b>Segment profit 2.</b>	<b>2 753 702</b>	<b>2 844 110</b>	<b>5 597 812</b>
Gain on disposal of investment properties	(374 121)	-	(374 121)
Net result from the revaluation of income - generativ	850 805	(172 437)	678 368
Impairment of goodwill	(3 473 264)	-	(3 473 264)
<b>Segment profit before tax</b>	<b>-</b>	<b>242 878</b>	<b>2 428 795</b>

## 7. Incomes and costs of property rental primary activity

### 7.1 Incomes of primary activity

Property rental revenue	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Office	3 811 996	3 823 600
Logistics property	818 120	758 349
	<b>4 630 116</b>	<b>4 581 949</b>

The Group realizes real-estate property sales revenues by leasing offices and logistic properties, as well as providing associated operating services. In 2015, the Group sold its commercial properties or requalified them as offices. Due to utilization and buyer optimization, revenues from the Group's properties were able to be increased from 2015 to 2016. The properties of the Group are characterized by short vacant periods between tenancies, and due to the good positioning of the properties they carry a high quality tenant portfolio.

### 7.2 Costs of primary activity

Property related expense	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Utility fees	(800 457)	(769 033)
Property management fee	(407 194)	(566 630)
Local municipality tax	(371 077)	(166 830)
Impairment of receivables	(147 197)	(87 966)
Repair and maintenance	(1 702)	(20 884)
Property insurance fee	(11 979)	(16 061)
Security guarding	(11 225)	(112)
Other operating income	(26 608)	(12 854)
	<b>(1 777 439)</b>	<b>(1 640 370)</b>

Building tax corresponds to Appenninn E-Office Ltd's assessed and unpaid building tax amount for the previous years, while the associated supplementary burdens were imposed in 2016, in an amount of EUR 96,000.

Impairments of accounts receivable represent in all cases the amount of impairment losses recognized during the period under review in view of receivables from rental or recharged operating costs to tenants of properties. For any accounts receivable older than 365 days, an impairment loss of 100% was raised. In 2016, an agreement was concluded with a major tenant that the Group would fulfill its accounts receivables generated during the period of the leased property's former owner by reducing the rent for the period under review. The Board of Directors considers that the amount of the impairment loss on receivables is covered by the portions of the purchase price retained by the Group.

## 8. Administration expense

Administration expense	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Financial audit, Accounting and book keeping serv	(147 882)	(131 672)
Bank charges	(43 864)	(66 523)
Legal fee	(44 757)	(37 108)
Consulting and PR fees	(8 544)	(26 180)
Stock exchange presentation adn exchange fee	(14 313)	(14 623)
IT services fee	(6 461)	(6 255)
Telephone and internet fees	(1 298)	(5 011)
Duties and levies	(13 362)	(1 817)
Stationery and material costs	(10 786)	(1 743)
Garancia biztositási díj	(152 038)	(6 301)
Other expenses	(46 005)	(55 061)
	<b>(489 310)</b>	<b>(352 294)</b>

As a collateral for the consolidation loan of the EUR loan portfolio, granted by the ERSTE Bank disbursed on 15.12.2015, and besides the Group entities LEHN Consulting Ag granted further guarantees. The guarantee fee is charged back to Appenninn Plc, it is consistently EUR 12,679 per month until 31 March 2025. The Company intends to settle the guarantee fees by setting off their aggregate amount against its outstanding receivables.

## 9. Employee related expense

Employee related expense	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Wages and salaries	(18 398)	(7 894)
Charges, taxes	(5 142)	(27 371)
Others	-	(637)
	<b>(23 540)</b>	<b>(35 902)</b>
<b>Average headcount (person)</b>	<b>1</b>	<b>3</b>

## 10. Other income and other expense

Other income/(expense)	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
<b>Other income</b>		
Fee for property buy option sale	246 409	-
Write- off expired liabilities	44 323	5 377
Fines and penalties received	-	161 342
Revenue related to damages	6 006	82 247
Received assets free of charge	-	2 355
Other	24 262	25 342
	<b>321 000</b>	<b>276 663</b>
<b>Other expenses</b>		
Impairment accounted on other receivables	-	(211 281)
Late payment charges	(2 466)	(18 111)
Duties and levies	-	(1 944)
Fines and penalties	(47 667)	(167)
Other expenses	(930)	(71 137)
	<b>(51 063)</b>	<b>(302 640)</b>
	<b>269 937</b>	<b>(25 977)</b>

In 2016, the Group issued a purchase option for the real-estate property in Kecskemét, Kiskőrösi u. 30, paid by the holder in 2016. The property valuation was presented in Section **Hiba! A hivatkozási forrás nem található.**

## 11. Gains and losses from sale of interest in subsidiaries

Incomes from sale of subsidiaries (and post correction)	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
<b>Subsidiaries sold:</b>		
Mikepércsi út 132 Kft.	-	356 904
K85 Kft.	-	(274 772)
Kranservice Zrt.	(80 905)	1 920 611
Appenninn-Investment Zrt.	75 094	-
Pontott Termelő, Szolgáltató és Kereskedelmi Kft.	16 975	-
	<b>11 164</b>	<b>2 002 743</b>

In the sales agreement of 2014 for the 100% business share of Kranservice Ltd, the Group furnished an income guarantee for the 2015 revenues of the sold activity. In 2016, the buyer company announced its guarantee claim, which was acknowledged by the seller, and financially settled in 2016. Appenninn-Investment Ltd and Pontott Termelő, Szolgáltató és Kereskedelmi Ltd shares were fully transferred to Appenninn Plc in the context of the capital increase by share premium, on the basis of the Annual General Meeting's resolution on 20 May 2016. In 2016, Appenninn Plc sold the two companies in excess of the assets recognized in the capital increase, with a total profit of EUR 151,898.

### Subsidiaries sold during year 2015

2015	Company main activity	Date of sale	Sold ownership ratio	Sales price (EUR)
Mikepércsiút132 Kft.	Logisztika	2015. június 30.	100%	9 523
K85 Kft.	Kereskedelem	2015. március 31.	100%	106 973
Kranservice Zrt.	Gép bérbeadás	2014. október 8.	100%	2 540 570

### Subsidiaries net asset sold in 2015

	Mikepércsiút132 Kft. EUR	K85 Kft. EUR	Kranservice Zrt. EUR	EUR
Property, plants and equipments	-	-	530 188	530 188
Investment properties	-	2 300 000	-	2 300 000
Deferred tax assets	-	-	7 282	7 282
<b>Non-current assets</b>	<b>-</b>	<b>2 300 000</b>	<b>537 470</b>	<b>2 837 470</b>
Trade receivables	81 393	42	25 009	106 444
Prepayments and accrued income	-	-	438	438
Cash and cash equivalents	1 666	14 666	11 563	27 895
<b>Current assets</b>	<b>83 059</b>	<b>14 708</b>	<b>37 010</b>	<b>134 777</b>
<b>Total assets</b>	<b>83 059</b>	<b>2 314 708</b>	<b>574 480</b>	<b>2 972 247</b>
Tenants deposits	4 663	-	106 075	110 738
Deferred tax liabilities	-	149 756	-	149 756
Long-term loans	411 846	1 623 545	-	2 035 391
<b>Total non-current liabilities</b>	<b>416 509</b>	<b>1 773 301</b>	<b>106 075</b>	<b>2 295 885</b>
Trade accounts payables	7 320	60 927	24 888	93 135
Current tax liability	60	20 265	1 807	22 132
Short-term loans from bank	-	73 110	-	73 110
Deferred revenue and accrued expense	6 552	5 359	641	12 552
<b>Total current liabilities</b>	<b>13 932</b>	<b>159 661</b>	<b>27 336</b>	<b>200 929</b>
<b>Total liabilities</b>	<b>430 441</b>	<b>1 932 962</b>	<b>133 411</b>	<b>2 496 814</b>
<b>Net asset disposed of</b>	<b>(347 382)</b>	<b>381 746</b>	<b>441 069</b>	<b>475 433</b>
Consideration received	9 523	106 973	2 540 570	2 657 066
Sold receivables	-	-	178 891	178 891
Sold net asset value	(347 381)	381 745	441 068	475 432
<b>Gain (Loss) on disposal</b>	<b>356 904</b>	<b>(274 772)</b>	<b>1 920 611</b>	<b>2 002 743</b>
<b>Net cash inflow on disposal of subsidiary</b>				
Consideration received in cash and cash equivalents	9 523	106 973	2 540 570	
Less: cash and cash equivalent balances disposed of	(1 666)	(14 666)	(11 563)	
<b>Total</b>	<b>7 857</b>	<b>92 307</b>	<b>2 529 007</b>	
<b>2016</b>				
<b>Gain (Loss) on disposal in 2016:</b>				
Post warranty liability for the buyer of the subsidiary paid	(80 905)	-	-	-
<b>Adjusted gain (loss) on disposal of investment</b>	<b>275 999</b>			

## 12. Sale of investment property

Gain / Loss (-) recognised on disposal of investment properties	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Price for sale of property	5 972	225 879
Disposal of property	-	(600 000)
Gain / Loss (-) recognised on disposal of investment properties	5 972	(374 121)

## 13. Gains on fair valuation of investment property

### 13.1 Gains on fair valuation

Net result from the revaluation of investment properties	31st Dec. 2016 EUR	31st Dec. 2015 EUR
<b>Opening value at the beginning of the year</b>	<b>58 920 000</b>	<b>60 950 000</b>
<i>changes in the year:</i>		
Disposal of property	-	(600 000)
Purchase of property	529 998	-
Classified to Assets held for sale	-	(200 000)
Disposal from sale of subsidiary	-	(2 300 000)
<b>Valós érték változása</b>	<b>2 590 002</b>	<b>1 070 000</b>
<i>ebből:</i>		
<i>Fair value increase adjustments</i>	<i>4 540 002</i>	<i>2 870 000</i>
<i>Fair value (decrease) adjustments</i>	<i>(600 000)</i>	<i>(1 800 000)</i>
<i>Ingatlan opciók szerződés miatti valós érték korrekció</i>	<i>(1 350 000)</i>	<i>-</i>
<i>changes total:</i>	<i>3 120 000</i>	<i>(2 030 000)</i>
<b>Closing balance</b>	<b>62 040 000</b>	<b>58 920 000</b>

In 2016, the Group purchased the real-estate property located in Felhévizi Street with an area over 800 square meters, via the subsidiary of Felhéviz-APPEN Ltd. The properties of the office are favourable, as it is located in a prominent part of Rózsadomb (above the Daubner Confectionery). For Appenninn, the full payback of the purchase price can potentially be realized in 7 years. The occupancy rate of the property is 95%.

The real value increase of the properties between 2015 and 2016 was EUR 4,540,002, while for certain properties a decrease of EUR 600,000 occurred.

The purchase options established on the properties were taken into account by the Group when settling fair value changes and the smaller of fair values or option fees was considered as the recognition value of the property. In 2016, there were two purchase options established by the Group in relation to two properties. Due to the purchase options, the values of the discounted cash flow assessment model were reduced by EUR 1,500,000.

The selling of real-estate property held for sale in 2015 was transacted in 2016, and the deal was successfully finalized when the last purchase price installment was received.

## 13.2 Changes in fair values 2016- 2015.

Company	Investment property	Classification of property	31st Dec. 2016	31st Dec. 2015	Net rental area (sqm)
	Address: city, street		EUR	EUR	
Appenninn E-Office Zrt.	Budapest, Bég utca 3-5.	Office building	8 200 000	7 600 000	4 109
Appenninn E-Office Zrt.	Budapest, Bég utca 4.	Office building	3 700 000	3 400 000	1 694
Appenninn E-Office Zrt.	Budapest, Visegrádi utca 110-112	Office building	5 100 000	4 800 000	3 350
Appenninn E-Office Zrt.	Budapest, Páva utca 8.	Office building	4 700 000	4 900 000	3 532
Appenninn Logisztikai Zrt.	Nagykanizsa, Vár utca 12.	Logistics property	690 000	620 000	1 844
Appenninn Vagyongkezelő Holding Nyrt.	Kecskemét, Kiskőrösi utca 30.*	Logistics property	3 600 000	2 500 000	6 024
Appenninn E-Office Zrt.	Budapest, Hattyú utca 14.	Office building	14 100 000	13 100 000	7 815
Appenninn - BP 1047 Zrt.	Budapest, Schweidel utca 3.	Logistics property	2 300 000	2 300 000	6 574
Curlington Kft.	Budapest, Egyenes utca 4.	Logistics property	1 200 000	1 200 000	2 061
Appenninn E-Office Zrt.	Budapest, Mérleg utca 4.	Office building	9 200 000	9 000 000	3 692
Bertex Kft.	Biaatorbágy, Tormásrét 2.	Logistics property	800 000	1 200 000	1 273
Szent László Téri Szolgáltató Ház Kft.	Budapest, Bánya u.	Office building	1 900 000	1 800 000	5 107
Appenninn E-Office Zrt.	Budapest, Kelénhegyi út 43.**	Office building	7 000 000	6 500 000	3 832
Felhívás Appen Kft.	Budapest, II. Felhívási út	Office building	900 000	***	732
			<b>63 390 000</b>	<b>58 920 000</b>	<b>51 639</b>
		* price is based on call option price (expiry date at 31st Oct, 2019)	2 250 000	-	***First time valuation in Appenninn Group as of 31st December, 2016
		**price is based on call option price (expiry date at 1st July, 2019 + 2 years extension option)	7 000 000	7 000 000	
		Option fee difference in Property Fair Valuations	(1 350 000)	-	
Elszámolt valós érték korrekció:		<b>Fair value after option based pricing</b>	<b>62 040 000</b>	<b>58 920 000</b>	

## 13.3 Befektetési célú (IAS 40) ingatlanok valós értékelési elvek (IFRS 13)

Every year, the Company determines the fair value of the properties. Besides the value estimate made by the Company, the portfolio value of the properties was reviewed by an independent appraiser appointed by the Company. The values determined by the independent appraiser are in line with the values stated in the financial statements. Between 2014 and 2016, the independent appraiser appointed for such valuation was Jones Lang LaSalle Ltd (H-1051 Budapest, Széchenyi tér 7-8).

Principles of value appraisal:

In the case of completed investment properties, as well as for investment properties under construction, where the respective fair values can be reliably determined, they are established on the basis of the fair market value approach of appraisals. For investment properties under construction, where the fair values cannot be reliably determined (due to low completion level, the unique character of the property and/or the complete lack of market transactions), the book value corresponds to the historical cost less any impairment loss.

Valuation methodologies:

The valuations are made using the income approach, the discounted cash flow method. This method is based on the estimation of periodic cash flows originating from property. The present value of cash flows from the property is determined with the application of the market-based discount rate reflecting investors' yield expectations. The periodic cash flow is estimated as gross income without vacancy less costs incurred with the operation and maintenance of the property. A series of periodic net operating incomes, alongside the estimate of the value anticipated for the end of the projection period, is discounted to present value. The sum of the net present values equals to the fair value of the property.

Investment property	Average annual rental fee income		Market rental fee (EUR/sqm)		Occupancy rate (%)		Exit yield		Discount %	
	31st Dec. 2016	31st Dec. 2015	31st Dec. 2016	31st Dec. 2015	31st Dec. 2016	31st Dec. 2015	31st Dec. 2016	31st Dec. 2015	31st Dec. 2016	31st Dec. 2015
	Budapest, Bélg utca 3-5.	570 533	635 854	12	13	91,63	93,64	7,25%	7,75%	7,50%
Budapest, Bélg utca 4.	201 096	213 252	11	11	94,51	87,83	7,25%	7,75%	7,50%	8,00%
Budapest, Visegrádi utca 110-111.	374 762	390 426	10	7	100,00	100,00	7,40%	7,50%	7,65%	7,75%
Budapest, Páva utca 8.	364 418	402 043	9	9	97,10	91,34	8,00%	8,00%	8,25%	8,25%
Nagykanizsa, Vár utca 12.	59 410	66 685	3,3	3	95,55	95,55	9,25%	9,25%	9,50%	9,50%
Kecskemét, Kiskőrösi utca 30.*	429 816	409 764	3,5	4	92,30	87,00	10,00%	10,00%	10,25%	10,25%
Budapest, Hattyú utca 14.	614 425	1 129 832	13	9	65,00	67,39	7,25%	7,75%	7,50%	8,00%
Budapest, Schweidel utca 3.	233 453	253 574	3	3	67,48	100,00	9,00%	9,00%	9,25%	9,25%
Budapest, Egyenes utca 4.	118 691	124 137	4	5	99,30	100,00	9,00%	9,25%	9,25%	9,50%
Budapest, Mérleg utca 4.	118 691	124 137	14,5	16	100,00	100,00	7,25%	7,50%	7,50%	7,75%
Biatorbágy, Tormásrét 2.	78 096	87 858	5	9	100,00	100,00	8,50%	8,75%	8,75%	9,00%
Budapest, Bánya u.	189 115	188 515	3,5	3	96,55	85,55	8,75%	9,00%	9,00%	9,25%
Budapest, Kelénhegyi út 43.**	350 241	617 265	13,5	12	80,00	87,19	8,00%	7,75%	8,25%	8,00%
Budapest, II. Felhévizi út	63 300	83 448	***	***	100,00	***	8,00%	***	8,25%	***

\*\*\* Property was first time valued in 2016

Valuation model used same variables in year 2015 and 2016: average rental fee, market fee, usage of the property (occupancy) and exit yield with discount rate. These variables are observable availables from the property market, which had to be corrected due to the local differences of the properties. Since corrections were necessary for the observable variables the model variables become "level 3" type.

Valuation method unchanged from year 2015 to 2016, in both year the applicable model was DCF model. The valuation model applied are in line with the valuation modeling processes presented by IFRS 13.

The valuation expressed on the face of the valuation the marketable comparable prices. The Company used DCF in line with the long term goal of the Company which is to keep in house the properties and use and rent them.

#### Testing of the model variables (sensitivity)

The DCF model variables used, and values resulted are presented in the previous table. Sensitivity test was performed to make a DCF sensitivity analysis. DCF model last year budget ends with exit value and rent fee is calculated for the first years on the basis of current experiences. These two model variables are the dominant ones, and tested for the end result, changing + or - 5 percent:

Investment property	2016			middle values in DCF model variables		Exit yield test (-0,5%), Rent fee test (-0,5%)	Exit yield test (+0,5%), Rent fee test (+0,5%)
	Address: city, street	Comparative price	Valuation method	DCF model result	Exit yield		
Budapest, Bélg utca 3-5.	8 700 000	DCF modell	8 200 000	7,25%	Iroda 12, Raktár 6	7 800 000	8 600 000
Budapest, Bélg utca 4.	3 200 000	DCF modell	3 700 000	7,25%	Iroda 11, Parkoló 100	3 500 000	3 800 000
Budapest, Visegrádi utca 110-112	3 500 000	DCF modell	5 100 000	7,40%	Iroda 10, Parktár 4.5	4 900 000	5 400 000
Budapest, Páva utca 8.	3 500 000	DCF modell	4 700 000	8,00%	Iroda 9.25, Raktár 6	4 500 000	4 900 000
Nagykanizsa, Vár utca 12.	870 000	DCF modell	690 000	9,25%	Iroda 3.5, Raktár 2.5	640 000	730 000
Kecskemét, Kiskőrösi utca 30.*	1 800 000	DCF modell	3 600 000	10,0%	Iroda 4, Raktár 3	3 400 000	3 800 000
Budapest, Hattyú utca 14.	14 000 000	DCF modell	14 100 000	7,50%	Iroda 12, Raktár 6	13 300 000	14 800 000
Budapest, Schweidel utca 3.	2 100 000	DCF modell	2 300 000	9,00%	Raktár 3.2	2 100 000	2 400 000
Budapest, Egyenes utca 4.	920 000	DCF modell	1 200 000	9,00%	Ipari csarnok 4.75	1 100 000	1 200 000
Budapest, Mérleg utca 4.	7 300 000	DCF modell	9 200 000	7,25%	Iroda 15.25	8 800 000	9 700 000
Biatorbágy, Tormásrét 2.	700 000	DCF modell	800 000	8,50%	Iroda 4.5, Raktár 4.5	800 000	900 000
Budapest, Bánya u.	2 200 000	DCF modell	1 900 000	8,75%	Iroda 3.5, Műhely 3-3.2	1 800 000	2 000 000
Budapest, Kelénhegyi út 43.**	6 900 000	DCF modell	7 000 000	8,00%	Iroda 13	6 600 000	7 300 000
Budapest, II. Felhévizi út	869 000	DCF modell	900 000	8,00%	Iroda 9,5	800 000	900 000

Investment property	2015			middle values in DCF modell variables		Exit yield test (-0,5%), Rent fee test (-0,5%)	Exit yield test (+0,5%), Rent fee test (+ 0,5%)
	Address: city, street	Comparative price	Valuation method	DCF modell result	Exit yield	Rent fee EUR/m2/months	
Budapest, Béq utca 3-5.	8 100 000	DCF modell	7 600 000	7,75%	Iroda 12, Raktár 6	7 200 000	8 000 000
Budapest, Béq utca 4.	3 300 000	DCF modell	3 400 000	7,75%	Iroda 11, Parkoló 10	3 300 000	3 600 000
Budapest, Visegrádi utca 110-112	2 500 000	DCF modell	4 800 000	7,50%	Iroda 10, Raktár 4.5	4 600 000	4 900 000
Budapest, Páva utca 8.	3 900 000	DCF modell	4 900 000	8,00%	Iroda 9, Raktár 6	4 600 000	5 100 000
Nagykanizsa, Vár utca 12.	890 000	DCF modell	620 000	9,25%	Iroda3.5, Raktár 2.5	590 000	650 000
Kecskemét, Kiskőrösi utca 30.*	1 200 000	DCF modell	2 500 000	10,25%	Iroda 4, Raktár 3	2 800 000	3 100 000
Budapest, Hattyú utca 14.	12 300 000	DCF modell	13 100 000	7,75%	Iroda 10-13, Raktár 1	13 100 000	14 400 000
Budapest, Schweidel utca 3.	1 800 000	DCF modell	2 300 000	9,00%	Raktár 3	2 040 000	2 260 000
Budapest, Egyenes utca 4.	430 000	DCF modell	1 200 000	9,00%	Ipari csarnok 4.5	1 100 000	1 200 000
Budapest, Mérleg utca 4.	5 900 000	DCF modell	9 000 000	7,50%	Iroda 14.5-15	8 600 000	9 400 000
Biatorbágy, Tormásrét 2.	700 000	DCF modell	1 200 000	8,75%	Iroda 8, Raktár 3.5	1 100 000	1 200 000
Budapest, Bánya u.	2 700 000	DCF modell	1 800 000	9,00%	Iroda 3.5, Raktár 3	1 700 000	1 800 000
Budapest, Kelénhegyi út 43.**	3 600 000	DCF modell	6 500 000	7,75%	Iroda 13,5	6 200 000	6 700 000
Budapest, II. Felhévizi út	-	-	-	-	-	-	-

## 14. Sales and costs for maintaining of property conditions ( CAPEX )

Expenses for maintaining investment properties	31st Dec. 2016 by the end of	31st Dec. 2015 by the end of
	business year	business year
	EUR	EUR
Investments for maintaining conditions of Investr	(210 804)	(255 904)
Investments expenditures on property from past years	(128 204)	-
	<b>(339 008)</b>	<b>(255 904)</b>

## 15. Goodwill

Impairment of goodwill	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
Cost	8 063 280	8 063 280
Accumulated impairment losses	(8 063 280)	(5 914 094)
<b>Balance at end of year</b>	<b>-</b>	<b>2 149 186</b>
<b>Cost</b>		
Balance at beginning of year	8 063 280	8 063 280
Derecognised on disposal of subsidiary	-	-
<b>Balance at end of year</b>	<b>8 063 280</b>	<b>8 063 280</b>
<b>Accumulated impairment losses</b>		
Balance at beginning of year	(5 914 094)	(2 440 830)
Impairment losses recognised in the year	(2 149 186)	(3 473 264)
<b>Balance at end of year</b>	<b>(8 063 280)</b>	<b>(5 914 094)</b>

During the annual review of the goodwill, the Board of Directors decided on impairment loss in an amount of EUR 2,149,186 (2015: EUR 3,473,262), due to the fact that respective values of the company as per the previous estimates were fully reflected in real-estate property values for the year of 2016, the value of the properties fully expressed the returning amount of the cash-generating units of the company's management.

	31st Dec. 2015 EUR	Impairment losses recognised in the year	31st Dec. 2016 EUR
Appenninn - BP 1047 Zrt.	437 238	(437 238)	-
W-GO 2000 Zrt.	-	-	-
E-Office Zrt. (Budapest, Páva utca 8.)	322 170	(322 170)	-
E-Office Zrt. (Visegrádi utca 110-112.)	294 637	(294 637)	-
E-Office Zrt. (Budapest, Mérleg u. 4)	107 235	(107 235)	-
E-Office Zrt. (XI. Budapest, Kelénhegyi út 43)	979 173	(979 173)	-
Appenninn Logisztikai Zrt.	8 733	(8 733)	-
	<b>2 149 186</b>	<b>(2 149 186)</b>	-

W-GO 2000 Zrt merged in Appenninn E – Office Zrt. at the time of 30th September 2016.

## 16. Property, plants and equipments

Cost EUR	Office and other equipments	Equipments	Accumulated depreciation and impairment in EUR	Office and other equipments	Equipments
<b>Balance at 31st December , 2014</b>	401 209	-	<b>Balance at 31st December , 2014</b>	(319 428)	(357 323)
Additions	5 717	-	Depreciation	(16 634)	2 709
Disposals	-	-		-	520 249
<b>Balance at 31st December , 2015</b>	<b>406 926</b>	-	<b>Balance at 31st December , 2015</b>	<b>(336 062)</b>	<b>(165 636)</b>
Additions	-	-	Depreciation	(9 622)	-
Reclassification	(406 926)	-	Reclassification	345 684	-
<b>Balance at 31st December , 2016</b>	-	-	<b>Balance at 31st December , 2016</b>	-	-

Net value in EUR	Office and other equipments	Equipments
<b>Balance at 31st December , 2014</b>	<b>81 781</b>	-
<b>Balance at 31st December , 2015</b>	<b>70 864</b>	-
<b>Balance at 31st December , 2016</b>	-	-

In 2016, the Group derecognized its tangible and intangible assets cumulated and separately managed in the previous years at the account of the profit. Through derecognition, it accounted for the investments carried out during the previous years in the profit.

## 17. Other financial income and expenses

Other financial income/(expense)	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Hair cut on restructuring of bank loans	-	3 462 218
Other fx gain (loss)	1 573	-
Gain (loss) relised on receivables and payables	(71 666)	-
Net (loss) on fx transactions	(134 969)	(1 266 224)
	<b>(205 062)</b>	<b>2 195 994</b>

The profit of EUR 3,462,000 and the loss of EUR 1,266,000 realized in the comparative period were the result of a one-time loan restructuring event. The CHF credit repayment process was completed at the Group on 15 December 2015.

## 18. Interest expense

Interest incomes (expenses) total	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Total Interest income recognised		
Interest received from banks	196	936
Other interest received	20 858	87 015
	21 054	87 951
Total interest expenses		
Interest paid on bank loans	(552 777)	(1 210 460)
Interest paid on bonds	(142 364)	(124 787)
Interest for other parties	(144 532)	
	(839 673)	(1 335 247)
<b>Interest incomes (expenses) total</b>	<b>(818 619)</b>	<b>(1 247 296)</b>

## 19. Income tax expense

### 19.1 Taxes in the Income Statement

The Group account for taxes in an amount of EUR 899,364 in 2016 for the result of the period under review, and EUR 1,227,460 at the account of the result of the year of 2015. Since there may be a dispute about the interpretation of tax laws and regulations pertaining to individual transactions, the tax balances in the financial statements might be changed later by the tax authorities.

Income tax expenses	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Corporate income tax	(50 805)	(105 463)
Local municipality tax	(87 167)	(77 024)
Deferred tax expense (income)	1 050 563	(1 044 973)
Total tax expense	<b>912 591</b>	<b>(1 227 460)</b>

Calculation of income tax	31st Dec. 2016 by the end of business year	31st Dec. 2015 by the end of business year
	EUR	EUR
<b>Profit before tax</b>	<b>1 695 405</b>	<b>2 428 795</b>
<b>Other comprehensive income</b>	-	-
Income tax calculated by 10%	(169 541)	(242 880)
Tad base adjustments (minimum based taxation purposes)	186 661	98 430
FX difference	(151)	-
<b>Hungarian taxation calculated tax:</b>	<b>(50 805)</b>	<b>(105 463,00)</b>
Deferred tax asset - decreasing	(52 670)	(7 579)
Deferred tax liability - decreasing	1 210 812	(892 944)
Deferred tax liability increasing	(124 548)	
Local tax	(87 167)	(77 024)
<b>Income tax total</b>	<b>912 591</b>	<b>(1 227 460)</b>

Income tax ratio	31st Dec. 2016 by the end of business year	31st Dec. 2015 by the end of business year
	EUR	EUR
Corporate income tax rate (below 500 million HUF tax base)	10%	10%
Corporate income tax rate (over 500 million HUF tax base)	19%	19%
Local municipality tax rate	2%	2%
Corporate income tax rate from 1st January 2017.	9%	-

## 19.2 Deferred tax asset

Deferred tax assets	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
<b>Opening balance</b>	<b>52 670</b>	<b>60 249</b>
<i>Actual changes:</i>		
<b>Deferred tax asset decreasing (losses for the profit in actual year)</b>	<b>(52 670)</b>	<b>(7 579)</b>
Curlington Kft.	(51 009)	
Appenninn Solaris Zrt.	(1 661)	
<b>Deferred tax asset increasing (increase in profit for actual year)</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>-</b>	<b>52 670</b>
From which:		
Curlington Kft.	-	51 009
Appenninn Solaris Zrt.	-	1 661

### 19.3 Tax liability in the Balance Sheet

Current tax liability	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
VAT payable	108 745	128 153
Income tax payable	23 720	42 501
Local tax payable after investment property	94 766	14 988
Local municipality tax	11 009	8 707
Taxes on wages and salaries	-	877
Other taxes	-	9 103
	<b>238 240</b>	<b>204 329</b>

### 19.4 Deferred tax liability

Deferred tax liabilities	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
Opening balance	2 787 609	1 894 665
Actual changes:		
Deferred tax liability decreasing (gain in profit for actual year)	(1 210 812)	-
Deferred tax liability increasing (loss for actual year profit)	124 548	892 944
<b>Closing balance</b>	<b>1 701 345</b>	<b>2 787 609</b>
From which:		
Appenninn - BP1047 Zrt.	65 426	68 322
Appenninn E-Office Zrt.	1 385 131	2 534 230
Appenninn Logisztikai Zrt.	26 125	8 891
Appenninn Vagyonkezelő Holding Nyrt.	2 064	19 376
Bertex Kft.	38 145	79 650
Szent László Téri Szolgáltató Ház Kft.	88 962	77 140
Curlington Kft.	61 257	-
Felhívíz Appen Kft.	34 235	-

A Csoport halasztott adó követelés és kötelezettségének változását a következő táblázat mutatja:

### 19.5 Deferred tax asset and liability calculation

The Group presents deferred tax receivables and liabilities in its financial statements in conformance to IFRSs. Deferred tax is determined using the balance sheet result method. The balance sheet includes deferred tax balances for the following companies:

### Deferred income tax calculation :

	Accounting Balance	Appenninn Angel Zrt.	Appenninn - BP 1047 Zrt.	Appenninn E-Office Zrt.	Appenninn Logisztikai Zrt.	Appenninn Solaris Zrt.	Appenninn Vagyonkezelő Holding Nyrt.	Bertex Kft.	Curlington Kft.	Szent László Téri Szolgáltató Ház Kft.	Felhévíz Appen Kft.	Adó szerinti egyenleg	Deferred tax base	Calculated deferred tax
Investment properties	62 040 000	-	(774 863)	(37 406 334)	(321 657)	-	(21 893)	(427 587)	(275 925)	(929 352)	(380 382)	21 502 007	(40 537 993)	
Trade receivables	2 667 863	-	47 912	136 413	3 736	-	(1 035)	3 749	76 706	61 859	-	2 997 203	329 340	
Retained earnings	4 319 450	-	-	20 345 740	27 642	-	-	-	103 765	217 610	-	25 014 207	20 694 757	
Long-term loans	33 793 160	-	-	2 665 632	-	-	-	-	-	-	-	36 458 792	2 665 632	
Trade accounts payables	1 272 831	-	-	(1 216 041)	-	-	-	-	(585 175)	(338 583)	-	(866 968)	(2 139 799)	
Deferred revenue and accrued expens	996 059	-	-	84 249	-	-	-	-	-	-	-	1 080 308	84 249	
<b>Deferred tax base</b>			<b>(726 951)</b>	<b>(15 390 341)</b>	<b>(290 279)</b>		<b>(22 928)</b>	<b>(423 838)</b>	<b>(680 629)</b>	<b>(988 466)</b>	<b>(380 382)</b>		<b>(18 903 814)</b>	
Deferred tax asset calculated			-	-	-	-	-	-	-	-	-	-	-	
Deferred tax liability calculated			(65 426)	(1 385 131)	(26 125)	-	(2 064)	(38 145)	(61 257)	(88 962)	(34 235)	-		<b>(1 701 345)</b>
Deferred tax asset - opening			-	-	-	1 661	-	-	51 009	-	-	-		<b>52 670</b>
Deferred tax asset decreasing (losses for the profit in actual year)			-	-	-	(1 661)	-	-	(51 009)	-	-	-		<b>(52 670)</b>
Deferred tax asset - closing			-	-	-	-	-	-	-	-	-	-		
Deferred tax liability - opening			(68 322)	(2 534 230)	(8 891)	-	(19 376)	(79 650)	-	(77 140)	-	-		<b>(2 787 609)</b>
Deferred tax liability decreasing (gain in profit for actual year)			2 896	1 149 099	-	-	17 312	41 505	-	-	-	-		<b>1 210 812</b>
Deferred tax liability increasing ( loss for actual year profit)			-	-	(17 234)	-	-	-	(61 257)	(1 822)	(34 235)	-		<b>(124 548)</b>
Deferred tax liability - closing			(65 426)	(1 385 131)	(26 125)	-	(2 064)	(38 145)	(61 257)	(88 962)	(34 235)	-		<b>(1 701 345)</b>

The cumulative accrued negative tax base of the Companies on 31 December 2016, from which deferred tax payables for investment property could be deducted, when calculating the deferred tax. The use of accrued negative tax bases is subject to the rules in effect in the year when they arise, with the order of utilization being defined by FIFO.

Year	Appenninn Angel Zrt.	Appenninn - BP 1047 Zrt.	Appenninn E-Office Zrt.	Appenninn Logisztikai Zrt.	Appenninn Solaris Zrt.	Appenninn Vagyonkezelő Holding Nyrt.	Bertex Kft.	Curlington Kft.	Szent László Téri Szolgáltató Ház Kft.
2007	-	-	(46 775)	-	-	-	-	(41 570)	-
2008	-	-	-	-	-	-	-	(37 461)	-
2009	-	-	-	-	-	-	-	(11 060)	-
2010	-	-	-	-	-	-	-	(27 699)	-
2011	-	-	(2 250 794)	(24 900)	-	-	-	-	-
2012	-	-	(1 401 006)	(2 743)	-	-	-	(21 574)	-
2013	-	-	(9 518 201)	-	(34 519)	-	-	(43 431)	(20 822)
2014	-	-	(2 872 478)	-	(22 291)	(2 778)	-	-	(101 080)
2015	(2 164)	-	(4 256 485)	-	(114 825)	-	-	-	(95 708)
2016	(2 717)	-	-	-	-	-	-	-	-
	(4 881)	-	(20 345 740)	(27 642)	(171 635)	(2 778)	-	(103 765)	(217 610)

## 20. Non Contrlling interest

Non-controlling interests	31st Dec. 2016 EUR	31st Dec. 2015 EUR
<b>Opening value at the beginning of the year</b>	<b>741 962</b>	-
<b>Transfers between equity items</b>	<b>(723 802)</b>	<b>707 748</b>
from which:		
Transfer of equity components by the sale of non controlling interest	-	707 748
Past years reclassification of Goddwill allocation	(741 962)	-
Transfer with merger activity	18 160	-
<b>Transfer of profit for period</b>	<b>129 935</b>	<b>34 214</b>
from which:		
W-GO 2000 Zrt. (Jan- Sept, 40% NCI)	77 560	-
Appenninn E-Office Zrt. (Oct- Dec, 1/73 ratio)	52 375	-
	<b>148 095</b>	<b>741 962</b>

The Group sold 40% of its 100% stake in W-GO Ltd in December 2015. On 30 September 2016, W-GO Ltd merged into Appenninn E-Office Ltd, in which the minority share acquired by Lehn Consulting Ltd is 1/730, after the merger and capital increase.

In 2016, for the minority share, in the first 9 months, the 40% share in W-GO 2000 Ltd was EUR 77,560, in October-December the share in Appenninn E-Office Ltd resulted in a profit of EUR 21,851.

In 2017, Appenninn Plc effectuated capital increase in Appenninn E-Office Ltd. Following the capital increase, the share of LEHN Consulting Ag. changed to 1/830.

## 21. Earnings per share and net asset value

### 21.1 EPS

Earnings per share and Diluted earnings per share (EURcent/pcs)	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Net profit from continuing activity	2 478 061	1 167 121
Net profit from discontinued activity	-	-
Weighted average number of ordinary shares	36 324 574	34 097 756
<b>Basic earnings per share for continuing operation (EUR cent)</b>	<b>6,82</b>	<b>3,42</b>
Basic earnings per share for discontinued operation (EUR cent)	-	-
Weighted average number of diluted ordinary shares	36 324 574	34 097 756
<b>Diluted earnings per share for continuing operation (EUR cent)</b>	<b>6,82</b>	<b>3,42</b>
Diluted earnings per share for discontinued operation (EUR cent)	-	-

The Company did not have a share option, therefore the Fund and diluted earnings per share were identical.

## 21.2 Asset value

Net asset value per share	31st Dec. 2016 by the end of business year EUR	31st Dec. 2015 by the end of business year EUR
Net asset value attributable to equity holders of the parent (NAV)	28 207 343	20 857 876
Number of ordinary shares at year end	39 800 000	36 500 000
<b>Net asset value per share</b>	<b>0,71</b>	<b>0,57</b>

## 22. Other short and long term receivables

Other long term financial assets	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Receivables from Lehn Consulting Ag.		
Receivables from sale of investments	978 639	1 090 591
	<b>978 639</b>	<b>1 090 591</b>

In 2015, the Group sold 40% of the share in W-GO 2000 Ltd, the buyer will pay the purchase price in 10 years. A discounted amount is stated by the Group, the applied discount rate is 3%.

Other short term receivables	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Receivables from interests sold to Lehn Consulting Ag.	310 851	157 533
Receivables from sale of treasury shares	2 053 726	-
Tax overpayments	15 257	120 108
Deposit	21 029	27 778
Other receivables	-	41 330
	<b>2 400 863</b>	<b>346 749</b>

The selling of treasury shares was realized in 2017 by the buyer's bill of exchange. The coverage of the bill was examined by the Board of Directors; on the one hand, the shares are subject to a Lock-Up until the return of the bills of exchange, on the other hand, the drawer is able to supply the assets corresponding to the amount of the bill of exchange, by the deadline.

## 23. Inventories

Inventories	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Maintenance inventory	-	3 737

The Group has used the maintenance inventory and accounted it into the costs.

## 24. Trade receivables

Trade receivables	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
<b>Carrying amount of trade receivables</b>	<b>572 107</b>	<b>614 773</b>
from which in EUR base	8 230	-
from which in HUF base	563 877	563 877
Non overdue:	-	97 535
Overdue:	268 101	517 238
from which:		
0- 30 days overdue	75 201	140 046
31- 60 days overdue	37 674	50 744
61-90 days overdue	19 565	10 077
91- longer overdue	135 661	316 371
Openin of write off trade receivables	(276 622)	(237 008)
write off trade receivables	(126 101)	(87 966)
write back of trade receivables	97 616	48 352
<b>Closing of trade receivables</b>	<b>(305 107)</b>	<b>(276 622)</b>
	<b>267 000</b>	<b>338 151</b>

## 25. Oteher short term loans

Loans given	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
Building Celaning Zrt.	90 359	191 620
WBO Zrt. " deleted " company	-	141 701
Mikepércsi út 132 Kft.	112 463	63 970
Hattyúház Társasház Közösség	6 915	167 587
Other given credits and loans	-	11 331
Write off for other receivables	(109 824)	(211 281)
Loans and receivables receivable from Lehn Consulting Ag.	196 658	-
	<b>296 571</b>	<b>364 928</b>

In 2016, MNB's 1.5% interest was settled for the loans granted, in the case of Building Cleaning Ltd, Hattyúház Társasház community and LEHN Consulting Ag. Short-term return of loans disbursed was examined by the Board of Directors, and a 100% value loss was accounted for the liabilities of canceled company, WBO Ltd, then it performed its derecognition.

## 26. Accruals of incomes and costs

Prepayments and accrued income	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Non invoiced, actual period sales revenues	32 112	18 448
Invoices non actual period costs	14 262	64 879
Interest accruals for the actual period	-	6 840
	<b>46 374</b>	<b>90 167</b>

## 27. Cash and bank balances

Cash and cash equivalents	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Petty cash in HUF	29 707	70 727
Petty cash in EUR	593	6 343
Bank accounts in HUF	734 080	209 838
Bank accounts in EUR	387 496	131 861
	<b>1 151 876</b>	<b>418 769</b>

## 28. Assets classified as held for sale

Assets classified as held for sale	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Appeninn Solaris Zrt. Property - opening	64 272	64 272
Property sold	(64 272)	-
Appeninn Credit Zrt. (rights) available for sale	462 993	-
	<b>462 993</b>	<b>64 272</b>

In the course of 2015, the Group signed a sales contract for the selling of the remaining property of Solaris Ltd. Sales were consummated in Q1 of 2016 (the returned purchase price in 2016 was EUR 64,272).

In the period under review, the Group acquired 100% share of Appeninn Credit Ltd (Milton Finanszírozási Ltd, 10 October 2016), the value of the share covered the operating environment and personnel of financial company, financial enterprise; MNB license, the right to use software (AdviseSoft) that records the activities of the financial enterprise, and management data. The selling of the investment is actively carried out by the Board of Directors.

## 29. Share capital

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 3,980,000,000 (2015: HUF 3,650,000,000), i.e. 39,800,000 pieces (2015: 36,500,000 pieces) of shares, with a nominal value of HUF 100 each. Based on the General Meeting of Shareholders on 20 May 2016, the Company decided to issue 3,300,000 ordinary shares, which were registered by the Budapest Court of Registration on 6 June 2016.

**Appenninn Plc. Details of shares**

Nominal value	100
Issue currency	HUF
ISIN	HU0000102132
Capital market	Budapest Stock Exchange
First trading date	2. July 2010
Shareholders registering	Appenninn Plc. Board of Directors 1022 Budapest Bélg utca 3-5.
Traded shares	39 800 000

Issued capital	31st Dec. 2016	31st Dec. 2015
	EUR	EUR
Issued shares on nominal value		
<b>Opening</b>	<b>11 850 483</b>	<b>11 850 483</b>
Issued shares 20th May 2016	1 042 588	-
<b>Closing</b>	<b>12 893 071</b>	<b>11 850 483</b>

	31st Dec. 2016	31st Dec. 2015
Issued treasury shares (each by 100 HUF ) Piece:		
Opening Piece:	36 500 000	36 500 000
Issued Piece:	3 300 000	-
Closing Piece:	39 800 000	36 500 000
Calculation to EUR		
HUF - EUR translation FX rated:		
Opening capital value average FX rate	308,00	308,00
Issue (Hungarian National Bank) FX rate	316,52	
Closing capital value average FX rate	308,69	308,00
Opening issued capital value in THS HUF		
Opening	3 650 000	3 650 000
Issue by 20th May 2016	330 000	-
Closing	3 980 000	3 650 000

**30. Treasury shares**

Treasury shares	31st Dec. 2016		31st Dec. 2015	
	EUR		EUR	
	Cost	Piece	Cost	Piece
<b>Opening</b>	<b>2 370 330</b>	<b>2 814 280</b>	<b>2 643 620</b>	<b>2 746 946</b>
<b>Treasury shares increased by purchase</b>	<b>1 364 284</b>	<b>1 846 089</b>	<b>1 342 257</b>	<b>67 334</b>
<b>Treasury shares sold</b>	<b>(3 499 751)</b>	<b>(4 347 347)</b>	<b>(1 615 547)</b>	
<b>Closing</b>	<b>234 863</b>	<b>313 022</b>	<b>2 370 330</b>	<b>2 814 280</b>
<i>from which belongs to:</i>				
Appenninn Vagyonkezelő Holding Nyrt.	216 112	285 470	2 354 542	2 795 535
Felhívás Appenn Kft.	18 751	27 552	-	-

### 31. Oteher equity reserves

Other reserves	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Opening of premium	10 081 366	10 081 366
Premium from new Issue of shares at 20th May 2016	1 148 319	-
	<b>11 229 685</b>	<b>10 081 366</b>

### 32. Retained earnings

Retained earnings	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Opening value at the beginning of the year	1 296 357	(599 104)
<i>changes in the year:</i>		
Profit for the year	2 478 061	1 167 121
Sale of non controlling interest	-	888 728
Discounts write back for long term receivables from shareholders	157 088	-
Discounts for long term receivables from shareholders	(125 210)	(157 088)
Loss recognised on treasury shares	(210 648)	(3 300)
Transfers between equity items	723 802	-
	<b>4 319 450</b>	<b>1 296 357</b>

### 33. Short term Bank loans

Financing Bank	First obligation holder	Short term in EUR	Long term in EUR
OTP Bank Zrt.	Curlington Kft	19 992	113 288
Takarékbank	Szent László Téri Szolgáltató Ház	99 556	324 026
Takarékbank Zrt.	Szent László Téri Szolgáltató Ház	-	-
K&H Bank Zrt.	Appenninn BP 1047	137 457	790 447
Orgovány és Vidéke Takarékszövetkezet	Appenninn-Logisztika Zrt	38 583	268 678
Oberbank AG	Bertex Zrt	41 668	473 033
ERSTE Bank Zrt.	Appenninn E-Office	200 427	5 106 006
ERSTE Bank Zrt.	Appenninn E-Office	983 695	25 196 304
		<b>1 521 378</b>	<b>32 271 782</b>

Financing Bank	Contracting Currency	Open amount in contracting currency	Interest %	Expiry date	Collaterals
OTP Bank Zrt.	HUF	41 453	2,5% fix.	2023.08.30	bail of shares max 20% of actual capital, block security pledge of assets, surety of Appenninn Plc, collateral on investment
Takarékbank	HUF	131 742	3 havi EURIBOR+RKV+1,9%	2021.05.17	call option right, collateral on the trade receivables, assigned revenues
Takarékbank Zrt.	HUF	-	3 M BUBOR+ 3,0%	2021.03.31	call option right, collateral on the trade receivables, assigned revenues
K&H Bank Zrt.	HUF	288 597	1,7% fix.	2023.07.05	surety of Appenninn Plc, block security pledge of assets, bail of shares, assigned revenues
Orgovány és Vidéke Takarékszövetkezet	HUF	95 564	1 havi BUBOR +2,5%	2023.06.15	block security pledge of assets, bail of shares, assigned revenues
Oberbank AG	EUR	514 701	1 havi EURIBOR + 2,5%	2031.10.31	block security pledge of assets, bail of shares, assigned insurance
ERSTE Bank Zrt.	EUR	5 306 434	3 havi EURIBOR (min. 0) +3,5%	2025.03.31	pledge of assets, assigned revenues, surety of Appenninn Plc, surety of LEHN Consulting Ag. Deposit of treasury shares, insurance, pledged assets,
ERSTE Bank Zrt.	EUR	26 179 998	3 havi EURIBOR (min. 0) +2,5%	2025.03.31	pledge of assets, assigned revenues, surety of Appenninn Plc, surety of LEHN Consulting Ag. Deposit of treasury shares, insurance, pledged assets, call option, insurance assigned

### 34. Long term loans

Loing-term non bank loans	Expiry date	Interest %	Currency	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Lehn Consulting AG.	indefinite	5,00%	CHF	-	75 656
					<b>75 656</b>

## 35. Bounds

ISIN	HU0000356639	HU0000354337
Name of policy:	Appenninn Nyrt. interest-bearing EURO bond	Appenninn Nyrt. interest-bearing bond HUF
<b>Short name of the bond:</b>	<b>Appenninn Nyrt. EUR bond</b>	<b>Appenninn Nyrt. HUF bond</b>
<b>Nominal value:</b>	<b>EUR 10,000</b>	<b>HUF 10,000,-</b>
Piece number:	150	15000
Total nominal value:	EUR 1 500 000	HUF 150 000 000
Manner of distribution:	subscription	exclusive section
Type of distribution:	exclusive section 14 (1) c) of the Tpt Act	dematerialized
Subscription period:	September 2, 2015 – September 10, 2015	-
Duration:	3 years (September 11, 2015 – September 10, 2018)	3 years (February 26, 2014. – 26 February 2017.
<b>Expiry:</b>	<b>September 10, 2018</b>	<b>February 26, 2017</b>
Interest rate:	7.5 % p.a.	5% p. a.
Interest payment:	yearly, on September 10 every year	yearly, on February 26 every year
Policy production:	dematerialized	dematerialized
Transfer limitation:	none	none
Value date:	September 11, 2015	February 26, 2014
Purpose of issue:	Additional capital sourcing	Additional capital sourcing

	HU0000356639		HU0000354337		Kötvény tartozások Összesen EUR
	EUR kötvény értéken	DB	HUF kötvény értéken	DB	
Kibocsátás 2014. 02.26.	-	-	150 000 000	15 000	
Visszavásárolt 2014.	-	-	(53 970 000)	(5 397)	
Forgalomban tartott Záró egyenleg 2014. 12. 31.	-	-	96 030 000	9 603	304 964
Kibocsátás 2015. 09.10.	1 500 000	150	-	-	
Visszavásárolt 2015.	-	-	-	-	
Forgalomban tartott Záró egyenleg 2015. 12. 31.	1 500 000	150	96 030 000	9 603	1 806 688
Visszavásárlás 2016.06. 09.			(24 000 000)	(2 400)	
Apport teljesítése kötvény átruházással 2016.05.20.	(900 000)	(90)	(1 000 000)	(100)	
Visszavásárlás 2016. 12. 14.	(400 000)	(40)			
Forgalomban tartott Záró egyenleg 2016. 12. 31.	200 000	20	71 030 000	7 103	428 378

The Company does not intend to sell its own bonds, therefore the related liabilities (capital and interest) are not stated in the financial statements for the bond items with the Company, at the account of liabilities and profit. The Company fulfilled its principal and interest payment obligations resulting from the HU0000354337 bonds on February 2017.

## 36. Bérzők által teljesített letétek

Tenants deposites	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Opening	770 976	797 160
New items from new tenants	165 658	780
Decreasing by closing contract	(77 769)	(22 273)
Decreasing by sale of subsidiary	-	(4 691)
	<b>858 865</b>	<b>770 976</b>

### 37. Egyéb rövid lejáratú kötelezettségek

Other payables	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Opening	254 431	252 724
New items from new tenants	158 599	6 301
Decreasing by closing contract	256 337	276 587
Decreasing by sale of subsidiary	7 555	28 259
Payables for acquired investment	198 456	197 125
Lehn Consulting Ag. Guarantee fee payalbes	271	32 206
Lehn Consulting Ag. Loans	24 203	642
Lehn Consulting Ag. Interest	21 319	21 116
Payables for Building Cleaning (share based settlement)	382	1 218
Prepayments	-	72 930
	<b>921 553</b>	<b>889 108</b>

The liability connected with the share purchase (HUF 79,133,000) originated from the acquisition of Tavig Ltd and Curlington Ltd; Appenninn E-Office Ltd is the legal successor of these companies. In the case of Tavig Ltd, the purchase price was 1,700,000 pieces of shares; in the case of Curlington Ltd, it was HUF 7,247,000. The Group's subsidiary (E-Office Ltd) intends to fulfill its obligations to Building Cleaning Ltd by a share transfer transaction; the transaction has not been realized until the reporting date.

### 38. Trade accounts payables

Trade accounts payables	31st Dec. 2016 EUR	31st Dec. 2015 EUR
<b>Trade accounts payables</b>	<b>351 278</b>	<b>603 598</b>
Trade payables due date:		
1- 30 days:		
31- 60 days	152	
61-90 days	14 660	
91-180 days	9 848	
181- 360 days	20 026	
361- days	29 102	
	<b>351 278</b>	<b>603 598</b>

## 39. Dererred items and provisions

Deferred revenue and accrued expense	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Deferred expenses	120 383	189 461
Deferred interest expenses	14 301	55 105
Deferred asset cost	9 704	18 278
Deferred incomes - invoiced for the future periods	387 714	4 814
Deferred incomes - invoiced for the future periods - Kecskemét rent fee	379 708	-
Provision for expected losses from legal case	84 249	-
	<b>996 059</b>	<b>267 658</b>

## 40. Related party items

Transactions with consolidated companies were eliminated.

Transactions not included in the consolidation, but conducted with related parties are presented in the notes relating to the relevant balance sheet rows.

	31st Dec. 2016 EUR	31st Dec. 2015 EUR
<b>Receivables</b>		
Loans and receivables receivable from Lehn Consulting Ag.	196 658	-
<b>Liabilities</b>		
Long term liability Lehn Consulting Ag.	-	75 656
New items from new tenants	158 599	6 301
Decreasing by closing contract	256 337	276 587
Decreasing by sale of subsidiary	7 555	28 259
Lehn Consulting Ag. Interest	21 319	21 116

## 41. Board remuneration

	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Remuneration of the Board of Directors (4 members) EUR / month / member	965	958
Remuneration of the Audit Committee (3 members) EUR/ month / member	1 286	1 277

## 42. Financial risk management

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.

**Maximum of financial risk**

Maximum risk from receivables	Note	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Trade receivables	24	267 000	338 151
Other short term receivables	22	2 400 863	346 749
Loans given	25	296 571	364 928
Prepayments and accrued income	26	46 374	90 167
Cash and cash equivalents	27	1 151 876	418 769
Current assets	-	4 162 684	1 562 501
		<b>8 325 368</b>	<b>3 121 265</b>

Maximum risk of liability	Note	31st Dec. 2016 EUR	31st Dec. 2015 EUR
Long-term loans	34	-	75 656
Loing-term non bank loans	35	200 000	1 806 688
Issued corporate bonds	36	858 865	770 976
Tenants depositos	19	1 701 345	2 787 609
Short-term loans from bank	33	1 521 378	1 294 250
Other payables	37	921 553	889 108
Trade accounts payables	38	351 278	603 598
Issued corporate bonds	35	228 378	-
Current tax liability	19	238 240	204 329
Deferred revenue and accrued expense	39	996 059	267 658
		<b>7 017 096</b>	<b>8 699 872</b>

**Rental price risk:**

The Group has been pursuing consistent and calculable rental pricing for its tenants. Current rental prices and conditions are in line with the environment and quality of the properties. Considering the current global economic climate and oversupply of Budapest office space market, however, there is no assurance that current rental prices and conditions can be maintained int he future.

**Foreign currency risk:**

The Group bears significant amount of foreign currency risk in relation to its debt service, which is mitigated by the fact that the majority of its rental income is generated in EUR, however the Group has significant amount of loan denominated in CHF. Further coverage derives from that the investment properties of the Company valued in EUR, so at year end, the fluctuation of foreign currency is taken consideration during the revaluation of the investment property portfolio.

Conversion of HUF items used for the preparation of the report was carried out by the Group at the following exchange rates. The Group applied the closing MNB exchange rate for the balance sheet items and the average daily MNB exchange rate for the profit items.

Currency	31st Dec. 2016	31st Dec. 2015
Closing	311,02	313,12
Average ( daility base)	311,46	309,90

The transaction currency was HUF, our foreign exchange exposure was performed by quantifying this currency.

The table below illustrates the Group's sensitivity to exchange rate fluctuations, on the basis of the annual balance sheet of 2016:

Balance Sheet		31st Dec. 2016		Balance Sheet	
Assets		EUR	HUF	Equity and liabilities	
Investment properties				Issued capital	
Goodwill	-			Treasury shares	
Other intangible assets	-			Other reserves	
Property, plants and equipments	-			Retained earnings	
Deferred tax assets	-			<b>Shareholder's equity</b>	-
Other long term financial assets			978 639	Non-controlling interests	-
<b>Non-current assets</b>			<b>978 639</b>	<b>Total equity and reserves</b>	-
Inventories			-	Long-term loans	30 775 343
Trade receivables	8 230	258 770		Loing-term non bank loans	-
Other short term receivables		2 400 863		Issued corporate bonds	200 000
Loans given		296 571		Tenants deposits	297 761
Prepayments and accrued income		46 374		Deferred tax liabilities	-
Cash and cash equivalents	388 089	763 787		<b>Total non-current liabilities</b>	<b>31 273 104</b>
<b>Current assets</b>	<b>396 319</b>	<b>3 766 365</b>		Short-term loans from bank	1 225 790
Assets classified as held for sale		462 993		Other payables	93 725
				Trade accounts payables	351 278
				Issued corporate bonds	228 378
				Current tax liability	238 240
				Deferred revenue and accrued expense	996 059
				<b>Total current liabilities</b>	<b>1 319 515</b>
				<b>Total liabilities</b>	<b>32 592 619</b>
				<b>Total equity and liabilities</b>	<b>32 592 619</b>
				<b>FX position (Assets and Liabilities net)</b>	<b>32 196 300</b>
					<b>(213 083)</b>

Changes in FX ratio	FX ratio	Changes in EUR ratio	Total of non EUR position (net asset position)	Calculated gain (loss) in EUR
-5%	0,00305	(0,00016)		(34)
-1%	0,00318	(0,00003)		(7)
2016. 12. 31. MNB	0,00322	-	<b>(213 083)</b>	-
+1%	0,00325	0,00003		7
+5%	0,00338	0,00016		34

Effect of the 50 basepoints change in the interest environment would have the following impact on the financial statements of the Group:

Financing Bank	Interest (minimum)	Interest basis	Interest 1% +/-	Intest expense change in EUR
OTP Bank Zrt.	fix.	2,5%	nincs	nincs
Takarékbank	1,9%	0,0%	1,0%	4 236
K&H Bank Zrt.	fix	1,7%	nincs	nincs
Orgovány és Vidéke Takaréék	2,5%	0,3%	1,0%	3 073
Oberbank AG	2,5%	0,0%	1,0%	5 147
ERSTE Bank Zrt.	3,5%	0,0%	1,0%	53 064
ERSTE Bank Zrt.	2,5%	0,0%	1,0%	261 800

Interest rate risk:

Interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to primarily to the Group's long-term debt obligations with floating interest rates and finance lease liabilities. The Group paid an average of 3,0% interest rate on its loans in.

Credit risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities and from its financing activities, including deposits with banks and financial investments.

Tenant receivables:

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.

Cash 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 limit credit risk, reserves are held in cash or bank deposits by reliable banks

Liquidity risk:

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits and loans. The management anticipates that no liquidity difficulties will arise, since rental revenues are sufficient to cover debt service and cost of operation. The Group settles its payment obligations within the payment term, and had no overdue payables as of December 31, and 2016. The two tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments as of December 31, 2016 and 2015 .

31st Dec. 2016 by the end of business year	Due date 1yr	Due date 1yr- 5 yr	Due date after 5 yr	Total
Loans and borrowings	1 749 756	1 309 623	31 162 159	34 221 538
Tenants deposits	-	858 865	-	858 865
Trade accounts payables	1 273 485	-	-	1 273 485
Current tax liability	240 356	-	-	240 356
Financial liability	4 326 494	9 974 216	31 162 159	45 462 868

31st Dec. 2015 by the end of business year	Due date 1yr	Due date 1yr- 5 yr	Due date after 5 yr	Total
Loans and borrowings	2 629 497	9 203 240	31 162 159	42 994 895
Tenants deposits	-	770 976	-	770 976
Trade accounts payables	1 495 494	-	-	1 495 494
Current tax liability	201 503	-	-	201 503
Financial liability	4 326 494	9 974 216	31 162 159	45 462 868

### 43. Capital risk management

The management's objectives when managing capital are to safeguard the ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the management monitors capital structure based on the debt service cover ratio (DSCR) and the loan-to-value ratio (LTV). DSCR is calculated as cash available for debt service (rental revenues less operating and other costs) divided by debt service (capital plus interest), while LTV is calculated as the ratio between the sum of the outstanding balances of the loan and the market value of the property. Client base of the Group is diverse and varied, so the financial realisation of the income does not depend on the liquidity of one or more bigger clients

#### 44. Events after the balance sheet date

No significant event occurred after the balance sheet date. The Group will continue to prepare the purchase of portfolio items tailored to its acquisition strategy, primarily in the office and industrial-logistics sector of the real-estate property market.

#### 45. Compilation of the Consolidated Financial Statements

The Group used - during the compilation of the Financial Statements for the year ended 31 December according to the International Financial Reporting Standards (IFRS) - the financial statements of parent companies and subsidiaries compiled based on the Hungarian Accounting Standards (HAS). For those financial statements the name and registration number of the responsible chartered accountant is: Zoltán Szilasi (registration number: 197528).

In order to ensure the compliance with IFRS standards the Group engaged an accounting expert. The engagement of the accounting expert is limited to identify the differences between the IFRS and HAS and to the compilation of the consolidated Financial Statements based on the effective IFRS standards accepted by the EU. The engagement of the accounting expert is not consist of formulating schemes and methods in connection with accounting policies, bookkeeping and reporting, establishing and updating rules and regulations concerning the system of accounts, including ledger accounts and records, drafting executive summaries and reports and annual accounts, analysis of data shown in the annual account, in bookkeeping records, including scripts of conclusions based on which to make economic decisions. The IFRS registered chartered accountant is Anita Lenart (registration number is: 186427)

#### 46. Auditor remuneration

Remuneration of the auditor:

The amount of the remuneration charged by the auditor for auditing the consolidated IFRS financial statements of the business year under review is HUF 5,000,000 + VAT.

Additional fees charged by the auditor in consideration of other services:

- Audit fee relating to Appeninn Plc's HAS stand alone financial statements: HUF 1,000,000 + VAT.
- Audit report fee relating to Appeninn Plc's unique IFRS-compliant transitional opening balance sheet: HUF 500,000 + VAT

#### 47. Approval of financial statements

The Board of Directors meeting held on 7 April, 2016 approved the consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS). The Board of Directors approved the issuance of the consolidated financial statement presented, however the Annual General Meeting of the owners authorised to approve the consolidated financial statements and may request changes before acceptance. Based on prior years experience the probability of the request for change from the Annual General Meeting of the owners is relatively small and unprecedented in the past.

#### 48. Statements

We caution you that a number of important factors could cause actual results to differ materially from statements for the future.

Statement of responsibility – We declare that the Consolidated Financial Statements which have been prepared in accordance with the applicable accounting standards and the best knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Appeninn Vagyonkezelő Holding Nyrt. and its undertakings included in the consolidation, development and performance of the Company and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.

Budapest, April 7<sup>th</sup>, 2017.

Zoltán Prutkay

Member of the Board of Directors

Gábor Székely

Chairman of Audit Committee