

Responsible Corporate Governance Report and Statement

Appennin Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (registered office: 1062 Budapest, Andrásy út 59. hereinafter referred to as: "Company") shall disclose the below summary report and statement with regard to responsible corporate governance:

The Company shall ensure to its owners, investors and every other market player with this report and statement that operation is understandable and transparent.

The Company extended the principles of the Responsible Corporate Governance onto its subsidiaries too. So hereinafter, the name Company shall also entail its subsidiaries.

1.) SHORT DESCRIPTION OF THE OPERATION OF THE BOARD OF DIRECTORS, AND THE RESPONSIBILITY AND DIVISION OF TASKS BETWEEN THE BOARD OF DIRECTORS AND THE MANAGEMENT

The management body of the Company – instead of the Board of Directors and the Supervisory Board – is the Board of Directors realizing a uniform management system, which is made up of five natural persons. The members of the Board of Directors shall elect the Chairperson from amongst themselves with simple majority.

The Board of Directors shall have its sessions as necessary, but at least every three months. The sessions of the Board of Directors shall be held at the time specified in the previous session, but if such date is not specified in the previous session, the following one shall be summoned within 3 months after the previous one.

The session of the Board of Directors shall be summoned by the Chairperson of the Board of Directors. Should the Chairperson be unable to do so, the Board of Directors shall be summoned jointly by two members of the same.

Invitation to the session shall be sent to the members of the Board of Directors at least 8 days prior to the relevant date – including the agenda, venue and time – in writing by way of postal delivery, fax or e-mail. Written proposals and decision proposals related to the items on the agenda, assisting the decision-making process shall also be sent along with the agenda.

Any member of the Board of Directors may request to summon the Board of Directors in writing, specifying the reason and the purpose for the session. In such a case, the Chairperson is obliged to summon the session of the Board of Directors within 15 days after the submission of the written request. Should the Chairperson not meet this obligation within 5 days, any member of the Board of Directors may directly summon the session.

The session of the Board of Directors can be held even without a regular summons, if all members of the Board of Directors are present.

The session of the Board of Directors has a quorum, if it was summoned regularly, and 3 members are present. The decisions of the Board of Directors are made by simple majority; in case of a tie, the Chairperson's vote shall decide. Should the significance and urgency of a matter justify, the Board of Directors may make a decision outside of its normal sessions. In such a case, quorum shall be decided based on the total number of the members of the Board of Directors.

Extraordinary decision-making is only possible, if at least two members of the Board of Directors support the same.

The members of the Board of Directors shall cast their votes in writing by way of a signed facsimile, or a scanned signed document attached to an e-mail, or the original signed document sent by way of delivery (approval, rejection, abstention).

The approving vote shall clearly include a reference to the decision alternative possibly included in the proposed decision. The members of the Board of Directors may only cast their votes on the textual proposal included in the proposed decision. Should the vote specify a condition or a different proposal, it is qualified as a rejection.

The session of the Board of Directors has a quorum, if at least 3 members are present. Decisions are made with simple verbal majority, in case of a tie, the Chairperson's vote shall decide.

The members of the Board of Directors shall verify their votes in all cases with their signatures, which shall completely match the signature indicated on their respective specimen signatures countersigned by an attorney.

Should a proposed amendment not receive the necessary number of supportive votes, the matter shall be put on the agenda at the following session again.

The members of the Board of Directors shall be informed about the result achieved during an extraordinary decision by the Chairperson of the Board of Directors in writing within 3 business days after the deadline set for the submission of the votes by way of sending the minutes of the votes and the approved decision.

The order of business of the Board of Directors shall include the tasks falling in the scope of authority of the Board of Directors.

The work schedule of the Company shall be controlled by the Board of Directors. Employer rights of the Company are exercised by the Board of Directors.

2.) *Tasks of the Board of Directors and the Audit Committee, as well as the introduction of the factors to be taken into consideration upon the evaluation of certain members*

The following falls in the exclusive scope of authority of the Board of Directors

Presented in Point VII of the Company's Articles of Association. Download from:

http://www.appeninnholding.com/charter/Appeninn_Nyrt_alapszabaly_HU_20180823.pdf

The following falls in the scope of authority of the Audit Committee:

Presented in Point VIII of the Company's Articles of Association. Download from:

http://www.appeninnholding.com/charter/Appeninn_Nyrt_alapszabaly_HU_20180823.pdf

Evaluation of the work performed by the executive officers and the employees

The work of the Board of Directors is evaluated in accordance with the rules specified in the remuneration statement. The Board of Directors is also in charge of controlling the performance of the management and specifying the remuneration of the same (including incentives, share options, separate agreements and other benefits). When performing such duties, the Board of Directors shall take into consideration the rate the Company's targets are realised. The Company has no share option programs or remuneration that differ from the usual. Remuneration specified in the Company's employment contracts highlights the long-term goals of the Company, and does not incentivise the members of the management to maximize share rates on the short run.

The Board of Directors specified the management's work in accordance with the market value of the given position, and put down the same in separate employment contracts. When entering into the employment contracts, the Company took into consideration the tasks and level of responsibility of each employee, as well as the Company's financial situation. The Company has no other performance based remuneration schemes in place.

The Company has no share remuneration program in place.

3.) Introduction of the members of the Board of Directors, the Supervisory Board and the Management, presentation of the structure of the boards

The Company operates in the form of a uniform governance company limited by shares, thus there is no Supervisory Board at the Company, and the management and supervisory duties of the Company are performed by the Board of Directors.

4.) Members of the Board of Directors (01.01.2018 -31.12.2018)

Board of Directors:

- Gellért Jászai– member of the Board of Directors, Chairman of the Board of Directors (from 20.04.2018)
- Aladin Linczényi– member of the Board of Directors, (from 23.08.2018)
- Dr. Judit Tóth– member of the Board of Directors, (from 23.08.2018)
- Zoltán Malik– member of the Board of Directors, (from 23.08.2018)
- János Tima– member of the Board of Directors, (from 23.08.2018)

Member of the Board of Directors prior to the amendment of the Statutes:

- ifj. György Ádámosi– (21.12.2017-23.08.2018)
- Sándor Juhász– (21.12.2017-23.08.2018)
- Dr. Orsolya Páricsi Dr. Egyedné– (20.04.2018-23.08.2018)
- Dr. Dóra Halápi– (20.04.2018-23.08.2018)
- Gábor Székely– (13.04.2013-20.04.2018)
- Zoltán Prutkay– (18.05.2015-20.04.2018)
- Attila Gábor Kovács – (15.04.2016-20.04.2018)

5.) Audit Committee (01.01.2018 -31.12.2018)

The Company has a three-member Audit Committee, the members of which were elected by the General Assembly.

Members of the Audit Committee:

- Dr. Judit Tóth– member of the Audit Committee (from 23.08.2018)
- Zoltán Malik– member of the Audit Committee, (from 23.08.2018),
- János Tima– member of the Audit Committee (from 23.08.2018) Chairperson of the Audit Committee

Members of the Audit Committee prior to the amendment of the Statutes:

- Gábor Székely– (21.12.2017-20.04.2018)

- Zoltán Prutkay– (21.12.2017-20.04.2018)
- ifj. György Ádámosi– (21.12.2017-23.08.2018)
- Sándor Juhász– (21.12.2017-23.08.2018)

The members of the Audit Committee receive comprehensive information about the Company's accounting, financial and operational features.

The members of the Audit Committee have the expertise necessary for the performance of the duties, and up-to-date financial and accounting background and experiences related to the subject. In order for them to perform their job, the Audit Committee receives precise and detailed information related to the work schedule of the Audit, and also the Auditor's report on the problems uncovered during the audit.

6.) *Other committees*

The Company has no Identification Committee or Remuneration Committee. The related functions are met by the members of the Board of Directors without forming a formal body. The Company has not created a separated work organisation and internal control activities.

7.) *Introduction of the sessions of the Board of Directors and the Audit Committee in the given period*

BD sessions - 2018

11 January 2018

Item on the agenda:

1. Decision on future capital increase by way of contribution in kind, after the decision of the GVH, and the determination of the relevant conditions

8 February 2018

Items on the agenda:

2. Decision on the acquisition of 100% of the business share in Plaza House Ingatlanfejlesztési Korlátolt Felelősségű Társaság;
3. Decision on the preliminary determination of the structure of conditions related to the capital increase to be performed in the Company in the future

11 April 2018

Items on the agenda:

1. Decision on the increase of the Company's share capital– by way of non-financial contribution in kind of HUF 647,887,400, that is six hundred forty-seven million, eight hundred and eighty-seven thousand four hundred Hungarian Forints;- decision related to the increase of the Company's equity capital by way of the private issue of 6,478,874, six million, four hundred and seventy-eight, eight hundred and seventy-four common shares (of Class A) ensuring the same rights of a par value of HUF 100, that is a hundred Hungarian Forints each, of an issue value of HUF 710, that is seven hundred and ten Hungarian Forints,);

2. Decision on the amendment of the Company's Statutes necessary due to the capital increase;
3. Discussion of all issues arising in connection with the Company's operation (no decision necessary).

11 June 2018

Item on the agenda:

1. Decision on the sale of AppeninnCredit Zrt. owned solely by the Company.

22 November 2018

Items on the agenda:

1. Decision on the retrospective approval of the property purchase by Appeninn Project-BTBG Kft.;
2. Decision on the retrospective approval of the property purchase by Appeninn Project-MSKC Kft.;
3. Decision on the retrospective approval of the property purchase by Appeninn Project-EGRV Kft.;
4. Decision on the approval of own share transaction;
5. Decision on the approval of the sale of certain properties and project companies owned by the Company, as well as the authorisations related to such cases;
6. Decision on the person of the investor contact person
7. Decision on the section of the 5 (five) year Business Strategy Plan disclosed in June 2018, related to office building purchases and developments
8. Information provided to the Chief Executive Officer on transactions in progress, without any prior oral materials.

4 December 2018

Item on the agenda:

1. Decision on the acquisition of the property called office building of a total area of 3600 m², topographical lot number: 7618, in Budapest, District I (public administration address entered in the property registry: 1013 Budapest, Krisztina körút 39. "under review"), and certain steps related to the acquisition

11 December 2018

Items on the agenda:

1. Decision on the approval of the loan agreement and related contracts made by and between OTP Bank Nyilvánosan Működő Részvénytársaság (registered office: 1051 Budapest, Nádor utca 16.; company registry number: 01-10-041585) as creditor and Appeninn BLT Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59.; company registry number: 01-09-326114) as borrower, and the provision of the authorisation related to the transaction;
2. Decision on the approval of the agreement establishing accounting and purchase rights between Appeninn BLT Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59.; company registry number: 01-09-326114) and Lexan Aliga Korlátolt Felelősségű Társaság (registered office: 1051 Budapest, Hercegprímás utca 12.; company registry number: 01-09-326926) and the provision of the authorisation related to the transaction.

BD-AC sessions - 2018

26 March 2018

Items on the agenda:

1. Acceptance of the annual reports of the subsidiaries

2. Annual reports of Appeninn Nyrt., proposal on the use of annual profit (dividend payment, or placement in provisions)
3. Acceptance of reports related to the statement
 - BD report
 - AC report
 - auditor's report
 - acceptance of the responsible corporate governance report and statement
4. AC proposal on the person and remuneration of the auditor
5. Approval of the annual session schedule of the BD and the AC

1 June 2018

Items on the agenda:

1. Introduction of the new members of the Board of Directors
2. Introduction of the new members of the Audit Committee
3. Decision on the election of the Chairperson of the Board of Directors
4. Decision on the election of the Chairperson of the Audit Committee
5. Amendment of the order of business of the Board of Directors
6. Amendment of the order of business of the Audit Committee
7. Decision on the election of the investor contact person
8. Decision on the change of the Company's registered seat
9. Decision on the amendment of the Statutes due the change of the registered seat
10. Others

23 August 2018

Items on the agenda:

1. Introduction of the new members of the Board of Directors
2. Introduction of the new members of the Audit Committee
3. Decision on the election of the Chairperson of the Board of Directors
4. Decision on the election of the Chairperson of the Audit Committee
5. Amendment of the order of business of the Board of Directors
6. Amendment of the order of business of the Audit Committee
7. Others

27 September 2018

Items on the agenda:

1. Decision on the Company's report prepared for the first half of 2018
2. Decision on the audit of the Company's report prepared for the first half of 2018

9.) *Presentation of the system of internal controls*

The Members of the Audit Committee elected from the members of the Board of Directors shall fulfil the internal audit function, the findings of which are presented to the members of the Board of Directors. In the scope of the legal relationship related to the employment, the fulfilment of the task is under development. The members of the Audit Committee get unlimited access to all necessary information, documents, data as well as the persons involved in the examined processes.

Division of decision authorities

The decision authority of the General Assembly, the Board of Directors and the Audit Committee is specified by the Company Statutes, the order of business of the Board of Directors and the Audit Committee. The decision scope of the employees is specified in their job descriptions. The Board of Directors is entitled to amend the job description unilaterally, however, the amendment may not result in the change of the character of the position.

System of orders

The Board of Directors gives orders in the scope of its management activity. Orders are given with regard to the Company's activities, operation, organisation and in matters related to all or the majority of employees. This category also includes orders specifying business, accounting-financial, information technology, statistical and data supply measures.

Appointment, employment

Employer rights are exercised by the Board of Directors with regard to the Company's employees, and the General Assembly with regard to the members of the Board of Directors.

Representation

The person authorised to sign on behalf of the Company may sign his/her own name, corresponding to his/her authentic company signature statement or his/her own specimen signature countersigned by an attorney below the Company name.

10.) Audit

The auditor, who is nominated by the main organ of the economic organisation is obliged to make sure that the audit specified in the accounting act is performed, during which it is especially important to ensure that the report prepared by the same in accordance with the accounting act and the relevant PM regulation is in compliance with the laws and regulations, and also gives a true and reliable image on the Company's material and financial situation, and the results of its operation.

The Auditor, in order to perform his/her duties, may review the company's books, request information about the executive officers and the employees of the company, and inspect the company's bank accounts, accounting and contracts.

The auditor of the Company is nominated by the General Assembly for a period of not more than 5 years. The auditor appointed by the company did not perform any duties in 2018, which were not related to the audit.

11.) Introduction of the Company's disclosure policy and the policy related to the trading by insider persons

Rules of the accessibility of the Company's investors

Unless the Company's Statutes provides otherwise, the Board of Directors and the person authorised by the same shall be entitled to make statements and inform the investors on behalf of the Company.

The members of the Board of Directors, and the person authorised by the same can be contacted in the Company's business hours via phone or e-mail.

The bodies, their members and order of business are available at the Company's website.

The exact contact details of the Company (postal address, telephone number, e-mail address) are available on

the Company's website (www.appeninnholding.com), and the investors may also get such information at the Company's registered seat.

The Company's business hours:
business days between 9:00 AM and 4:00 PM

The Company shall perform its disclosures in accordance with the relevant laws and regulations in effect, the rules of the stock exchange as well as its own internal rules. Accordingly, it reports on its economic activities in the form of semi-annual reports, periodical executive accounts and annually in the annual report, and in the cases specified in the laws and regulations, and the stock exchange rules, it shall also provide extraordinary information at its website, at www.bet.hu and at www.kozzetetelek.hu, and also send the regulated information for online media editing.

The Company has a separate regulation for trading by insider persons. With regard to the matters related to trading by insider persons, the Company shall proceed in all cases in accordance with the laws and regulations in effect and the rules of the stock exchange. The Company keeps records on insider persons, and especially raises the attention of those interested to the obligations specified in the laws and regulations and the rules of the stock exchange.

Introduction of the method of the exercise of shareholder rights

The share capital of the Company is made up of 47,371,419, that is forty-seven million, three hundred and seventy-one, four hundred and nineteen dematerialised common shares of a nominal value of HUF 100, that is a hundred Hungarian Forints.

Each and every common share of a nominal value of HUF 100 shall grant 1, that is one vote.

The rights and obligations related to the shares are specified in Points III, IV, V of the Company's Statutes.

Rules related to the conduct of the sessions of the General Assembly

The session of the General Assembly shall be summoned at least once a year before 30 April each year (ordinary session). The sessions of the General Assembly are regulated by the Civil Code. The Company shall detail the rights related to the summons and conduct of and the participation at the sessions of the General Assembly. In this document, we make a reference to Points IV and V of the Company's effective and disclosed Statutes, and they are not repeated in this document.

12.) Remuneration statement

The Company's remuneration statement is included in the appendix of the Responsible Corporate Governance Report.

Responsible Corporate Governance Recommendations

As a part of the Responsible Corporate Governance Report, the Company shall communicate in the below tables, the application of recommendations (R) and suggestions (S) specified in certain points of the Responsible Corporate Governance Recommendations („Recommendation”) issued by Budapest Értéktőzsde Zrt. in its own corporate governance practice.

Level of compliance with the Recommendations

The Company shall specify whether a certain recommendation is applied or not, and if not, it shall also give a short explanation related to the reason the recommendation was not applied.

1.1.1. There is an organisational unit operating in the Company dealing with investor relations, or there is a specific person assigned to perform such duties.

Yes No

1.1.2. The Company Statutes is available at the Company’s website.

Yes No

1.1.4. If the Company Statutes makes possible for the shareholders to exercise rights in their absence, the Company shall disclose the method and conditions related to the same, on its website, also including the necessary documents.

Yes No

1.2.1. The Company disclosed on its website, the rules related to the conduct of the sessions of the General Assembly and the exercise of the voting rights of the shareholders.

Yes No

Explanation:

1.2.2. The Company disclosed the date related to which the scope of those entitled to attend the given Company event is specified, giving an exact date (record date), as well as the last day, when the shares granting rights to attend the given Company event are traded.

Yes No

Explanation: In accordance with the Statutes and the content of the invitation to the session of the General Assembly disclosed prior to the session of the General Assembly as specified by the law

1.2.3. The Company made possible for as many shareholders as possible to attend the sessions of the General Assembly.

Yes No

1.2.6. The Company did not restrict the assignment of a separate representative by the shareholder by securities account for the session of the General Assembly.

Yes No

Explanation:

1.2.7. With regard to the proposals prepared for the items on the agenda, besides the decision proposal of the Board of Directors, the shareholders could also get to know the opinion of the Supervisory Board.

Yes No

Explanation: Due to the operating structure of the Company. The annual reports of the Board of Directors and the Audit Committee are disclosed

1.3.3. The Company did not limit the right of the shareholders present at the session of the General Assembly related to receive information, give comments and make proposals, or subject the same to any precondition, except for the measures taken for the regular and proper conduct of the session of the General Assembly.

Yes No

Explanation:

1.3.4. The Company, when answering the questions asked in the session of the General Assembly, ensured the compliance with the information and disclosure principles specified in the laws and regulations as well as the stock exchange requirements.

Yes No

Explanation:

1.3.5. The Company disclosed the answers to the questions on its website, to which no satisfactory answers were given by the representatives of the Company's bodies or auditor at the session of the General Assembly, or the Company disclosed the reasons for refraining from answering.

Yes No

Explanation:

1.3.7. The chairperson of the General Assembly ordered a break, or proposed the suspension of the General Assembly, if a motion or proposal is submitted for any of the items on the agenda of the General Assembly, which the shareholders could not know prior to the General Assembly.

Yes No

Explanation: There was no such event.

1.3.8.1. The chairman of the General Assembly meeting did not apply the joint vote method to elect and dismiss executive officers and the members of the supervisory board.

Yes No

Explanation:

1.3.8.2. In the case of executive officers and supervisory board members nominated with shareholder support, the Company provided information on the person(s) of the supporting shareholder(s).

Yes No

Explanation:

1.3.9. Prior to the discussion of the agenda items related to the amendment of the Statutes, in a separate resolution the General Assembly decided whether they wished to decide on the individual sections of the amendment of the Statutes separately, jointly or grouped according to certain considerations.

Yes No

Explanation: As in the reporting year no corporate event affected numerous agenda items and shareholder rights, the adoption of a separate resolution was not justified.

1.3.10. The Company published minutes containing the resolutions, presentation of the proposals for resolutions, and the important questions and answers related to the proposals for resolutions within 30 days following the meeting of the General Assembly.

Yes No

Explanation:

1.5.1.1. The Directorate / Board of Directors or the committee established from the members of the Board of Directors worded guidelines and regulations for the evaluation of the work performed by the Board of Directors and the Audit Committee, and for their remuneration.

Yes No

Explanation: The remuneration of the Board of Directors and of the Audit Committee is regulated within the framework of the founder's resolution assigned to the competence of the Board of Directors. At the Company the Board of Directors has competence to control performance by the management and to establish their remuneration (including incentives, share options, individual

agreements and other benefits). While attending to this task, the Board of Directors takes account of the extent the Company's objectives have been achieved. Currently, no share option programme and non-standard benefits have been established by the Company. The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

1.5.1.2. When determining a performance-based remuneration for the members of the management, the members' duties and scopes of responsibility were taken into account besides the Company's achievement of its goals and the Company's business and financial standing.

Yes **No**

Explanation: At the Company the Board of Directors has competence to control performance by the management and to establish their remuneration (including incentives, share options, individual agreements and other benefits). While attending to this task, the Board of Directors takes account of the extent the Company's objectives have been achieved. Currently, no share option programme and non-standard benefits have been established by the Company. The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

1.5.1.3. The supervisory board expressed its opinion on the remuneration principles worded by the Board of Directors and the committee set up of the members of the Directorate / Board of Directors.

Yes **No**

Explanation: The Company does not have a supervisory board, its functions are performed by the Board of Directors. There is no separate remuneration committee.

The principles of remunerating the Board of Directors and the supervisory board, and their amendments have been approved by the General Assembly under a separate agenda item.

1.5.1.4. The principles of remunerating the members of the Directorate / Board of Directors and the supervisory board (and their major amendments) have been approved by the General Assembly under a separate agenda item.

Yes **No**

Explanation: The remuneration of the Board of Directors and of the Audit Committee is regulated within the framework of the founder's resolution assigned to the competence of the Board of Directors. At the Company the Board of Directors has competence to control performance by the management and to establish their remuneration (including incentives, share options, individual agreements and other benefits). While attending to this task, the Board of Directors takes account of the extent the Company's objectives have been achieved. Currently, no share option programme and non-standard benefits have been established by the Company. The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

1.5.2.1. The Directorate / Board of Directors has competence to control performance by the management and to establish their remuneration.

Yes **No**

Explanation:

1.5.2.2. The framework of non-standard benefits due to the members of the management, and any modifications thereof were approved by the General Assembly as a separate agenda item.

Yes **No**

Explanation:

1.5.3.1. The General Assembly approved the principles of share-based remuneration plans.

Yes **No**

Explanation: In the given year the Board of Directors did not apply any such scheme.

1.5.3.2. Prior to the General Assembly's decision on share-based remuneration plans, the shareholders had been provided detailed information (at least as described in Section 1.5.3).

Yes **No**

Explanation: In the given year the Board of Directors did not apply any such plan.

1.5.4. The Company set up its remuneration system in a way not to exclusively encourage the short-term maximization of share prices.

Yes **No**

Explanation: The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

1.5.5. In the case of the members of the supervisory board, a fixed amount remuneration system is in place and there is no remuneration linked to share prices.

Yes **No**

Explanation: There is no supervisory board, see: Remuneration for the Board of Directors.

1.5.6. The Company compiled a notice about the principles of remunerating the members of the Board of Directors, the supervisory board and the management and about their actual remuneration ("Declaration of Remunerations"), with the content and details specified in the prevailing sectoral statutory regulations mandatorily applicable to it and submitted it to the General Assembly. The Declaration of Remuneration presented the emoluments paid for the members of the Directorate / Board of Directors and of the supervisory board, as well as the guidelines that provide the basis for the evaluation of their activities and for the establishment of their remuneration. The notice includes a disclosure of the information on the board-level remuneration of the Board of Directors and the supervisory board, detailing the fixed and variable components and other benefits; the presentation of the basic principles of the remuneration scheme and their changes relative to the previous financial year.

Yes **No**

Explanation: The actual remuneration was disclosed.

1.6.1.1. In its disclosure policy, the Company also touches upon the procedures of electronic and Internet-based disclosure.

Yes **No**

Explanation:

1.6.1.2. The Company develops its website with a view to the disclosure criteria and to investor information.

Yes **No**

Explanation:

1.6.2.1. The Company has an internal regulation on public disclosure, which also discusses the management of the information listed in Section 1.6.2 of the Recommendations.

Yes **No**

Explanation:

1.6.2.2. The Company's internal regulation discusses the rating of events that are material for public disclosure.

Yes **No**

Explanation:

1.6.2.3. The Directorate / Board of Directors assessed the efficiency of disclosure procedures.

Yes No

Explanation:

1.6.2.4. The Company published the findings of the audit of disclosure procedures.

Yes No

Explanation:

1.6.3. The Company published its calendar of corporate events.

Yes No

Explanation:

1.6.4. The Company published its strategy, code of business conduct, and policy related to other stakeholders.

Yes No

Explanation:

1.6.5. In the annual report or on its website the Company published information on the professional careers of the members of the Directorate / Board of Directors, of the supervisory board and of the management.

Yes No

Explanation: In the reporting year it was displayed on the Company's website, currently it is inaccessible.

1.6.6. The Company disclosed the appropriate information on the work performed by the Directorate / Board of Directors, the supervisory board and the management, its evaluation and changes in the reporting year.

Yes No

Explanation:

1.6.7.1. In accordance with the recommendations worded in Section 1.5, the Company disclosed its remuneration policy.

Yes No

Explanation: The remuneration of the Board of Directors and of the Audit Committee is regulated within the framework of the founder's resolution assigned to the competence of the Board of Directors. At the Company the Board of Directors has competence to control performance by the management and to establish their remuneration (including incentives, share options, individual agreements and other benefits). While attending to this task, the Board of Directors takes account of the extent the Company's objectives have been achieved. Currently, no share option programme and non-standard benefits have been established by the Company. The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

1.6.7.2. In accordance with the recommendations worded in Section 1.5, the Company disclosed its declaration of

remuneration.

Yes No

Explanation:

1.6.8. The Company disclosed the risk management principles and its information on the system of

internal controls, major risks and the principles of their management.

Yes **No**

Explanation: The Company regulates them partly in their internal regulations.

1.6.9.1. The Company disclosed its policy related to the insider trade in the Company's shares.

Yes **No**

Explanation: In compliance with the relevant statutory regulations, the Company has a regulation on insider trading, accessible for all persons falling within the scope of such regulation.

The Company appropriately disclosed the interests the members of the Directorate / Board of Directors and of the management hold in the Company's securities and in the share-based incentive scheme in its annual report and on the Company's website in compliance with the Capital Market Act and the rules of Market Abuse Directive of the National Bank of Hungary.

1.6.9.2. The Company appropriately disclosed the interests the members of the Directorate / Board of Directors and of the management hold in the Company's securities and in the share-based incentive scheme in its annual report or otherwise.

Yes **No**

Explanation:

1.6.10. The Company disclosed any relationship between the members of the Directorate / Board of Directors and of the management with any third party if it affects its operation.

Yes **No**

Explanation:

The Company's Statutes contain clear provisions on the responsibilities and powers of the Directorate / Board of Directors.

Yes **No**

Explanation:

2.2.1. The Directorate / Board of Directors has rules of procedure to determine the actions related to the preparation and arrangement of session and to the adopted resolutions, as well as other matters affecting the operation of the Directorate / Board of Directors.

Yes **No**

Explanation:

2.2.2. The Company disclosed the procedure of nominating people for members of the Directorate / Board of Directors and the principles of their remuneration.

Yes **No**

Explanation:

2.3.1. In its procedural rules and work plan of the supervisory board gives details of the operation, powers and responsibilities of the board, and the administrative rules and procedures the supervisory board respects during its action.

Yes **No**

Explanation: There is no operating supervisory board, and see the provisions of Section 2.2.2.

2.4.1.1. The Directorate / Board of Directors and the supervisory board held meetings at predefined regular intervals.

Yes **No**

Explanation:

2.4.1.2. The rules of procedure of the Directorate / Board of Directors and the supervisory board

regulate the implementation of sessions that cannot be planned in advance, and decision-making by electronic means of telecommunication.

Yes No

Explanation:

2.4.2.1. The panellists had access to the submissions to be made at the given session at least five working days before the meeting of the panel concerned.

Yes No

Explanation:

2.4.2.2. The Company provided for the proper proceedings of the meetings, for taking minutes of them, and for handling the documentation of and resolutions adopted by the Directorate / Board of Directors.

Yes No

Explanation:

2.4.3. The procedural rules regulate the regular and ad hoc participation of non-panellists in panel meetings.

Yes No

Explanation:

2.5.1. The members of the Directorate / Board of Directors and the supervisory board were nominated and elected in a transparent way, and the information on the nominees were disclosed in time before the General Assembly meeting.

Yes No

Explanation:

2.5.2. The composition and headcount of the various panels fulfil the principles determined in Section 2.5.2 of the Recommendations.

Yes No

Explanation:

2.5.3. The Company provided an opportunity for the newly elected panellists to familiarize themselves with the Company's structure and operation, and with their responsibilities as panellists.

Yes No

2.6.1. At regular intervals the Directorate / Board of Directors requested (in relation to the preparation of its report on responsible corporate governance) its members considered independent to confirm their independence.

Yes No

Explanation:

2.6.2. The Company provides information on the means that ensure that the Directorate / Board of Directors objectively assesses the activities of the management.

Yes No

Explanation: The evaluation criteria are recorded in advance in the employment contract.

2.6.3. On its website the Company disclosed its policy regarding the independence of the Board of Directors / supervisory board and the applied criteria of independence.

Yes No

Explanation: The criteria for the independence of the members of the Board of Directors are set out in Section 3:286 of the Civil Code.

2.6.4. The supervisory board of the Company does not have any member who had held an office in the Company's Directorate or management, excluding the cases of ensuring employee participation.

Yes **No**

Explanation: There is no supervisory board.

2.7.1. The member of the Directorate / Board of Directors informed the Directorate / Board of Directors (supervisory board / Audit Committee) if he or she (or any person in business relations with him or her, or any of his relatives) had a significant personal interest in any transaction conducted by the Company (or any of its subsidiaries) that ruled out his or her independence.

Yes **No**

Explanation:

2.7.2. Transactions and commissions between the members of panels and of the management (and the persons in close relationship with them) and the Company (and its subsidiaries) were implemented and approved according to the Company's general business practice but based on transparency rules that are stricter than the general business practice.

Yes **No**

Explanation: There was no such transaction.

2.7.3. The panellist informed the supervisory board / Audit Committee (nomination committee) of any request made to him or her for a position in a panel or management of a company outside the company group.

Yes **No**

2.7.4. The Directorate / Board of Directors developed its policy regarding the flow of information within the Company and the management of insider information, and monitors compliance with these rules.

Yes **No**

Explanation: The Company has an internal regulation on unfair market practices.

2.8.1. The Company developed an independent internal control function reporting to the Audit Committee / supervisory board.

Yes **No**

Explanation: The members of the Audit Committee, elected from among the members of the Board of Directors, attend to the duties of internal control, and report their findings to the members of the Board of Directors. The duty is being performed in the framework of a legal relationship established for the purpose of work. The members of the Audit Committee have unlimited access to all the required information, documents, data and persons affected by the audited procedures.

2.8.2. Internal Control has unlimited access to all the information required for the investigations.

Yes **No**

Explanation: The members of the Audit Committee, elected from among the members of the Board of Directors, attend to the duties of internal control, and report their findings to the members of the Board of Directors. The duty is being performed in the framework of a legal relationship established for the purpose of work. The members of the Audit Committee have unlimited access to all the required information, documents, data and persons affected by the audited procedures.

2.8.3. The shareholders were informed of the operation of the internal control system.

Yes **No**

Explanation:

2.8.4. The Company has a compliance function.

Yes **No**

Explanation:

2.8.5.1. The Directorate / Board of Directors or the committed operated by it is in charge of the supervision and control of the Company's complete risk management.

Yes No

Explanation: It belongs to the competence of the Board of Directors.

2.8.5.2. The Company's appropriate body and the General Assembly received information on the efficiency of the risk management procedures.

Yes No

Explanation:

2.8.6. With the involvement of the affected areas, the Directorate / Board of Directors elaborated the risk management principles corresponding to the sectoral and corporate features.

Yes No

Explanation: As per the provisions of the annual report and of the executive report.

2.8.7. The Directorate / Board of Directors worded the principles relating to the system of internal controls to ensure the management and control of the risks affecting the Company's activity, and the achievement of the Company's performance and profit objectives.

Yes No

Explanation:

2.8.8. The internal control systems reported at least once to the authorized body about the operation of the internal control actions and corporate governance functions.

Yes No

Explanation:

2.9.2. The Directorate / Board of Directors invited the Company's auditor to participate in an advisory capacity in its meetings held for the discussion of its financial statements.

Yes **No**

Explanation: The findings of the reporting year's audit were not explained.

Level of compliance with the Recommendations

The Company must specify if it applies the relevant recommendation made for responsible corporate governance or not (Yes / No). The Company also has the option to justify departure from the recommendations.

1.1.3. The Company's Statutes allow shareholders to exercise their voting rights in their absence.

Yes No

(Explanation:)

1.2.4. The venue and date of any General Assembly meeting requested by Company's shareholders were determined with due consideration to the motion of the requesting shareholders.

Yes No

(Explanation:)

1.2.5. The voting procedure applied by the Company ensures the clear, unambiguous and fast

establishment of the results of voting, and in the case of an electronic vote, its truthfulness and reliability.

Yes No

(Explanation:)

1.3.1.1. The Directorate / Board of Directors and the supervisory board were represented at the meeting of the General Assembly.

Yes No

(Explanation:)

1.3.1.2. The chairman of the General Assembly provided proper information of the absence of the Directorate / Board of Directors and the supervisory board before the effective discussion of the agenda items.

Yes No

(Explanation:)

1.3.2.2. The Company's Statutes do not restrict the invitation of any person to make contributions and give his or her opinion at the meeting of the Company's General Assembly on the initiative of the Company's shareholders who request additions to the agenda items.

Yes No

(Explanation:)

1.3.6. The Company's annual report prepared according to the Accounting Act contains a brief, easy to understand and illustrative summary including the essential information related to the Company's annual operation.

Yes No

(Explanation:)

1.4.1. In accordance with the provisions of Section 1.4.1, the Company paid dividend within 10 workdays to its shareholders who had given all the information and documents required for this purpose.

Yes No

(Explanation:)

1.6.11. In accordance with the provisions of Section 1.6.11, the Company also published its notices in English.

Yes No

(Explanation:)

1.6.12. The Company informed its investors of its operation, financial standing and assets on a regular basis but at least once in a quarter.

Yes No

(Explanation:) In accordance with the Capital Market Act, the Company complied with its public notice obligations.

2.9.1. The Company has regulated the internal procedures to be followed if external advisor(s) and their outsourced services are used.

Yes No

Declaration of Remunerations

Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (registered office: **H-1062 Budapest, Andrássy út 59**, company registration number: **01 10 046538**, registered by the Companies Court of the Court of Budapest, hereinafter referred to as: Company) provided the following benefits and fees to the members of

the Board of Directors and of the Audit Committee in the year 2018 to the debit of its budget in the 2018 business year:

Name of the member of the Board of Directors	Titles of benefits provided by the Company in 2018 Description of the period of the benefit	Pecuniary benefits (HUF)
Gábor Székely Chairman of the Board of Directors and of the Audit Committee	Payment of the 2018 honorary fee (recognized among 2017 expenses).	400,000
	Fee due for services and consultancy in 2018 (to the debit of the 2018	23,662,000
Zoltán Prutkay member of the Board of Directors and of the Audit Committee	Payment of the 2018 honorary fee (recognized among 2017 expenses).	400,000
György Ádámosi, jr. member of the Board of Directors and of the Audit Committee	Payment of the 2018 honorary fee (recognized among 2017 expenses).	400,000
Attila Gábor Kovács member of the Board of Directors	Payment of the 2018 honorary fee (recognized among 2017 expenses).	300,000
Sándor Juhász member of the Board of Directors and of the Audit Committee	Payment of the 2018 honorary fee (recognized among 2017 expenses).	400,000
Gellért Jászai Chairman of the Board of Directors	Payment of the 2018 honorary fee to the member of the Board of Directors (recognized among 2018 expenses).	300,000
Aladin Ádám Linczényi member of the Board of Directors	Payment of the 2018 honorary fee (recognized among 2018 expenses).	300,000
János Tima Chairman of the Board of Directors and of the Audit Committee	Payment of 2018 honorary fees to the members of the Board of Directors and of the Audit Committee (recognized among 2018 expenses).	400,000
Dr Judit Tóth member of the Board of Directors and of the Audit Committee	Payment of 2018 honorary fees to the members of the Board of Directors and of the Audit Committee (recognized among 2018 expenses).	400,000
Zoltán Malik member of the Board of Directors and of the Audit Committee	Payment of 2018 honorary fees to the members of the Board of Directors and of the Audit Committee (recognized among 2018 expenses).	400,000

The Company does not provide any non-pecuniary allowances in addition to the above benefits. Pursuant to the Statutes, the members of the Board of Directors and of the Audit Committee may be remunerated after approval of the General Assembly's report.

The Company recognized the maximum fees payable for a whole year's service in 2018, i.e. HUF 300,000 per member for the 5 members of the Board of Directors and HUF 100,000 per member for the 3 members of the Audit Committee as expenses and accruals in its 2018 report.

Budapest, 23 March 2019

Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság

János Tima, Chairman of the Audit Committee and Dr Judit Tóth, member of the Audit Committee