APPENINN HOLDING NYRT.

CONSOLIDATED

Business Report and Management Report

for the year ending on 31 December 2018

Business Report required in accordance with the International Financial Reporting Standards (IFRS) and in Act C of 2000 on accounting and

Management Report prepared on the basis of Annex 1 to Decree No 24/2008 of 15 August 2008 of the Minister for Finance
presented in a consolidated form

Budapest, 23 March 2019

Gellért Jászai

Chairman of the Board of Directors

Aladin Linczényi

Member of the Board of Directors

Appeninn Holding Nyrt. prepares a consolidated financial report for the year 2018 compiled in accordance with the International Financial Reporting Standards (IFRS).
The Business Report required by Act C of 2000 on accounting and the Management Report prepared in accordance with Annex 1 to Decree No 24/2008 of 15 August 2008 of the Minister for Finance are published in a consolidated form in this Report.

The purpose of the Report is to present the pecuniary, financial and income situation of the entrepreneur, its course of business, together with the main risks and uncertainties, which arise during the entrepreneur’s activities, by evaluating the data of the Annual Report, in such a way that it gives a true and fair view of them corresponding to the actual circumstances on the basis of past actual and expected future data (Section 95(1) of the Accounting Act). The Business Report must include a comprehensive analysis of the entrepreneur’s business development, performance and situation, which is consistent with the entrepreneur’s size and complexity (Section 95(2) of the Accounting Act).

Taking into account expediency, the Company presents below all financial and, where necessary, all key non-financial performance indicators characteristic to the Company’s activities, to the extent necessary to understand the Company’s development, performance or situation, which are material from the point of view of the business in question.

Contents

1. Presentation of the Company's development and history

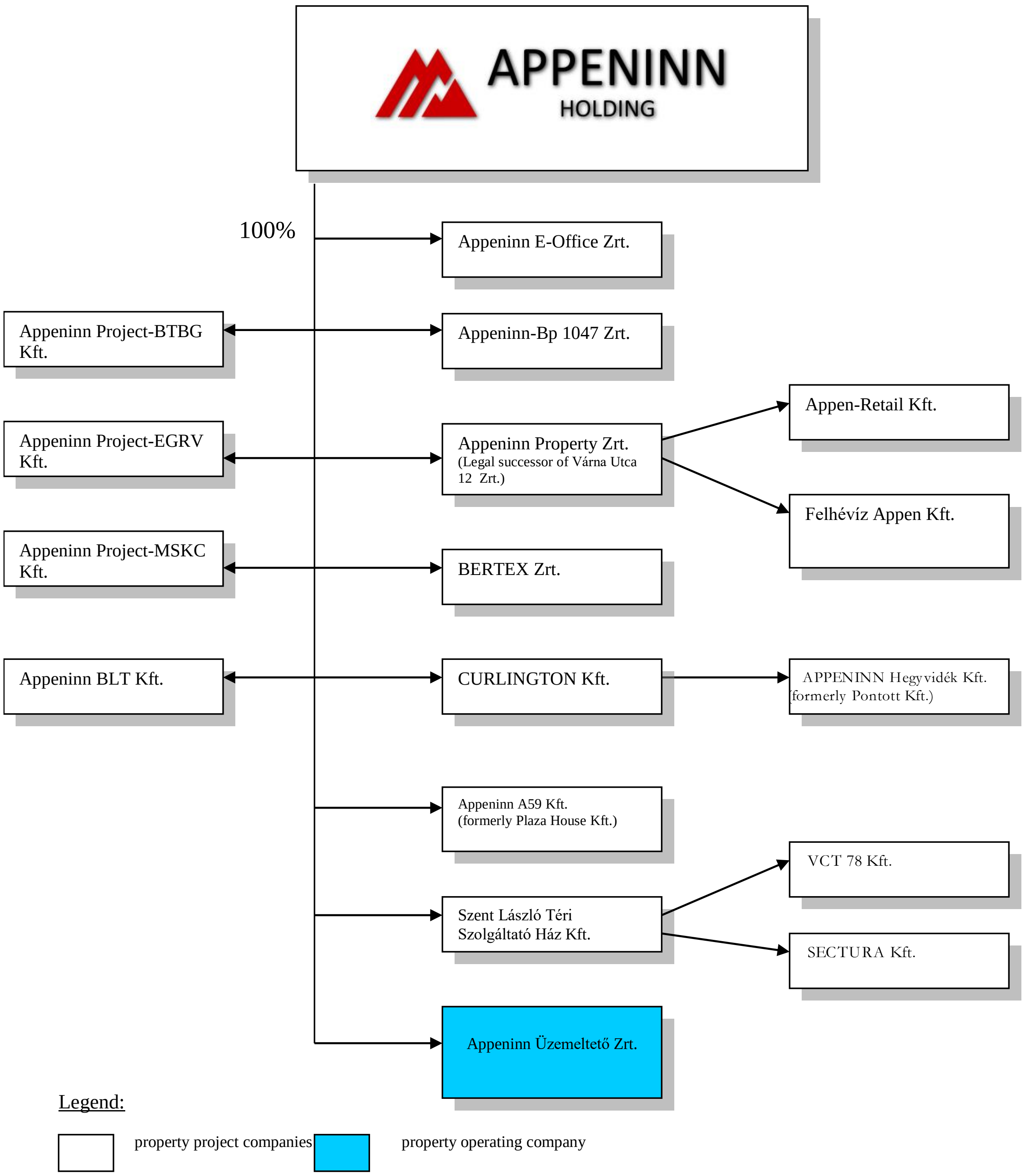
Appeninn Vagyonkezelő Holding Nyrt. was established in December 2009, and the Company started its revenue-generating business activities in 2010. Appeninn Vagyonkezelő Holding Nyrt. (the 'Company' or 'Appeninn Nyrt.') has a holding function in the Group, organizes transactions facilitating the development of the Group, performs its activities in the profitable sale and purchase and utilization of its own and leased real properties, and helps and supports the Company's members.

The Company is one of the dynamically growing real property investment companies in Hungary. During its activities, it focuses on real property market segments in which favourably priced assets with a high yield potential can be acquired and maintained in the medium and long term, primarily for investment purposes. Target areas include Category A and Category B office buildings as well as commercial properties, but the Company does not exclude investments managed by a similar portfolio approach in other areas either.

Appeninn Holding aims to develop into a real property holding company representing a classical, conservative business policy and a value that can be well defined based on its assets by continuously expanding its real property portfolio.

1.1 Company structure

The Company presents its investments.



1.2 Location of the properties in the portfolio

Appeninn Nyrt. is one of the most dynamically growing investment companies in Hungary. In the course of its activities, it focuses on niche market segments in which low-priced assets with a high yield potential can be acquired and maintained in the medium and long term for investment purposes. Such target areas include the market of Category A and Category B office buildings, as well as industrial and logistics properties.

Until the end of 2017, the Company's portfolio essentially consisted of office buildings in Budapest (detailed information on the properties is contained in Section 2.2). In 2018, the property portfolio grew dynamically also from a geographical point of view. The number of properties owned by the Company increased from 18 to 41. With the acquisition of Andrássy 59 Palace and Ü48 Corner Center, the Company expanded in the Category A, premium segment of the Budapest office market. At the same time, the Company also expanded across the country: in a transaction worth approximately HUF 4.5 billion, it purchased retail properties in cities in the provinces, at holiday resorts and in municipalities in Pest County, which are leased by SPAR Kereskedelmi Kft. under long-term agreements. Appeninn Nyrt. also acquired title to and the asset management rights of Club Aliga in Balatonvilágos during the year.

2. Achievements in and prospects for the period covered by the Annual Report (PM 4.4) – Executive Summary

The focus of the activities of Appeninn Nyrt. in 2018 was on the development and the commencement of the implementation of a strategy setting long-term dynamic growth as its goal and setting its directions.

Strategy for 2018 to 2023:

The Company published **its strategy and business plan for the next 5-year period** in June 2018. The strategy has identified **dynamic growth and development** as its goals through new acquisitions and own real property developments. The market environment (dynamic growth in demand on the Budapest office market, a steady increase in retail sales and favourable financing opportunities) and the company's strengths (stable income-generating capacity, many years of experience in property investment and operation, and ownership background) provide excellent opportunities for this.

As a member of the Konzum Group, the Company receives effective support in exploiting market opportunities, exploring acquisition targets and making purchases, and there is also a significant growth potential for leasing by taking advantage of group-level synergies. In August 2018, **as a strategic investor, BDPST Zrt.** acquired a 20.59 per cent interest in the Company, which will enable Appeninn Nyrt. to further increase its influence on the domestic and Eastern-European real property market. (As of March of 2018, the OTP Real Property Investment Fund has also been a shareholder of more than 5 per cent in the Company.)

The strategy also identifies three important growth directions for the Company:

- expansion in the Category A premium office market in Budapest;
- expansion in the retail property market;
- implementation of the Company's own real property developments.

Expansion in the Category A property market in Budapest:

Demand for offices in Budapest continued to increase in 2018. The vacancy rate was only 7.3%, the lowest of all times. Increasing demand was continuously pushing lease rates, too, up during the year.

In 2018, Appeninn Nyrt. also executed two important transactions to make the most of market opportunities:

- On 9 February 2018, the Company entered into an agreement for the acquisition of a Category A property at **Andrássy út 59.**, which is worth nearly **HUF 2.2 billion.** Andrássy Palace was built in 1882 in the Neo-Renaissance style and has a usable floor area of 2,400 square metres. The historic building near Oktogon was converted into a Category A office building in 2001. Following the closing of the business share purchase, Appeninn Holding wishes to utilize the property by letting it on lease. An annual yield of over 7 per cent is expected from leasing. (The building is the Company's second property in Andrássy út; Appeninn Nyrt. acquired the listed building at Andrássy út 105. in December 2017.)

- On 12 April 2018, **Ü48 Corner Center** became the property of the Company. Appeninn Nyrt. lets on lease the Category A, 8,145-square metre office building in Üllői út, acquired through a transaction carried out through a capital increase of **HUF 4.6 billion;** the return on investment is also guaranteed by long-term lease agreements with FHB Bank and Takarékinfó, which generate nearly EUR 1.3 million in revenue each year.

Expansion in the retail property market:

The increase in domestic consumption also had positive impact on the retail property market, which rose from 4.8 per cent in 2017 to 5.3 per cent in 2018. There is healthy demand from local and international retailers in their expansion activities. In 2018, the total annual investment volume exceeded EUR 720 million (HUF 229.2 billion) in the retail sector, the highest value ever measured. The **lease rates** for retail properties **continue to grow.**

The Company also carried out significant transactions on the retail property market in 2018:

- Appeninn Nyrt. acquired **18 retail units leased by SPAR Magyarország Kereskedelmi Kft. in the long term** in a transaction of nearly **HUF 4.5 billion** closed on 2 August 2018. In addition to Budapest, the properties are located in the conurbation, in big cities in the provinces (including county seats), as well as in resort towns. With the transaction, in addition to a total gross commercial area of over 18,000 square metres, the Company also acquired a total of nearly 80,000 square metres of landed property belonging to the superstructures and more than 1,200 parking spaces. With this, the Company, which previously was primarily focusing on Budapest, expanded across the country; the 18 properties in the Company's current total portfolio of 41 units represent a significant weight in terms of numbers. The annual revenue from letting properties on lease exceeds HUF 572 million.

- On 8 August 2018, the Company purchased the property registered under topographical lot No 3475/13 at the Land Registry Department of the District Office of Miskolc for **HUF 513 million**. The lease agreement also includes the reconstruction of the property. In addition, further greenfield projects are also expected. Furthermore, Appeninn Nyrt. entered into a contract for two properties located in Eger and Biatorbágy, where the Company will construct department stores itself for long-term leasing purposes.

Launch of the Company's own real property developments:

In addition to property acquisitions and sales, **the Company's own property developments, both on the retail and Category A office market, in Hungary and in the Central and Eastern-European Region,** are given a prominent role in the 5-year strategy.

In 2018, the preparation of the Company's own property developments began with the following transactions:

- Under the transaction announced on 26 July 2018, but closed only after the reference year, on 31 January 2019, Appeninn Nyrt. acquired a 74.99 per cent business share in Pro-Mot Hungária Kft., through which the indirect ownership of about 37 hectares of the area of **Club Aliga** in Balatonvilágos and the asset management rights of the remaining about 10 hectares were transferred to the Company. The value of the sale and purchase exceeded **HUF 4.5 billion.** The Company wishes to implement tourism developments after reviewing the plans of the previous owner; if necessary, it will develop a new development concept for utilizing the property.

- On 8 August 2018, with the above-mentioned transaction, the Company purchased the property registered under topographical lot No 3475/13 at the Land Registry Department of the District Office of Miskolc for **HUF 513 million.** The lease agreement includes the reconstruction of the property.

- Further greenfield projects are also expected. Furthermore, Appeninn Nyrt. entered into a contract for two properties located in Eger and Biatorbágy, where the Company will construct department stores itself for long-term leasing purposes.

Outstanding business achievements:

In 2018, Appeninn Nyrt. **fulfilled and, in some cases, exceeded the pro rata goals set in the strategy.** The Company's key audited, consolidated business data for the business year 2018 in accordance with the International Accounting Standards (IFRS):

- In the 2018 business year, the Company's **property leasing revenue amounted to EUR 7,006,255,** which is over 42 per cent more than the value of **EUR 4,933,089 in 2017.**

- **A total of EUR 629,948** was earned as profits by the Company **from the sale of investment properties, subsidiaries and investments.**

- The **EBITDA of EUR 19,022,086 increased by more than fourfold from EUR 4,406,621 in 2017,** with **profits before tax** rising **from EUR 3,829,078 to EUR 18,532,565, more than fivefold.** This is primarily due to the revaluation of income-generating investment properties.

- **The total value of the properties** owned by Appeninn Nyrt. **reached EUR 117,820,822, i.e. HUF 37,880,572,436 at the end of the year,** which exceeds the value of **EUR 72,529,000 in 2017** by nearly two-thirds.

- **The number of properties** owned by the Company **more than doubled, from 18 to 41, in 2018.** Along with this, the **gross leasable area increased by 47 per cent from nearly 63,000 square metres to 93,000 square metres** during the year.

- **The issued capital of Appeninn Nyrt. increased to EUR 15,217,006** compared to EUR 13,245,347 in the previous year, while **the amount of equity** almost **doubled** from EUR 32,186,649 in 2017 **to EUR 62,285,681.**

- Appeninn Nyrt. does not pay dividends for 2018 and will use **all** the profits achieved **to finance growth** in accordance with the objectives of the 5-year strategy and the interests of large and small investors.

2.1 Business results

The Group's lease fee revenue was EUR 7 million in 2018. ***The Group's direct cover was EUR 4.2 million in 2018.***

Consolidated comprehensive earnings statement	**For the business year ending on 31 December 2018 EUR**	**For the business year ending on 31 December 2017 EUR**
Revenue from letting properties on lease	7,006,255	4,933,089
Direct costs of letting properties on lease	(2,802,833)	(1,420,286)
Direct cover	**4,203,422**	**3,512,803**
Administrative costs	(1,252,527)	(526,990)
Staff costs	(719,054)	(81,359)
Other revenues/(expenditures)	139,202	799,481
Profit (loss) on the sale of subsidiaries and investments	145,835	(1,018)
Profit/loss on the sale of investment properties	484,113	(535,868)
Profit/loss on the revaluation of revenue-generating investment properties	16,040,000	2,458,897
Real property investments (Capex)	(18,905)	(562,051)
Loss realized on/accounted for shareholdings and participations	–	(657,274)
Operating profit/loss	**19,022,086**	**4,406,621**
Depreciation and amortization	(40,541)	(3,332)
Other (expenses on)/income from financial transactions	692,825	(19,677)
Balance of interest income (and expenses)	(1,141,805)	(1,094,534)
Profit/loss before tax	**18,532,565**	**3,289,078**

Income taxes	(2,126,656)	(740,810)
Profit/loss in the reference year	**16,405,909**	**2,548,268**
Other comprehensive profit/loss		
Exchange rate differences arising in foreign exchange conversions during activities	–	–
Other comprehensive profit/loss in the reference year less taxes paid	**–**	**–**
TOTAL COMPREHENSIVE PROFIT/LOSS IN THE REFERENCE YEAR	**16,405,909**	**2,548,268**
Of the profit/loss:		
Share of non-controlling shareholdings	–	–
Share of the Company's Shareholders	16,405,909	2,548,268
Basic profit/loss per share in euro cents	**36,53**	**6,53**
Diluted profit/loss per share in euro cents	**36,53**	**6,53**

In accordance with the transformation objectives within the Group, cover increased in 2018.

The Group's balance of (administrative and staff) costs in 2018 was an ***expense item of EUR 1,971,000.***

The Group sold its property in Menyét utca with a profit of EUR 484,000 in the reference year. In addition, in connection with the real valuation of the properties, a profit of EUR 16,040,000 was accounted for in 2018.

The value of the profit and loss category (EBITDA) excluding interest and depreciation was EUR 19.02 million in 2018.

The Group closed with a profit before tax of EUR 18.5 million, including expenses of EUR 490,000 as a combined item of interest rates, exchange rates and depreciation.

The Group's tax liability calculated using tax (negative tax bases) reserves amounted to EUR 2,126,000, while the reference year of 2018 was closed with a profit of EUR 16.4 million.

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

The rounded Total Market Value is EUR 117.8 million/HUF 37.9 billion.

- The real assets comprise the Group's own properties.
- The Group presents the Real Property Items in accordance with fair valuation, in which it takes into account the restrictions and rights relating to the property elements

No	Address	Type	Value as at the accounting date EUR	Value as at the accounting date HUF
1	1149 Budapest, Várna u. 12-14.	office and plant	2,150,000	691,246,500
2	1047 Budapest, Schweidel utca 3.	warehouse	2,500,000	803,775,000
3	1023 Budapest, Bég u. 3-5.	office	10,200,000	3,279,402,000
4	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	office	2,900,000	932,379,000
5	1094 Budapest, Páva u. 8.	office	4,900,000	1,575,399,000
6	1015 Budapest, Hattyú utca 14.	office	15,900,000	5,112,009,000
7	1118 Budapest, Kelenhegyi út 43.	office and residential	7,400,000	2,379,174,000
8	1133 Budapest, Visegrádi u. 110-112.	office	5,300,000	1,704,003,000
9	18 SPAR stores	commercial	20,100,000	6,462,351,000
10	6000 Kecskemét, Kiskőrösi utca 30.	company site	3,500,000	1,125,285,000
11	6000 Kecskemét, Kiskőrösi utca 30. (discount value of option to purchase)	company site	(250,000)	(80,377,500)
12	1062 Budapest, Andrássy út 105.	office	3,900,000	1,253,889,000
13	1082 Budapest, Üllői út 48.	office	18,700,000	6,012,237,000
14	2051 Biatorbágy, Tormásrét u. 2.	industrial	1,100,000	353,661,000
15	1147 Budapest, Egyenes u. 4.	workshop	900,000	289,359,000
16	1105 Budapest, Bánya utca	mixed	2,100,000	675,171,000
17	1023 Budapest, Felhévízi u. 24.	office	1,200,000	385,812,000
18	1139 Budapest, Frangepán u. 19.	office	3,000,000	964,530,000
19	1105 Budapest, Bánya utca	office	380,000	122,173,800
20	1044 Budapest, Váci út 76-80.	commercial	2,100,000	675,171,000
21	1062 Budapest, Andrássy út 59.	office	7,000,000	2,250,570,000
22	2051 Biatorbágy, Csodaszarvas u. 4. (Project)	plot	224,624	72,218,823
23	3525 Eger, Vasút u. 1. (Project)	plot	291,198	93,623,063
24	3525 Miskolc, Szűcs Sámuel u. 5.	office	2,325,000	747,510,750
			117,820,822	**37,880,572,436**

2.2.1.1 Valuation methods for the Group’s property items

Valuation methods and assumptions

Definition of market value (RICS Valuation Standards, June 2017)

‘The estimated amount for which a property would be transferred at the date of valuation in a transaction between a non-compulsive buyer and a non-compulsive seller under fair (normal) conditions between independent parties after proper preparation, during which both parties were well informed, prudent and acted without compulsion.’

In the case of real properties, the Market Comparison Approach and the Income Approach seem to be the most appropriate, so these two procedures were applied:

2.2.1.2 Valuation methods

In the case of properties, the following methods were used to determine their market value.

2.2.1.3 Market Comparison Approach:

The essence of the method based on direct comparison is that objects of similar properties have similar values. The valuation based on the analysis of comparative market data analyzes the sales, supply and leasing prices of properties similar to the property under review, and compares them with the property under review. The comparison is based on the characteristics of the property in question and on the characteristics of the properties to be compared, and the differences between them determine the value-modifying factors. The Market Comparison Approach was basically used as a method for verifying the DCF Approach, and in some cases a weighted value of 50% was taken into account in the case of the properties in Várna utca, Kecskemét and Andrássy út, Budapest. In each case, two different methods were used to calculate the market value.

2.2.1.4 Valuation based on the Income Approach

During valuation based on the Income Approach, the estimated value is derived by the capitalization method from the revenue expected from the ownership of the property.

The two most common approaches for deriving value from the net income are the Discounted Cash Flow (DCF), where the estimated present value is determined by discounting the expected future income, and the Direct Capitalization principle, where an average rate of return is determined directly from the relevant market transactions. Typically, the values obtained with the DCF yield calculation were taken into account, as the properties are revenue-generating properties. In some cases, the values obtained (in the case of the properties in Várna utca, Kecskemét and Andrássy út, Budapest) were weighted by 50:50 using the Market Comparison Approach, in order to obtain a more accurate market value.

2.2.1.5 Cost Approach

The essence of the Cost Approach is to subtract the physical, functional and environmental obsolescence from the reproduction value of the superstructure, and then add the value of the land belonging to the superstructures. This method is the least representative of the actual market conditions. It is used for facilities under construction, damaged facilities, covered engineering structures and in cases where other methods cannot be used. The reproduction value of the given buildings less their combined physical and functional depreciation was added to the value of the plot obtained by the Market Comparison Approach. It was used once, in the case of the Menyét utca property, for verification.

2.2.1.6 Residual Value Approach

The Residual Value Approach is usually used for the valuation of empty plots/development properties, assuming that development is a profit-oriented business activity and thus it becomes possible to valuate the plot/development property in its present form, following and optimizing, in terms of business, the extent of the development opportunity. Upon the implementation of the development, the market value of the plot/development property will increase, because the demand for new forms of use will generate higher revenues than the original form. The Residual Value Approach consists of the valuation of the plot/development property in its developed form and all

costs (the costs of design, infrastructure work, construction, experts, financing, sales, 'development profit', etc.) must be deducted from that, which led to making the property of higher value. The residual value after deductions from the final market value is the amount that the developer should pay for the transformation of the plot/development property.
It was used in one case, in the case of the Menyét utca property, as the main method: the relevant hard and soft costs were deducted from the revenue calculated for all the areas available for development: construction, reserves, professional fees, financing, developer's profit, etc., and then the values obtained were discounted to present value, thereby obtaining the residual value of the property.

During the estimation of the market value of the property, the following were taken into account:

- The calculations start from 1 January 2019.
- The lease fees were indexed in accordance with HUF-CPI and the Central Statistical Office. Indexation is applied once a year, in January.
- The leasing rates were set in EUR, at the fixed exchange rate of HUF 322 to the EUR.
- Taking into account the age and condition of the properties, we determined the Capex/Renovation costs, which were calculated for the gross leasable areas, depending on the age and quality of the building.
- For other costs (management, operating fee deficit, vacancy, other costs, property tax, etc.), a provision has been set based on the characteristics of the given property.
- Exit Yield (EY) and Discount Rates were individually determined based on the location, quality and leased nature of the given property, and the quality of the leasing agreements:

Exit Yield (EY)	Discount Rates
for office properties, the Exit Yield varies between 7.00% and 9.25%	for offices: between 7.50% and 9.75%
for industrial properties: between 8.50% and 9.00%	for industrial properties: between 8.75% and 9.25%
for prime EY offices: 6.00% (decreasing)	
for prime EY industrial properties: 7.50% (stable, decreasing)	

2.2.1.7 Sensitivity analysis

For the DCF model, a sensitivity analysis was conducted, in which the changes of two factors were considered: the ERV and the Discount factor, which we believe can cause the most significant changes in the value of properties. The interval within which the ERV may vary ranges from -5% to +5%. We think that no major changes will occur in the short term. Similarly, for Discount factors, the maximum interval ranges from -0.50% to +0.50%. We think that in real terms yields can change within this interval. We note that the figures and assumptions in the sensitivity table model a situation that develops under extreme conditions. We are not responsible for any event that may significantly affect the international acceptance of a particular market by investors, nor can we predict in advance a significant economic, social, political or any other event that may adversely affect the given properties.

No		type	2018 Comparative price	DCF model value	Value as at the accounting date	Valuation method	Means of model variables in the DCF model: Exit yield	Lease fee EUR/m²/month,	Exit yield change test (-5%) / Lease fee change test (-5%)	Exit yield change test (+5%) / Lease fee change test (+5%)	Discount rate
1	1149 Budapest, Várna u. 12-14.	office and plant	2,150,000	1,700,000	2,150,000	Comparison	8.00%	office: 7.5, warehouse: 4	1,615,000	1,785,000	8.50%
2	1047 Budapest, Schweidel utca 3.	warehouse	2,500,000	2,400,000	2,500,000	Comparison	9.00%	warehouse: 3.3	2,280,000	2,520,000	9.25%
3	1023 Budapest, Bég u. 3-5.	office	10,200,000	10,200,000	10,200,000	DCF model	7.25%	office: 12, warehouse: 6	9,690,000	10,710,000	7.50%
4	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	office	2,400,000	2,900,000	2,900,000	DCF model	7.25%	office: 11	2,755,000	3,045,000	7.50%
5	1094 Budapest, Páva u. 8.	office	4,900,000	4,700,000	4,900,000	Comparison	8.00%	office: 9.5, warehouse: 6	4,465,000	4,935,000	8.25%
6	1015 Budapest, Hattyú utca 14.	office	15,800,000	15,900,000	15,900,000	DCF model	7.25%	office: 11.5, warehouse: 6	15,105,000	16,695,000	7.50%
7	1118 Budapest, Kelenhegyi út 43.	office and residential	7,400,000	6,600,000	7,400,000	Comparison	12.50%	office: 12.5, residential: 14	6,270,000	6,930,000	8.00%
8	1133 Budapest, Visegrádi u. 110-112.	office	4,900,000	5,300,000	5,300,000	DCF model	7.40%	office: 10, warehouse: 4.5	5,035,000	5,565,000	7.65%
9	18 SPAR stores	commercial	19,810,000	20,100,000	20,100,000	DCF model			19,095,000	21,105,000	8.75%-10%
10	6000 Kecskemét Kiskőrösi utca 30.	company site	2,600,000	3,500,000	3,500,000	DCF model	11.00%	office: 4, warehouse: 2	3,325,000	3,675,000	11.50%
11	6000 Kecskemét, Kiskőrösi utca 30. (discount value of option to purchase)	company site	(250,000)		(250,000)	option discount			–	–	
12	1062 Budapest, Andrássy út 105.	office	3,900,000	3,900,000	3,900,000	DCF model	7.00%	office: 14	3,705,000	4,095,000	7.50%
13	1082 Budapest, Üllői út 48.	office	18,700,000	16,200,000	18,700,000	Comparison			15,390,000	17,010,000	
14	2051 Biatorbágy, Tormásrét u. 2.	industrial	1,100,000	1,100,000	1,100,000	DCF model	8.50%	office: 4	1,045,000	1,155,000	9.00%
15	1147 Budapest, Egyenes u. 4.	workshop	900,000		900,000	Comparison		warehouse: 4.75	–	–	
16	1105 Budapest, Bánya utca	mixed	2,000,000	2,100,000	2,100,000	DCF model	8.75%	office: 4, warehouse: 3.5	1,995,000	2,205,000	9.00%
17	1023 Budapest, Felhévízi u. 24.	office	1,200,000	1,100,000	1,200,000	Comparison	8.00%	office: 10	1,045,000	1,155,000	8.25%
13	1139 Budapest, Frangepán u. 19.	office	2,700,000	3,000,000	3,000,000	DCF model	8.00%	office: 7	2,850,000	3,150,000	8.50%
19	1105 Budapest, Bánya utca	office	380,000	360,000	380,000	Comparison	9.25%	office: 6.5	342,000	378,000	9.75%
20	1044 Budapest, Váci út 76-80.	commercial	2,100,000	1,800,000	2,100,000	Comparison	7.75%	office: 10, warehouse: 4	1,710,000	1,890,000	8.00%
21	1062 Budapest, Andrássy út 59.	office	6,700,000	7,000,000	7,000,000	DCF model	6.25%	16.12	6,650,000	7,350,000	6.50%
22	2051 Biatorbágy, Csodaszarvas u. 4. (Project)	plot	230,000	–	224,624	Comparison			–	–	
23	35 25 Eger, Vasút u. 1. (Project)	plot	760,000	–	291,198	Comparison			–	–	
24	3525 Miskolc, Szűcs Sámuel u. 5.	office	2,325,000		2,325,000	Comparison	8.00%	16.90	–	–	8.00%
			117,820,822								

2.2.1.8 Market value

Based on the above, we estimate that as at 21 December 2018 the Market Value of the ownership of the real property portfolio owned by Appeninn Holding Nyrt. in question is, by property, as follows:

Property	Type of property	Method of valuation: Direct Cap./DCF	Market comparable	Residual	Cost	Value at value date-2018 in €
2660 Balassagyarmat, Rákóczi fejedelem útja 56.	retail	1 340 000	1 370 000	-	-	**1 340 000**
8630 Balatonboglár, Dózsa Gy. Út 53-59.	retail	1 220 000	1 010 000	-	-	**1 220 000**
5600 Békéscsaba, Szarvasi út 15-17.	retail	1 600 000	1 230 000	-	-	**1 600 000**
1118 Budapest, Nagyszeben tér 1.	retail	1 150 000	1 300 000	-	-	**1 150 000**
1043 Budapest, Tél u. 26.	retail	620 000	820 000	-	-	**620 000**
2234 Maglód, 31-es főút	retail	1 310 000	1 180 000	-	-	**1 310 000**
7632 Pécs, Málomi út 5.	retail	1 520 000	1 460 000	-	-	**1 520 000**
2310 Szigetszentmiklós, Gyár út 88.	retail	1 000 000	1 360 000	-	-	**1 000 000**
2800 Tatabánya, Szent Borbála út 22.	retail	1 160 000	1 380 000	-	-	**1 160 000**
8200 Veszprém, Almádi út 15-17.	retail	1 160 000	1 130 000	-	-	**1 160 000**
4220 Hajdúböszörmény, Bánság tér 1.	retail	920 000	910 000	-	-	**920 000**
7300 Komló, Alkotmány u. 50.	retail	920 000	820 000	-	-	**920 000**
4150 Püspökladány, Rákóczi u. 5.	retail	1 010 000	990 000	-	-	**1 010 000**
6320 Solt, Kecskeméti út 3.	retail	890 000	930 000	-	-	**890 000**
5200 Törökszentmiklós, Kossuth L. u. 138.	retail	900 000	960 000	-	-	**900 000**
6723 Szeged, Római krt. 21.	retail	1 400 000	1 310 000	-	-	**1 400 000**
2400 Dunaújváros, Magyar u. 1-7.	retail	1 050 000	890 000	-	-	**1 050 000**
7000 Sárbogárd, Ady Endre u. 212-214.	retail	930 000	760 000	-	-	**930 000**
1062 Budapest, Andrássy út 59.	office	7 000 000	6 700 000	-	-	**7 000 000**
3525 Miskolc, Szűcs Sámuel u. 5.	office	2 325 000	-	-	1 836 000	**2 325 000**
3300 Eger, Vasút u.1.	site	-	230 000	-	-	**230 000**
2051 Biatorbágy, Csodaszarvas u.4.	site	-	760 000	-	-	**760 000**
TOTAL						**30 415 000**

Property	Type of property	Valuation method: DCF	Market comparable	Residual	Cost	Value at value date-2018 in €
1023 Budapest, Bég u. 3-5.	office	10 200 000	10 200 000	-	-	**10 200 000**
1022 Budapest, Bég u. 4.	office	2 900 000	2 400 000	-	-	**2 900 000**
1133 Budapest, Visegrádi u. 110-112.	office	5 300 000	4 900 000	-	-	**5 300 000**
1094 Budapest, Páva u. 8.	office	4 700 000	4 900 000	-	-	**4 900 000**
6000 Kecskemét, Kiskőrösi utca 30.	plant	3 500 000	2 600 000	-	-	**3 500 000**
1015 Budapest, Hattyú utca 14.	office	15 900 000	15 800 000	-	-	**15 900 000**
1047 Budapest, Schweidel utca 3.	warehouse	2 400 000	2 500 000	-	-	**2 500 000**
1147 Budapest, Egyenes u. 4.	workshop		900 000	-	900 000	**900 000**
2051 Biatorbágy, Tormásrét u.2.	warehouse	1 100 000	1 100 000	-	-	**1 100 000**

1105 Budapest, Bánya utca	mixed	2 100 000	2 000 000	-	-	**2 100 000**
1118 Budapest, Kelenhegyi út 43.	office-resid	6 600 000	7 400 000	-	-	**7 400 000**
1023 Budapest, Felhévízi u. 24	office	1 100 000	1 200 000	-	-	**1 200 000**
1139 Budapest, Frangepán u. 19.	office	3 000 000	2 700 000	-	-	**3 000 000**
1149 Budapest, Várna u. 12-14.	office-workshop	1 700 000	2 150 000	-	-	**2 150 000**
1121 Budapest, Menyét út 5.	site	-	-	1 300 000	1 100 000	**1 300 000**
1105 Budapest, Bánya utca	office	360 000	380 000		-	**380 000**
1044 Budapest, Váci út 76-80.	retail-office	1 800 000	2 100 000		-	**2 100 000**
1062 Budapest, Andrássy út 105.	office	3 900 000	3 900 000		-	**3 900 000**
1082 Budapest, Üllői út 48.	office	16 200 000	18 700 000		-	**18 700 000**
TOTAL						**89 430 000**

Market Value is interpreted as the estimated value of the property regardless of the costs of sale or purchase and any related tax. Accordingly, no amount was deducted due to the costs of implementation or taxes that arise in the event of sales. The property was considered not to be encumbered by any mortgage or other burden.

2.2.1.9 Introduction of the valuer

The valuation of the Company's properties was prepared by an expert company, Jones Lang Lasalle Ingatlanforgalmazó, Szaktanácsadó és Szolgáltató Kft. (H-1054 Budapest, Szabadság tér 14., Hungary), in a report prepared for the Company's Report as at 31 December 2018, drawn up in accordance with the IFRSs. 'The inputs used for the valuation methodologies were used in the valuation based on the valuer's judgment and were adjusted for individual situations. During valuation, each valuated property was independently provided with its own input values. The model used for each property, the model inputs, the model variables, the model correlations, the sensitivity analysis of inputs were identified in our report in accordance with the IFRS 13 tabular content disclosure. Content compliance with the IFRS 13 disclosure requirements was ensured.'

3. Business environment of the Company (PM. 4.1)

The Hungarian economy is a medium-sized, open economy that is highly exposed to economic and financial changes in the euro area. At the same time, economic growth continued in Hungary in 2018, which even surpassed domestic and international expectations. Economic growth exceeded 4.5% expected by markets, which is outstanding and unparallelled even in the region.

Description of the tax environment:

Since January 2017, corporate tax has been uniformly reduced to 9%, making Hungary one of the countries with the most favourable corporate tax rates in Europe.

The reduction of the VAT rate on housing introduced under the laws adopted in previous years will not only have impact on the prices of newly built homes, but also on the prices of recently built and used homes, and hence on home rents, too. Furthermore, the reduction may result in higher yields for construction contractors, so a higher profit margin could facilitate the start of more construction on the market. Simultaneously with the launch of new construction projects, the price of empty plots will increase. Thus, the amounts remaining as a result of a lower VAT rate can be used to buy empty plots offered at higher prices.

Construction costs:

Due to the saturation of construction capacity, construction costs continued to rise in 2018, and a similar forecast is expected for the next year with respect to original costs. In January 2016, the government launched its family support programme for new housing; thus, although a significant number of new homes are being put on the market, construction costs have also increased significantly.

Employment, unemployment, salaries and wages

Employment data continued to improve in Hungary in 2018 and can be considered outstanding even at regional level. Hungary shows a 74.6% employment rate in line with EU expectations. The unemployment rate was around 3.6% or 3.7% in 2018, which is also outstanding among the surrounding countries. There is also a significant increase in earnings, with average gross wages in 2018 ranging between HUF 320,000 and 330,000, depending on the period.

Inflation and consumer prices:

In 2018, annual average inflation rose from 2.4% in 2017 to 2.8%, a record of 6 years. The annual core inflation rate rose from 2.6% to 2.8%, suggesting that the price pressure is slowly but surely increasing in the domestic economy, resulting in a narrower margin for the National Bank of Hungary to maintain its loose monetary policy.

As for consumer prices, they rose by 2.8% on average in 2018. The price of alcoholic beverages, tobacco and food increased significantly during the year.

Base rate of interest and GDP:

Since May 2016, the base rate of interest has been 0.9%, which is an unprecedented level in the Hungarian economy. At its 2018 meetings, the Monetary Council decided to maintain interest rates each time, in line with market expectations. All other monetary policy instruments also remained unchanged.

The general government deficit ratio showed a decline relative to GDP, down from the planned 2.4% to 2%. The central bank verbally indicated to market participants that if the core inflation exceeded 3%, it would tighten its monetary policy.

Public debt-to-GDP ratio fell to around 71%, continuing the trend of previous years.

Real property investment:

2018 was an outstanding year for real property investments. During the year, 230,000 square metres of new office space was delivered in Budapest, so the total office supply in the capital reached 3.6 million square metres according to the report of the Budapest Real Property Consultants' Consultation Forum (BIEF, members: CBRE, Colliers International, Cushman & Wakefield, Eston International, JLL and Robertson Hungary). Currently, there are nearly 482,000 square metres of office space under development, and large-scale projects also signal investor confidence in the Budapest office market. There are already lessees for 50% of the area under development. At the same time, larger real property developers agree that it is increasingly difficult to find suitable sites and plots for new projects.

In the Váci út office corridor, once the ongoing construction projects are delivered, the total portfolio will be over 1 million square metres within a few years. In volume, the Pest Central Sub-Market is steadily holding its second position. With the exception of the sub-markets of the former two and the conurbation, the portfolios of all other areas range between 300,000 and 500,000 square metres, which still exceeds the office markets of the largest cities in the provinces several times.

According to the data of Cushman & Wakefield, 120,000 square metres of office space were delivered on the industrial and logistics market in 2018. In 2019, a further increase in supply, the delivery of about 130,000 square metres, can be expected.

Leasing rates and yields:

Average leasing rates vary widely depending on location, technical specifications and available services. Due to the gradual decline in the vacancy rate, leasing rates in Category A office buildings have risen, while leasing discounts have fallen. Previously generous discount packages will become smaller and smaller, and leasing periods free of charge will decrease. The previously typically 1.5 to 2-month lease fee-free periods decreased to 0.5 to 1 month. In the current market environment, it is very difficult to find contiguous office space in already existing, popular, Category A office buildings in the city centre.

According to Cushman & Wakefield's study, in terms of leasing rates, rising demand is steadily pushing up prices, resulting in an average monthly lease fee of EUR 24.5 per square metre of office space in the City Centre of Budapest in December 2018. Inversely proportionally to this, yield levels are the lowest here, barely exceeding 5 per cent. Typical lease rates are EUR 16.5 in the centre of Buda and EUR 15.5 in the Váci út corridor, while it is only EUR 10.5 on the sub-market of the conurbation. The yields on the first two sub-markets are somewhat above 6 per cent, while on the latter they still exceed 8 per cent.

For industrial and logistics real properties, leasing rates rose by more than 13 per cent in 2018; the current fees are EUR 4.75 and EUR 4.25 on average for the lease of a built-to-suit and an existing property, respectively.

Despite the slowdown in demand, there is still a growth pressure on leasing rates for retail properties due to the little unoccupied office space at prime locations. Leasing rates for commercial units in Váci utca increase by about 7.1 per cent per quarter, while this value is 5.3 per cent in prime shopping centres. In 2018, for example, the lease fee per square metre was EUR 70 (HUF 22,200) per month in Andrássy út, while the same figure amounted to EUR 150 (HUF 47,700) in Váci utca. Thus, in the case of a small shop of 100 square metres, a lease fee of HUF 4.77 million has to be paid per month on average. The annual growth rate was about 27.3 per cent in Andrássy út, which is the highest value, while the second largest growth per year was in Váci utca (25%) and the third in the Budaörs retail parks (18.8%).

The Budapest office market:

Demand for offices in Budapest continued to increase in 2018. According to the data of the Budapest Real Property Consultants' Consultation Forum, the total vacancy rate was 7.3% at the end of the year, the lowest of all times, and an additional rise is expected in 2019. 38% of the new demand was attracted by the Váci út corridor and 15% by North Buda. Last year, gross leasing volume exceeded 535,000 square metres.

City logistics:

Demand also increased on the industrial and logistic market of Budapest in 2018. The vacancy rate dropped to a minimum of all times, 2.4% on the 2.8 million-square metre market. However, due to the small number of quality properties, contract renewals accounted for 55% of total demand. Lessee activity also decreased due to the lack of large transactions.

Retail:

In 2018, the total annual investment volume exceeded EUR 720 million (HUF 229.2 billion) in the retail sector, the highest value ever measured. The increase in domestic consumption also had positive impact on the retail property market, which rose from 4.8 per cent in 2017 to 5.3 per cent in 2018. There is healthy, but slowing demand from local and international retailers in their expansion activities. Yields were considered the lowest in the 10-year horizon in December 2018, with 5.65 per cent in shopping centres at national level, 7 per cent in retail parks on the outskirts of the city, while less than 5 per cent (4.75%) in Váci utca.

4. Objectives of the Company and strategy (PM 4.1)

Appeninn Holding published a business strategy for the next 5 years in June 2018. According to it, the Company wishes to create a real property portfolio with a significant yield and stable cash flow also in the long term for investors with dynamic expansion in the coming years, primarily through the acquisition and development of Category A office buildings with excellent equipment, providing a high-level service package, and retail properties. The growth of the Budapest office market, the expansion of retail sales and the favourable financing environment offer a great opportunity for the Company to develop a property portfolio profitable in the long term.

Accordingly, the number of properties owned by the Company increased from 18 to 41 in 2018, resulting in a 47 per cent increase in the gross leasable area of the Company’s commercial real property portfolio, from nearly 63,000 square metres to 93,000 square metres. In Budapest, Appeninn Nyrt. added Category A properties, the Ü48 Corner Center in Üllői út and the Andrássy 59 Palace office buildings to its supply, but it also expanded across the country: it purchased retail properties also in cities in the provinces, resort towns and the Budapest conurbation, which are taken on long-term lease by SPAR Magyarország Kft.

While maintaining the level of utilization of office properties in the Company’s portfolio, it is important for Appeninn to cater for lessee needs and to keep operational efficiency in mind. The favourable location and a leasing policy that provides an outstanding price-to-value ratio result in a stable overall utilization rate of over 95 per cent for the Group, well above the Budapest average.

The main expectation of office properties is good location, favourable accessibility and advantageous features; these considerations are taken into account to the fullest possible extent by the Company in its acquisitions. The Group possesses the individual properties through subsidiaries and provides the services related to operation (accounting, finance and maintenance) centrally, through the companies of the Holding. In order to offset the impact of the economic environment on lessees, the

Company strives for the continuous control and reduction of operating costs for more economical and successful operation. In the current market environment, in addition to increased demand, an opportunity to increase the level of lease fees has also been created.

5. Main resources and risks of the Company and changes and uncertainties related to them (PM. 4.3)

5.1 Main resources and risks of the Company

Strengths	Opportunities
The Company flexibly adapts to the individual needs of customers. The Company implements cost-effective operations. Well-considered real property portfolio size and consequent volume-efficient management Maintaining coordinated funding and revenue structure The Company has a liquid asset portfolio. The Company has a balanced debt-to-equity ratio. More than 9 years of experience in the Budapest property market The 15 largest lessees account for 80% of annual sales and the share of none of the lessees other than the two largest (SPAR and Takarékbank) exceeds 5% of sales. As a member of the KONZUM Group, it receives effective support in exploiting market opportunities, exploring and achieving acquisition targets, and there is also a significant growth potential in group-level synergies. Development potential in the existing real property portfolio: more than 23,000 m^2 (Club Aliga and landed properties)	The underpriced Hungarian real property market is an attractive investment target for foreign investors. Acquisition of undervalued properties in niche market segments By choosing the best of small and medium-sized enterprises, long-term cooperation with companies producing a liquid, stable cash flow Acquisition of Category “A” properties Growth in the commercial property market
Uncertainties	
In the case of fresh acquisitions, uncertainties in	

the accurate forecast of occupancy rates Period of lease per lessee in the case of continuous lease	

5.2 Financial instruments (Section 95(6) of the Accounting Act)

The treasury function of Appeninn Nyrt. coordinates participation in financial markets in accordance with its business interests. Appeninn Nyrt. analyzes the financial risks arising during its operations by business. The risks examined include market risks (foreign exchange risk, fair value interest rate risk and price risk), credit risk, payment risk and cash flow interest rate risk. Appeninn Nyrt. strives to minimize the impact of these risks. Appeninn Nyrt. does not engage in financial schemes for speculative purposes.

The Company's financial assets are described in the Company's supplementary reports is under the description of the Company's assets (Section 95(6a) of the Accounting Act).

The Company describes the price, credit, interest rate, liquidity and cash flow risks (also quantified) in the chapter *Management of financial risks* of the Company's supplementary reports (Section 95(6c) of the Accounting Act).

5.3 Financial risk factors and their management and Risk Management Policy (Section 95(6a) of the Accounting Act)

The treasury function of Appeninn Nyrt. coordinates participation in financial markets in accordance with the Company's long-term business interests.

Investments in the Hungarian office market may have an indirect and long-term impact on pricing.

The Company manages the risk of non-payment or late payment generally experienced among companies by performing preliminary, then continuous customer monitoring. It continuously improves its customer monitoring activity through a coordinated flow of information on operations, energy management, customer management and finances.

The foreign exchange-based investment loans of Appeninn Nyrt. are typically denominated in EUR.

The Group is exposed to risks arising from changes in market and financial conditions. These changes may affect the profits and the value of assets and liabilities. Financial risk management is aimed to continuously reduce risks through operational and financing activities. The market risks affecting the Group are described below.

Lease fee risk	Foreign exchange risk
The Group sets consistent, predictable and competitive lease rates for its lessees. The current lease rates are in line with the	The foreign exchange-based investment loans of Appeninn Nyrt. are typically denominated in EUR.

environment and quality of the properties. Considering the current global economic environment and the demand-supply conditions in the Budapest office market, it can be assumed that the current lease rates and conditions will remain sustainable in the future. In the future, the Company calculates the lease fee revenues with a shift of 5% to 10%, with short-term upward movement, but no complete certainty can be provided for this.	As part of the successful restructuring of the loan portfolio in 2018, a significant amount was refinanced in HUF. In doing so, the Company took a significant step in harmonizing its lease fee revenues and financing. Appeninn Nyrt. and the Group led by the Parent Company plan to continue a balanced cash flow planning achieved during the 2018 business year.
Interest rate risk	Liquidity risk
Interest rate risk is the risk that future cash flows from certain financial assets and liabilities will fluctuate as a result of changes in market interest rates. The Group pays an average loan interest of 3.11% to 3.19% on its loans. Appeninn Nyrt. paid fixed interest of 7% and 5% on the interest-bearing bonds issued by it.	The Group aims to maintain a balance between the continuity of financing and flexibility in the accumulation of its financial reserves and the development of its loan portfolio. In the opinion of the Management, liquidity difficulties are not expected, because the revenues safely cover the debt service and operating costs. The Company and the consolidated companies under its control typically meet their payment obligations by the payment deadlines.
Lending risk	
Lending risk is the risk where a partner does not meet its payment obligation relating to a financial asset or a customer contract and thereby causes a financial loss. The Group is exposed to credit risk in connection with its leasing and financial activities (including bank deposits and financial investments). In the case of lessee partners: In order to reduce the credit risk, the Group requests a deposit or bank guarantee from the lessees, depending on the credit rating prior to the conclusion of the lease agreement, and keeps track of the receivables outstanding from the lessees. In the case of bank deposits and financial investments: Credit risk related to bank deposits and financial investments is managed in accordance with the Group's conservative investment policy. In order to reduce the credit risk, the Group keeps its financial reserves in cash or bank deposits with reliable financial institutions.	

6. Quantity and quality indicators and Indicators for measuring performance (PM. 4.5) for describing company sites and branch offices (Section 95(4d) of the Accounting Act).

The business activities of the Appeninn Group consist of, firstly, leasing and operating its own real properties and, secondly, holding activities. As a result of the Parent Company's holding activities, after the successful completion of several transactions, the Group increased its assets through letting the following additional properties on lease compared to the 2017 business year:

Kecskemét

The property at Kecskemét, Kiskőrösi utca 30. is an office building with regard to its function. A lease agreement was concluded in 2018. Its additional services include a car park, a warehouse, a a fitting workshop, a store area, industrial tracks and 24-hour doorkeeping service for security purposes. The ***utilization rate of the*** building ***complex*** of more than 6,000 m^2 ***is close to 90%,*** which puts the performance of the property clearly on top of the upper third according to comparative figures. Kecskemét is home to a greenfield project of one of the largest automotive assembly plants in Hungary. The related industries require significant industrial and office areas, resulting in significant demand for real properties in the area. The property is located in an economic, commercial and service area southwest of the centre of Kecskemét, close to the M5 Motorway and Trunk Road No 52. The property is surrounded typically by mixed residential, industrial and commercial properties.

The estimated yield-based value of the building is EUR 3.5 million.

(In 2016, the Company sold an option right to purchase the property until 31 October 2019. The right holder paid the fee for the option right and did not exercise the option right until 31 December 2018.)

Budapest, Andrássy út 105.

The office building in Andrássy út was added to the portfolio in December 2017. The office building is located in Andrássy út, in the block bounded by Bajza utca, Délibáb utca and Munkácsy utca, in the 6th district of the capital, on the Pest side of the city, in the diplomatic district. The property can be accessed in the most important avenue of the capital, Andrássy út, close to the city centre, a few hundred metres from Hősök tere (Heroes' Square) and close to Oktogon on the boulevard, which is one of the important transport hubs of the capital, within a few minutes of walking from both properties. The neighbouring streets offer a wide range of services, restaurants, cafés, pubs, pharmacies, shops, banks, offices, museums, etc. The vicinity of the building is characterized by the dominance of residential properties, institutions, bank centres, offices, ministries and embassies. Popular places and buildings nearby, such as the Museum of Fine Arts, the Art Gallery and Andrássy út itself are also popular tourist attractions. The area is the centre of the country's public administration and diplomatic district, with ministries, offices and other cultural institutions. Due to the location of the property, it can easily be accessed by public transport: the easiest way to do so is from the Bajza utca stop of underground line 1 and also by car from all directions: Andrássy út, Dózsa György út and Teréz krt.

The plot is flat, has an area of 1,094 m² and has a regular rectangular shape. The entrance to the office building opens from Andrássy út; this is the only point where the property can be accessed both by car and on foot. The building has no other direct pedestrian, car or economic entrances.

According to the data of the property, the building has 1,516 m² of gross leasable area (GLA). The property was leased at 100% at the time of valuation.

Budapest, Üllői út

The property at Üllői út 48. is located under in the area bounded by Üllői út and Kisfaludy utca, in the block bounded by Vajdahunyad utca and Corvin Plaza. The area of the plot is 1,967 m², with one building on it.

The building has an enclosed courtyard. Being 100% leased at present, it functions as FHB Bank's building on nine floors. There is a safety deposit vault on its basement level. There are 126 underground parking spaces on the property.

The property has a gross floor area of 1,516 m², provided with all utilities. The building has a centrally operated ventilation system and a central boiler. Access control is provided with an electronic card access control system.

Budapest, Andrássy út 59.

The property is located in the most important avenue of the capital, 100 metres from Oktogon, at Andrássy út 59. The David Building became the property of the Group through acquisition. There are countless restaurants, cafés, pharmacies and bank branches, ministries and embassies in its vicinity. In 2002, the UNESCO World Heritage Committee declared Andrássy út a World Heritage Site. The property has excellent transport links to compensate for the fact that no private parking or garage is available.

The listed building has six storeys. The storeys are connected by a lift or two staircases. There is also a café constructed in the covered courtyard. With the renovation of the property, the Neoclassical and Neo-renaissance style features of the listed building, built in 1882, were preserved. The building has retained its style features both internally and externally; its stairs, columns and furnishings remind the viewer of the contemporary atmosphere, yet its technical solutions meet today's expectations.

The property is registered with 796 m² of land, currently leased to 100%, and has been contributing to the Group's leasing revenues since the summer of 2018.

SPAR properties

A significant step in the Group's objectives, namely, the first step for growth in the retail property market, involves the SPAR property portfolio comprising 18 properties across the country, which was purchased by the subsidiary Appeninn E-Office Zrt. in the summer of 2018. Two of the properties are located in Budapest, and an additional two, in the conurbation of Budapest. In cities in the provinces, 7 out of 14 properties are located in county towns.

As of August, 2018, the properties have been contributing to the Group’s revenues, with a first-class lessee paying the lease fees on a monthly basis.

The acquisition of the portfolio was financed by the Company from a significant amount of its own funds and from an EUR-based foreign exchange loan provided by Erste Bank.

Eger and Biatorbágy

As a further expansion of the retail sector, the Group started a commercial property development in Eger and Biatorbágy, currently still financed from its own funds. After the completion of the development, the utilization of the property is planned under a long-term lease agreement.

Miskolc

The property was also added to the Group’s property portfolio in 2018. The property is located in the city centre near the Plaza and a coach terminal. The property is provided with all utilities. The building has a ground floor and an upper floor in a floor area of 918 m² and is completely leased.

Club Aliga

Through its new subsidiary, the Company acquired the business share of PRO-MOT Hungária Kft. until the balance sheet date. This company holds the right of utilizing the areas of Club Aliga. So the Group has further expanded its portfolio in a new property segment, the market for the utilization of tourism properties.

Taking advantage of the synergy within the KONZUM Group, the Group expects to increase its revenues from tourism properties.

Budapest, Menyét utca and Normafa utca

The property in question was sold to a Hungarian-based investor through a subsidiary of the Group in December 2018, and the property changed hands above the value stated in the valuations.

7. Major events after the balance sheet date (Section 95(4) of the Accounting Act)

The Company did not have any events requiring book entries and having an effect on the reporting period after the balance sheet date until the date of publication of this Report. The Company published announcements about material events after the balance sheet date, in particular, significant processes and expected development (known and expected development of the economic environment, depending on the expected impact of internal decisions) (Section 95(4a) of the

Accounting Act). The Company does not engage in activities related to research and experimental development (Section 95(4b) of the Accounting Act)

The Company described additional events at its places of publication, which were:

Date	Announcement	Brief content
7 March 2019	Corporate event calendar	23 April 2019, Annual Ordinary General Meeting 23 April 2019, Publication of the Annual Report 27 September 2019, Publication of the H1 2019 Report
28 February 2019	Voting rights and amount of registered capital	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 1,848, total number of shares: 47,371,419
7 February 2019	Sale of own shares	The Company informs its Investors that the Company's subsidiary, FELHÉVÍZ-APPEN Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-09-285651; 'FELHÉVÍZ-APPEN Kft.') sold 407,857, say four hundred and seven thousand eight hundred and fifty-seven, ordinary shares, each to the face value of HUF 100, issued by the Company (ISIN: HU0000102132), at the average price of HUF 551.3618 per share on 7 February 2019 through stock exchange trading. With the above transaction, the Company realized a gross profit of HUF 126,991,090 based on the Hungarian Accounting Standards.
31 January 2019	Voting rights and amount of registered capital	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 409,705, total number of shares: 47,371,419
31 January 2019	Extraordinary announcement on the acquisition of 74.99% ownership of Club Aliga	The Company informed its Investors that the transaction under a purchase contract for the acquisition of a 74.99% business stake in PRO-MOT HUNGÁRIA Ingatlanfejlesztő Korlátolt Felelősségű Társaság (registered office: 1037 Budapest, Montevideo utca 3/B; company register No: 01-09-703978; 'PRO-MOT HUNGÁRIA Kft.') and the receivables of the business stakeholders from PRO-MOT HUNGÁRIA Kft. by the Company's one-person subsidiary, Appeninn BLT Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-09-326114; 'Appeninn BLT Kft.'), as a result of which the indirect ownership of about 37 hectares of the properties forming part of Club Aliga (address: 8171 Balatonvilágos, Aligai út 1.) and the asset management right of the remaining about 10 hectares of Club Aliga were also transferred to the Company, which was announced in an extraordinary announcement published by the Company on 26 July 2018, was closed on 28 January 2019. The value of the above transaction is EUR 14,238,246.
30 December 2018	Voting rights and amount of registered capital	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 409,705, total number of shares: 47,371,419

30 December 2018	Corporate event calendar	19 April 2019, Annual Ordinary General Meeting 19 April 2019, Publication of the Annual Report 27 September 2019, Publication of the H1 2019 Report

8. Public securities issuing capital and share information (Section 95/A of the Accounting Act)

The Company's voting securities (the 'Issued Shares') are admitted to trading on a recognized (regulated) market (stock exchange) of a Member State of the European Union (Section 95/A of the Accounting Act), therefore, it has to detail the following in the business report:

- (a) the composition of the issued capital, including the Issued Shares that are not admitted to trading on a recognized (regulated) market (stock exchange) of a Member State of the European Union, broken down by share type for a public limited company, indicating the proportion of these types within the issued capital, as well as the rights and obligations attached to them (see Section **8.1**);

- (b) any restriction on the transfer of Issued Shares representing the issued capital (including restrictions on the acquisition of shares or the need for the consent of the Company or other shareholders of the Issued Shares) (see Section **14.3**);

- (c) investors with significant direct or indirect shareholdings in the equity of the entrepreneur (including pyramid schemes and cross-shareholdings), even if the investors hold the shares by means of certificates representing shares (see Section **8.7**);

- (d) holders of Issued Shares representing special management rights and those rights (see Section **14.3**);

- (e) the management mechanism required by any employee shareholder scheme in which management rights are not exercised directly by employees (see paragraph **13.1**);

- (f) any restriction on voting rights (in particular, a restriction on voting rights attached to a specified shareholding or number of votes, deadlines for exercising voting rights and schemes whereby the financial benefits attached to the shareholdings are separated from the holding of the Issued Shares through the cooperation of the entrepreneur) (see Sections **14.3** and **9**), with full content and details in the Company's Articles of Association http://www.appeninnholding.com/alapszabaly);

- (g) any agreement between the owners of which the entrepreneur is aware and which may result in a restriction on the transfer of Issued Shares or voting rights (see Sections **14.3** and **9**);

- (h) the rules for the appointment and removal of executive officers and for the amendment of the Articles of Association (see Section **9**, with full content and details in the Company's Articles of Association, http://www.appeninnholding.com/alapszabaly);

- (i) the powers of executive officers, in particular their powers to issue and repurchase shares (see Section **9**, with full content and details in the Company's Articles of Association, http://www.appeninnholding.com/alapszabaly),

- (j) any material agreement entered into by the entrepreneur, which enters into force, is amended or is terminated due to a change in the entrepreneur's management following a public purchase offer, and the effects of such events, unless disclosure of such information would seriously harm the entrepreneur's reasonable business interests, provided that it is not required to disclose it under any other legislation either (see the announcements published in Section 7 and before 31 December 2017);

- (k) any agreement between the entrepreneur and its executive officer or employee, which requires compensation if the executive officer resigns or the employee quits, if the executive officer or employee's legal relationship is terminated unlawfully, or if the legal relationship terminates due to a public purchase offer (see Section **14.5**).

8.1 Composition of issued capital

The Company's registered capital is described in Sections II and III of the Articles of Association.

– II. It consists of dematerialized registered ordinary shares, each to the face value of HUF 100, HUF 4,737,141,900 in total. Each share carries one voting right.

– III. Definition of the shareholder, payment of pecuniary contributions, increase of registered capital, transfer rules and release to free circulation (Resolution No 20/2010 of the General Meeting).

8.2 Issued shares and shareholder rights

The Appeninn shares issued and in circulation may be freely traded, and there are no rights based on the Articles of Association restricting distribution. The shares belong to one series, and the members of the share series are Appeninn ordinary shares with the same rights.

Appeninn Nyrt. share data	
face value	100
currency	HUF
ISIN code	HU0000102132
trading location	Shares section of Budapesti Értéktőzsde Zrt.
start of trading	2 July 2010
keeping a shareholders register	Board of Directors of Appeninn Nyrt., 1062 Andrássy út 59.
Number of shares traded, 31 December 2018	47,371,419
Number of shares traded, 31 December 2017	40,892,545

8.3 Repurchased own shares

Repurchased own shares	For the business year ending on 31 December 2018	For the business year ending on 31 December

			2017	
	EUR	pcs	EUR	pcs
Opening value	–	–	234,863	2,814,280
Own share acquisition operations	305,713	490,513	2,839,405	341,325
Own share sales operations	(53)	(80,808)	(3,074,268)	(3,155,605)
Closing value	**305,660**	**409,705**	–	–

8.4 Composition of the Company's registered capital and capital increase in 2017 and 2018

The Company's issued capital amounts to HUF 4,737,142,000 (2017: HUF 4,089,255,000), which consists of 47,371,419 (2017: 40,892,545) shares, each to the face value of HUF 100.

Based on the resolution of its General Meeting of 11 April 2018, the Company decided to issue 6,478,874 ordinary shares, which was registered by the Court of Registration of the Metropolitan Court of Budapest on 9 May 2018.

The Company and KONZUM II Real Property Investment Fund agreed under a contribution agreement on 11 April 2018 that the Fund would make available, on grounds of contribution in kind, to the Company the property with a floor area of 8,145 m^2 registered under topographical lot No 36372 in the inner areas of Budapest and geographically located at 1082 Budapest, Üllői út 48. As a result of the transaction, the Company increased its registered capital and, at the same time, privately issued a total of 6,478,874 dematerialized ordinary shares, each to the face value of HUF 100.

Based on the resolution of its General Meeting of 1 December 2017, the Company decided to issue 1,092,545 ordinary shares, which was registered by the Court of Registration of the Metropolitan Court of Budapest on 6 December 2017.

Issued capital	For the business year ending on 31 December 2018 EUR	For the business year ending on 31 December 2017 EUR
Ordinary shares issued and paid for by the shareholders at face value:		
Opening value as at 1 January	**13,245,347**	**12,893,071**
Issue on 6 December 2017	–	352,276
Issue on 11 April 2018	1,971,659	–
Closing value of issued capital as at 31 December:	**15,217,006**	**13,245,347**
Number of issued shares, each to the face value of HUF 100:		
Opening value (pcs)	40,892,545	39,800,000
Issued (pcs)	6,478,874	1,092,545
Closing value (pcs)	47,371,419	40,892,545
Conversions to currency of presentation		
HUF to EUR exchange rates		

Opening average calculated exchange rate value of issued capital	308.75	308.69
Issued	328.60	
Closing average exchange rate value of issued capital	311.32	308.73
Value of issued capital in the currency of company registration (HUF '000)		
Opening value as at 1 January:	4,089,255	3,980,000
Issued	647,887	109,255
Closing value as at 31 December:	4,737,142	4,089,255

8.5 Presentation of changes in equity

Shareholders' Equity (EUR)	Share capital	Reserves	Treasury shares	Retained earnings	Equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January, 2017	**12 893 071**	**11 229 685**	**(234 863)**	**4 319 450**	**28 207 343**	**148 095**	**28 355 438**
Total comprehensive income							
Profit / (loss) for the period	**-**	**-**	**-**	**2 548 268**	**2 548 268**	**-**	**2 548 268**
Transactions with the equity holders of the Company:	**352 276**	**2 388 421**	**234 863**	**(1 544 522)**	**1 431 038**	**(148 095)**	**1 282 943**
Purchase of treasury shares	-	-	(2 839 405)	-	(2 839 405)	-	(2 839 405)
Sale of treasury shares	-	-	3 074 268	81 824	3 156 092	-	3 156 092
De-recognition of amortised receivable against owners	-	-	-	125 210	125 210	-	125 210
Loss on investments acquired from owners	-	-	-	(1 055 993)	(1 055 993)	-	(1 055 993)
Transactions with non-controlling interest	-	-	-	148 095	148 095	(148 095)	-
Dividend	-	-	-	(843 658)	(843 658)	-	(843 658)
Capital increase	352 276	2 388 421	-	-	2 740 697	-	2 740 697
Balance at 31 December 2017	**13 245 347**	**13 618 106**	**-**	**5 323 196**	**32 186 649**	**-**	**32 186 649**
Balance at 1 January, 2018	**13 245 347**	**13 618 106**	**-**	**5 323 196**	**32 186 649**	**-**	**32 186 649**
Total comprehensive income							
Profit / (loss) for the period	**-**	**-**	**-**	**16 405 909**	**16 405 909**	**-**	**16 405 909**
Transactions with the equity holders of the Company:	1 971 659	12 027 124	(305 660)	-	13 693 123	-	13 693 123
Purchase of treasury shares	-	-	(305 713)	-	(305 713)	-	(305 713)
Sale of treasury shares	-	-	53	-	53	-	53
Dividend	-	-	-	-	-	-	-
Capital increase	1 971 659	12 027 124	-	-	13 998 783	-	13 998 783
Balance at 31 December 2018	**15 217 006**	**25 645 230**	**(305 660)**	**21 729 105**	**62 285 681**	**-**	**62 285 681**

8.6 Details of tied-up valuation reserve and capital reserve

- Tied-up reserves are not applicable in this reporting standard. The portfolio of own shares, if different from zero, is reported in the capital as the Company's own portfolio of shares. The portfolio of own shares as at the end of 2018 was EUR 305,660 (there was none in 2017).
- Valuation reserves are not specifically highlighted in this reporting standard.

Capital reserve	For the business year ending on 31 December 2018 EUR	For the business year ending on 31 December 2017 EUR
Opening value of shares issued with agio	13,618,106	11,229,685

Shares issued with agio on 6 December 2017	–	2,388,421
Shares issued with agio on 11 April 2018	12,027,124	–
Closing value	**25.645.230**	**13.618.106**

Accumulated profits	For the business year ending on 31 December 2018 EUR	For the business year ending on 31 December 2017 EUR	For the business year ending on 31 December 2016 EUR
Opening value	5,323,196	4,319,450	1,296,357
Changes from year to year:			
Profit/loss in the reference year	16,405,909	2,548,268	2,478,061
On receivables from shareholders, discount value	–	125,210	(125,210)
Loss on acquisition of shareholdings interests accounted for against shareholders	–	(1,055,993)	–
Transfers within capital against the majority shareholding	–	148,095	723,802
Profit/loss realized result on own share transactions	–	81,824	(210,648)
Dividends paid	–	(843,658)	–
Removal of the discounted value of receivables from shareholders from the books	–	–	157,088
Closing value	**21,729,105**	**5,323,196**	**4,319,450**

In 2017, Appeninn Nyrt. purchased one share in Appeninn E-Office Zrt. from Lehn Consulting AG. The acquisition value assigned to the shareholding purchased was EUR 1,056,000 higher than the value of the capital assigned to the minority shareholdings (capital assigned to the minority from Appeninn E-Office Zrt.); therefore, the difference was accounted for as a loss against the Group's profits.

	Total net asset value	Total assets received (delivered) for the acquisition of shareholding:	Discount obtained on receivables	Exchange rate difference	Impact on profits in the reference period
Acquisition of 1/83 shareholding in Appeninn E-Office Zrt.	123,760	(1,183,322)	–	3,569	(1,055,993)

The Group sold its own portfolio of shares. The Group accounts for the profit on its own shares in the profit and loss reserve.

The 2017 Annual General Meeting of the Group’s Parent Company decided to issue dividends of EUR 844,000 against the 2016 profit and loss reserve.

8.7 Introduction of major investors

After the reporting date, the Company continually published its regular monthly announcements (end-of-month voting rights and capital) and Shareholders’ Notices (changes in shareholdings).

Name of shareholder	Number of shares	Shareholding

BDPST Zrt.	9,755,567	20.59%
KONZUM Nyrt.	8,860,027	18.70%
KONZUM II Real Property Investment Fund	6,478,874	13.68%
OTP Real Property Investment Fund	2,420,372	5.11%
Own shares	409,705	0.87%
Percentage of publicly held shares	19,446,874	41.05%
Total	47,371,419	100.00%

8.8 Significant events

Date	Announcement	Brief content
9 January 2018	Appeninn Nyrt. wishes to enter into a refinancing agreement with FHB Kereskedelmi Bank Zártkörűen Működő Részvénytársaság to replace the outstanding loans of its subsidiaries.	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság enters into a refinancing agreement for replacing the outstanding loans of the subsidiaries controlled by it: Appeninn-Bp1047 Zártkörűen Működő Részvénytársaság, APPEN-RETAIL Korlátolt Felelősségű Társaság, BERTEX Ingatlanforgalmazó Zártkörűen Működő Részvénytársaság, CURLINGTON Ingatlanfejlesztési Korlátolt Felelősségű Társaság, FELHÉVÍZ-APPEN Korlátolt Felelősségű Társaság and Appeninn-Angel Vagyonkezelő Zártkörűen Működő Részvénytársaság (the 'Refinancing') with FHB Kereskedelmi Bank Zártkörűen Működő Részvénytársaság and Magyar Takarékszövetkezeti Bank Zártkörűen Működő Részvénytársaság. The refinancing agreement has a term of 15 years. As a result of the Refinancing, FHB Bank Zrt. and Takarékbank Zrt. become strategic financiers of the Company in addition to the existing financier ERSTE BANK HUNGARY Zártkörűen Működő Részvénytársaság, as a result of which long-term bank loans would enable the Company to grow in the future and to finance its planned acquisitions.
12 January 2018	Extraordinary announcement – Appeninn Holding decided on a capital increase following the decision of the Hungarian Competition Authority	According to the extraordinary announcement published on the website of the Budapest Stock Exchange (BSE), the Board of Directors of Appeninn Holding Nyrt. consented to a capital increase by Konzum II Real Property Investment Fund in the company listed on the stock exchange by bringing the Ü48 Office Building (1082 Budapest, Üllői út 48.; FHB Bank Headquarters) into the company. The company listed on the stock exchange will pay for the HUF 4.6 billion value of the office building based on Jones Lang Lasalle's valuation and determined by the parties by privately offering new shares at the closing price of 10 January 2018 (HUF 710). The capital increase and bringing the property into the company will be possible once approved by the Hungarian Competition Authority. The Board of Directors decided to pay for the office building, which is to become the Company's property as contribution in kind once approved by the Hungarian Competition Authority, by privately issuing 6,778,847 Series A shares, each to the face value of HUF

		100. Konzum II Real Property Investment Fund will be entitled to subscribe for these shares. In the transaction, the real property fund will increase the capital in Appeninn Nyrt. by bringing the property worth HUF 4.6 billion based on valuation and determined by the parties into the company. Taking into account the interests of small investors, the Board of Directors of the Company determined the future issue value of the new shares at the closing price of 10 January 2018 (HUF 710). Once the corporate law event is completed after approval by the Hungarian Competition Authority, Konzum II Real Property Investment Fund will acquire a 13.67 per cent shareholding in the company listed on the stock exchange, while the capital structure of Appeninn will be strengthened and its real property assets will grow. Appeninn Holding will utilize the Ü48 Office Building with a net floor area of 8,145 square metres, which will become its property, through leasing; return on the investment is guaranteed by long-term lease agreements with FHB Bank and Takarékinfo. Appeninn expects a net revenue of nearly EUR 1.3 million per year from letting the property on lease, net of operating costs paid by the lessees and insurance premiums.
31 January 2019	Number of voting rights and amount of registered capital	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 0; total number of shares: 40,892,545; amount of registered capital: HUF 4,089,254,500
7 February 2018	Own share transaction	Appeninn Nyrt. (Issuer) informed money and capital market participants about the following. One of the subsidiaries of Appeninn Nyrt., FELHÉVÍZ-APPEN Kft., acquired the ownership of 41,328 APPENINN (ISIN: HU0000102132) shares in 2016 at the close of settlement arising from an OTC legal transaction. As a result of the foregoing, the number of the Group's shares held by itself is 41,328. Accordingly, the portfolio of the Appeninn Group's own shares changed to 0.1% without crossing the threshold value.
8 February 2018	Extraordinary announcement – Appeninn Holding is buying SPAR stores, the total value of the transaction is close to HUF 4.5 billion.	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Issuer') informed the Investors that in its decision the Property Investment Committee of Erste Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: 1138 Budapest, Népfürdő u. 24-26., 9th Floor; company register No: 01-10-044157; tax No: 11895336-2-41; the 'Fund Manager'), consented to the purchase by the Issuer of 18 properties owned by ERSTE Open-Ended Property Investment Fund (registration No: 1211-7) and Erste Open-Ended Euro Property Investment Fund (registration No: 1111-169) managed by the Fund Manager. All properties that the Issuer wishes to acquire within the transaction are leased by SPAR Magyarország Kereskedelmi Korlátolt Felelősségű Társaság (registered office: 2060 Bicske, SPAR út topographical lot No 0326/1; company register No: 07-09-009192; tax No: 10485824-2-07). The total value of the transaction is EUR 14,500,000, say fourteen million

		five hundred thousand euros, and the annual revenue from the leasing of properties is EUR 1,845,475, say one million eight hundred and forty-five thousand four hundred and seventy-five euros, which represents a yield of 12.73% on the total value of the transaction.
9 February 2018	Extraordinary announcement – Appeninn is adding another Andrássy út property to its portfolio	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the ‘Company’) informed the Investors that the Company had signed an agreement with the owners of Plaza House Ingatlanfejlesztési Korlátolt Felelősségű Társaság (registered office: 1138 Budapest, Váci út 168., Building T; company register No: 01-09-662072; ‘Plaza House Kft.’) to acquire a 100% business stake in Plaza House Kft. at a purchase price of EUR 7,000,000, say seven million euros. As a result of the above transaction, the property registered under topographical lot No 29458 in the inner areas of 6th District of Budapest, geographically located at 1062 Budapest, Andrássy út 59., became indirectly owned by the Company. Following the completion of the above transaction, KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1065 Budapest, Révay utca 10., 2nd Floor; company register No: 01-10-049323; ‘KONZUM’) will make available its EUR 2,000,000, say two million euros, receivable from the Company resulting from the above transaction as a contribution in kind to the Company in order to increase the registered capital of the Company in the future. The Company’s Board of Directors will decided on the above increase of the registered capital at a later date, bit it sets the issue value of the new shares to be issued in connection with the increase of the registered capital at the closing price of 8 February 2018, i.e. HUF 660.
22 February 2018	Own share transaction	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the ‘Issuer’) informed money and capital market participants that through an OTC transaction Appeninn Nyrt. purchased 10,000 APPENINN (ISIN: HU0000102132) shares from its subsidiary, Felhévíz-APPEN Kft., at the average piece of HUF 700.00 and, as payment of dividends with its own shares, it transferred 985 shares in accordance with the 2016 dividend payment notice. As a result of the foregoing, the number of own shares held by the Group is 40,343 as at 22 February 2018. Accordingly, the portfolio of the Appeninn Group’s own shares decreased to 0.099% without crossing the threshold value.
28 February 2018	Number of voting rights and amount of registered capital	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 40,343; total number of shares: 40,892,545; amount of registered capital: HUF 4,089,254,500
5 March 2018	Own share transaction	In compliance with its obligation of publishing prescribed pursuant to Sections 55 and 56 of Act CXX of 2001 on capital markets and in Decree No 24/2008 of 15 August 2008 of the Minister for Finance, Appeninn Vagyonkezelő Holding

		Nyilvánosan Működő Részvénytársaság (the 'Issuer') hereby informs money and capital market participants about the following. As dividend payment using its own shares (APPENINN ordinary shares, ISIN: HU0000102132), Appeninn Nyrt. transferred 63 shares in accordance with the 2016 dividend payment notice. As a result of the foregoing, the number of own shares held by the Group is 40,280 as at 5 March 2018. Accordingly, the portfolio of the Appeninn Group's own shares decreased to 0.098% without crossing the threshold value.
8 March 2018	Extraordinary announcement – Authorization from the Hungarian Competition Authority	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that with regard to official certificate No B/203-6/2018 issued by the Hungarian Competition Authority, KONZUM Nyrt. and its co-applicants may acquire direct joint control over the Company.
9 March 2018	Announcement by the Shareholder	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors on the basis of the shareholder information received today that KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1065 Budapest, Révay utca 10., 2nd Floor; company register No: 01-10-049323; 'KONZUM Nyrt.') purchased 924,832, say nine hundred and twenty-four thousand eight hundred and thirty-two, dematerialized ordinary shares (ISIN: HU0000102132), each to the face value of HUF 100, say one hundred Hungarian forints, issued by the Company through an OTC legal transaction. All shareholders holding an ownership stake over 5 per cent in the Company and their shareholdings: KONZUM PE Private Capital Fund: ownership stake: 23.86%, number of shares: 9,755,567; KONZUM Nyrt.: ownership stake: 26.12%, number of shares: 10,680,399
12 March 2018	Extraordinary announcement – Announcement of a change in shareholding	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') hereby informed the Investors that KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1065 Budapest, Révay utca 10., 2nd Floor; company register No: 01-10-049323; 'KONZUM Nyrt.') sold 2,020,372 APPENINN ordinary shares (ISIN code: HU0000102132), each to the face value of HUF 100, say one hundred Hungarian forints, issued by the Company through an OTC transaction to the OTP Real Property Investment Fund (address: 1026 Budapest, Riadó utca 1-3.; registration No: 1211-05). As a result of this transaction and other stock exchange transactions, the number of APPENINN ordinary shares owned by the OTP Real Property Investment Fund increased to 2,420,372 today, thus the OTP Real Property Fund holds 5.92% of the APPENINN ordinary shares. As a result of the transaction, the shareholding of KONZUM Nyrt. in the Company decreased to 21.18 per cent. As a result of the transaction, the shareholding of the Konzum Group in the Company decreased to 46.46 per cent.

30 March 2018	Number of voting rights and amount of registered capital	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 40,280; total number of shares: 40,892,545; amount of registered capital: HUF 4,089,254,500
12 April 2018	Extraordinary announcement – With the agreement reached between Konzum II Real Property Investment Fund and Appeninn Holding Nyrt., the capital increase of HUF 4.6 billion in total announced on 12 January will be completed. As a result, the Ü48 Office Building becomes the property of the company listed on the stock exchange.	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that, in accordance with the extraordinary announcement published on the website of the Budapest Stock Exchange on 12 January 2018, the Company and the KONZUM II Real Property Investment Fund (registration No: 1211-14; the 'Fund'; managed by Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság; company register No: 01-10-045654) agreed under a contribution agreement on 11 April 2018 that the Fund would make available, on grounds of contribution in kind, to the Company the property registered under topographical lot No 36372 in the inner areas of Budapest and geographically located at 1082 Budapest, Üllői út 48. (the 'Property'). As a result of the transaction, the Company increases its registered capital and, at the same time, privately issues a total of 6,478,874, say six million four hundred and seventy-eight thousand eight hundred and seventy-four, dematerialized ordinary shares, each to the face value of HUF 100, say one hundred Hungarian forints. Only the Fund is entitled to receive these shares. Through the acquisition of the 'Ü48 Office Building' with a floor area of 8,145 m^2, standing on the property, another Category A office building is added to the Company's real property portfolio.
13 April 2018	Extraordinary announcement	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Issuer') informs the Investors that Appeninn E-Office Vagyonkezelő Zártkörűen Működő Részvénytársaság (registered office: 1022 Budapest, Bég utca 3-5.; company register No: 01-10-047783; tax No: 24399201-2-41) exclusively owned by the Issuer entered into a contract for the sale and purchase of real property on 12 April 2017 for 18 properties owned by ERSTE Open-Ended Real Property Investment Fund (registration No: 1211-7) and ERSTE Open-Ended Euro Real Property Investment Fund (registration No: 1111-169) managed by Erste Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: 1138 Budapest, Népfürdő u. 24-26., 9th Floor; company register No: 01-10-044157; tax No: 11895336-2-41). All properties acquired as a result of the above transaction are leased by SPAR Magyarország Kereskedelmi Korlátolt Felelősségű Társaság (registered office: 2060 Bicske, SPAR út topographical lot No 0326/1; company register No: 07-09-009192; tax No: 10485824-2-07). The total value of the transaction is EUR 14,500,000, say fourteen million five hundred thousand euros.
7 May 2018	Number of voting rights and amount of registered capital, 30	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the

	April 2018	registered capital. Number of own shares: 40,280; total number of shares: 40,892,545; amount of registered capital: HUF 4,089,254,500
9 May 2018	Extraordinary announcement – Registration of extraordinary capital increase	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that, on the basis of the Company's application, in its Order No company register No 01-10-046538/105 of 9 May 2018, the Court of Registration of the Metropolitan Court of Budapest ordered the entry of the registered capital increase decided in Decision No 1/2018 of 1 April 2018 of the Company's Board of Directors, carried out by the public offering of new shares, in the public companies register. After the registered capital increase, the Company continues its operations with a registered capital of HUF 4,737,141,900, say four billion seven hundred and thirty-seven million one hundred and forty-one thousand nine hundred Hungarian forints. After the registered capital increase, the number of shares is 47,371,419, say forty-seven million three hundred and seventy-one thousand four hundred and nineteen.
10 May 2018	Own share transaction	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Issuer') informed the Investors that it had paid dividends using 94 of its own shares (APPENINN ordinary shares, ISIN: HU0000102132). As a result of the above transaction, the number of the Issuer's shares held by itself decreased to 40,186, so the portfolio of its own shares changed to 0.085% without crossing the threshold value.
31 May 2018	Number of voting rights and amount of registered capital, 31 May 2018	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 40,186; total number of shares: 47,371,419; amount of registered capital: HUF 4,737,141,900
29 June 2018	Number of voting rights and amount of registered capital, 30 June 2018	In compliance with the provisions of Section 54(9) of Act CXX of 2001 on capital markets, Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság published the number of voting rights attached to the shares in the Company and the amount of the registered capital. Number of own shares: 40,186; total number of shares: 47,371,419; amount of registered capital: HUF 4,737,141,900
24 July 2018	Extraordinary announcement – For the sale of the ownership of shares that represent the shareholding in AppeninnCredit Hitelezési Zártkörűen Működő Részvénytársaság	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság informed the Investors that it entered into a contract for sale and purchase on 23 July 2018 for selling the ownership of shares representing 100% shareholding in AppeninnCredit Hitelezési Zártkörűen Működő Részvénytársaság (previously called: MILTON Hitelezési Zártkörűen Működő Részvénytársaság; registered office: 1044 Budapest, Váci út 76-80.; company register No: 01-10-045678) operating as a financial enterprise, purchased by the Issuer in 2016 and exclusively owned by the Issuer. The transaction is expected to close by 31 July 2018.

24 July 2018	Extraordinary announcement – Club Aliga transaction	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-10-046538; the 'Company') informed the Investors that the Company's one-person subsidiary, Appeninn BLT Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-09-326114; 'Appeninn BLT Kft.') entered into a contract for sale and purchase on 25 July 2018 with PRO-MOT HUNGÁRIA Ingatlanfejlesztő Korlátolt Felelősségű Társaság (registered office: 1037 Budapest, Montevideo utca 3/B.; company register No: 01-09-703978; 'PRO-MOT Kft.') to acquire a 74.99% business stake and the receivables of the business stakeholders from MOT HUNGÁRIA Kft. As a result of the above transaction, the indirect ownership of about 37 hectares of the properties forming part of Club Aliga (address: 8171 Balatonvilágos, Aligai út 1.) and the asset management right of the remaining about 10 hectares of Club Aliga on Lake Balaton were also transferred to the Company. The final date for closing the transaction is 20 December 2018.
31 July 2018	Extraordinary announcement – about an own share transaction	In compliance with its obligation of publishing prescribed pursuant to Sections 55 and 56 of Act CXX of 2001 on capital markets and in Decree No 24/2008 of 15 August 2008 of the Minister for Finance, Appeninn Nyrt. informed money and capital market participants that one of the subsidiaries of Appeninn Nyrt., FELHÉVÍZ-APPEN Kft., acquired the ownership of 41,328 APPENINN (ISIN: HU0000102132) shares in 2016 at the close of settlement arising from an OTC legal transaction. As a result of the foregoing, the number of the Group's shares held by itself is 81,514. Accordingly, the portfolio of the Appeninn Group's own shares changed to 0.17% without crossing the threshold value.
2 August 2018	Extraordinary announcement – Closing of a transaction between Appeninn E-Office Zrt., ERSTE Alapkezelő Zrt. and ERSTE Open-Ended Euro Real Property Investment Fund	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Issuer') informed the Investors that a loan of EUR 11.6 million was disbursed to the Appeninn E-Office Vagyonkezelő Zártkörűen Működő Részvénytársaság exclusively owned by the Issuer on 1 August 2018. It will mature in 2025 and its interest premium is 2.1% over and above the 3-month EURIBOR reference interest. Using the load borrowed and contributing EUR 2.9 million from its own funds, Appeninn E-Office Zrt. paid the EUR 14.5 million purchase price of the 18 retail properties leased by SPAR Magyarország Kereskedelmi Kft., purchased from the ERSTE Open-Ended Real Property Investment Fund and the ERSTE Open-Ended Euro Real Property Investment Fund managed by ERSTE Alapkezelő Zártkörűen Működő Részvénytársaság.
8 August 2018	Extraordinary announcement – Purchase of property by Appeninn Project MSKC in Miskolc	Appeninn Nyrt. informed the Investors that the Company's newly established subsidiary, contracting as a preliminary company under the name of Appeninn Retail Miskolc Korlátolt Felelősségű Társaság, was registered by the Court of Registration of the Metropolitan Court of Budapest under the name of Project-MSKC Kft. (company register No: 01-09325579; tax No: 26350800-2-42).

		Appeninn Nyrt. established Appeninn Project-MSKC Kft. for the purpose of utilizing properties owned by Appeninn Holding and located in the territory of Miskolc and in its catchment area. Accordingly, the above-mentioned project company purchased the property located in the area and registered under topographical lot No 3475/13 at the Land Registry Department of the District Office of Miskolc for the total purchase price of HUF 513,000,000, which it wishes to let on lease to ALDI in the long-term. The lease agreement also includes the reconstruction of the property, which ALDI agrees to carry out from its own funds, under its own project management. In addition, further greenfield projects are also expected. Appeninn Holding will implement the series of projects in part from its own funds and in part under a financing scheme provided by a bank. Appeninn Nyrt. further informs the Investors that Appeninn entered into a contract for two properties located in the provinces. The Company will construct department stores itself on the properties located in Eger and Biatorbágy for long-term leasing purposes.
14 August 2018	Extraordinary announcement – Repayment of the debt of EUR 3.2 million arising from the loan agreement between Appeninn E-Office Zrt. and ERSTE Bank Hungary Zrt.	Appeninn Nyrt. informed the Investors that the Company's subsidiary, Appeninn E-Office Zrt., prepaid its loan of EUR 3.2 million arising from a loan agreement between it and ERSTE Bank Hungary Zrt. and having an interest premium of 3.5 per cent today, about 7 years before the original maturity of the loan in 2025. The loan amount was originally disbursed to finance real property projects operated in the Category B Offices Business Unit of the Appeninn Holding. Through the above prepayment by Appeninn Holding of 8% of the outstanding loan owed by the Group, further opportunities opened up to use the Appeninn Holding's financing facilities for future developments expected in its Category A Offices and Retail Business Units and, by taking advantage of the changed market opportunities, to replace its bank loan borrowed in 2015 with loans representing a lower interest burden.
22 August 2018	Extraordinary announcement – Agreement between Appeninn Nyrt. and KONZUM Nyrt. according to which KONZUM Nyrt. is entitled to appoint the majority of the Company's executive officers	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that Konzum Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság (registered office: 1062 Budapest, Andrássy út 59., company register No: 01-10-049323, 'KONZUM Nyrt.'), KONZUM PE Private Capital Fund (registered office: 1062 Budapest, Andrássy út 59.; MNB registration No: 6122-44, managed by: Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-10-045654, 'Konzum Befektetési Alapkezelő Zrt.')), KONZUM II Real Property Investment Fund (registered office: 1062 Budapest, Andrássy út 59.; MNB registration No: 1211-14, managed by: Konzum Befektetési Alapkezelő Zrt.), KONZUM MANAGEMENT Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59., company register No: 01-09-913725) and KPE

		Invest Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59., company register No: 01-09-294247) entered into an agreement according to which KONZUM Nyrt. is entitled to appoint the majority of the Company's executive officers.
23 August 2018	Extraordinary announcement – BDPST Zrt. transaction	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that KONZUM PE Private Capital Fund (MNB registration No: 6122-44; managed by: Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-10-045654); the 'Fund'), as seller, entered into an agreement with BDPST Ingatlanforgalmazó és Beruházó Zártkörűen Működő Részvénytársaság (registered office: 1118 Budapest, Kelenhegyi út 27., company register No: 01-10-048550; 'BDPST Zrt.'), as buyer, today through an OTC transaction for the sale and purchase of 9,755,567, say nine million seven hundred and fifty-five thousand five hundred and sixty-seven Appeninn shares issued by the Company (the 'Shares') (the 'Transaction'). The Transaction will be closed after payment of the purchase price of the Shares. The Purchase Price is treated as a trade secret by the parties. After the closing of the Transaction, the number of Appeninn voting shares directly held by the Fund will decrease from 9,755,567, say nine million seven hundred and fifty-five thousand five hundred and sixty-seven, to 0, say zero, so the Fund's shareholding in the Company will decrease from 20.59% to 0%, thereby exceeding the 20%, 15%, 10% and 5% limits under Section 61(3) of Act CXX of 2001 on capital markets, while the number of Appeninn voting shares directly held by BDPST Zrt. will increase by the same number, thereby exceeding the 5%, 10%, 15% and 20% limits under Section 61(3) of Act CXX of 2001 on capital markets.
10 September 2018	Extraordinary Announcement – Based on the decision of the Vienna Stock Exchange (Wiener Börse AG), the Company's shares become part of the CECE index.	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that based on the decision of the Vienna Stock Exchange (Wiener Börse AG), the Company's shares become part of the CECE index The weight of Appeninn shares in the CECE index will be finalized on 21 September 2018. The composition of the new basket will take effect on 24 September 2018.
12 September 2018	Extraordinary announcement – About the repayment of Appeninn Nyrt. bonds	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that 150 of its privately issued 'Appeninn Nyrt. Interest-bearing EURO Bonds' (short name: Appeninn Nyrt. EUR Bond; ISIN code: HU0000356639; interest rate: 7.5%; face value: EUR 10,000, say ten thousand euros; total face value: EUR 1,500,000, say one million five hundred thousand euros; the 'Bond') matured on 10 September 2018. The Company repurchased 130 Bonds to the total face value of EUR 1,300,000, say one million three hundred thousand euros, the remaining 20 Bonds to the total face value

		of EUR 200,000, say two hundred thousand euros, and interest thereon were paid today, thereby terminating all of the Company's obligations arising from the issue of Bonds.
19 September 2018	Appeninn Nyrt. – Own share transaction	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Issuer') informed the Investors that it had paid dividends today using 94 of its own shares (APPENINN ordinary shares, ISIN: HU0000102132). As a result of the above transaction, the number of the Issuer's shares held by itself decreased to 81,420, so the portfolio of its own shares changed to 0.1719% without crossing the threshold value.
20 September 2018	Appeninn Nyrt. – Own share transaction	In compliance with its obligation of publishing prescribed pursuant to Sections 55 and 56 of Act CXX of 2001 on capital markets and in Decree No 24/2008 of 15 August 2008 of the Minister for Finance, Appeninn Nyrt. (the 'Issuer') informed money and capital market participants that Appeninn Nyrt. purchased 72,656 APPENINN (ISIN: HU0000102132) shares from its subsidiary, FELHÉVÍZ-APPEN Kft., at the closing price of HUF 591 quoted at the BSE on 18 September 2018. As a result of the foregoing, the number of the Group's shares held by itself (81,420) did not change. Accordingly, the portfolio of the Appeninn Group's own shares is 0.1719%.
21 September 2018	Appeninn Nyrt. – Own share transaction	In compliance with its obligation of publishing prescribed pursuant to Sections 55 and 56 of Act CXX of 2001 on capital markets and in Decree No 24/2008 of 15 August 2008 of the Minister for Finance, Appeninn Nyrt. (the 'Issuer') informed money and capital market participants that Appeninn Nyrt. sold 79,634 APPENINN (ISIN: HU0000102132) shares in an OTC transaction, at the close of previous transactions, at the average price of HUF 592. As a result of the foregoing, the number of own shares held by the Group is 1,848. Accordingly, the portfolio of Appeninn Nyrt.'s own shares decreased to 0.039% without crossing the threshold.
19 October 2018	Appeninn Nyrt. – Own share transaction	Appeninn Nyrt. (the 'Issuer') informed money and capital market participants that one of the subsidiaries of Appeninn Nyrt., FELHÉVÍZ-APPEN Kft., acquired the ownership of 407,857 APPENINN (ISIN: HU0000102132) shares in 2016 at the close of settlement arising from an OTC legal transaction. As a result of the foregoing, the number of the Group's shares held by itself is 409,705 (of which 1,848 are held by Appeninn Nyrt.). Accordingly, the portfolio of the Appeninn Group's own shares changed to 0.87% without crossing the threshold.
19 December 2018	Extraordinary announcement – Property sale by Appeninn Hegyvidék	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the' Company') informed the Investors that the Company's subsidiary, APPENINN Hegyvidék Ingatlankezelő és Ingatlanforgalmazó Korlátolt Felelősségű Társaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-09-731476) sold the property in its ownership, with a floor area of 3,563 m^2, registered under topographical lot No 9427 in the inner areas of the 12th District of Budapest, on 14 December 2018. With the above transaction, the Company realized a profit after

		tax of HUF 175 million on the basis of the Hungarian Accounting Standards, while EUR 450,000 on the basis of the IFRS.
20 December 2018	Appeninn Nyrt. – Announcement by the Shareholder	Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (the 'Company') informed the Investors that the transaction under the agreement for the sale and purchase of 9,755,567, say nine million seven hundred and fifty-five thousand five hundred and sixty-seven Appeninn shares issued by the Company, announced by the Company in the extraordinary announcement published on 23 August 2018, concluded between KONZUM PE Private Capital Fund (MNB registration No: 6122-44; managed by: Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (registered office: 1062 Budapest, Andrássy út 59.; company register No: 01-10-045654); the 'Fund'), as seller, and BDPST Ingatlanforgalmazó és Beruházó Zártkörűen Működő Részvénytársaság (registered office: 1118 Budapest, Kelenhegyi út 27., company register No: 01-10-048550; 'BDPST Zrt.'), as buyer, was closed today. As a result of the above transaction, the number of Appeninn voting shares directly held by the Fund decreased from 10,144,567, say ten million one hundred and forty-four thousand five hundred and sixty-seven, to 389,000, say three hundred and eighty-nine thousand, so the Fund's shareholding in the Company decreased from 21.41% to 0.82%, thereby exceeding the 20%, 15%, 10% and 5% limits under Section 61(3) of Act CXX of 2001 on capital markets, while the number of Appeninn voting shares directly held by BDPST Zrt. increased from 0, says zero, to 9,755,576, say nine million seven hundred and fifty-five thousand five hundred and sixty-seven, so the shareholding of BDPST Zrt. increased from 0% to 20.59%, thereby exceeding the 5%, 10%, 15% and 20% limits under Section 61(3) of Act CXX of 2001 on capital markets.
30 December 2018	Corporate event calendar	19 April 2019, Annual Ordinary General Meeting 19 April 2019, Publication of the Annual Report 27 September 2019, Publication of the H1 2019 Report

9. Articles of Association

The Company approved the Articles of Association of Appeninn Holding Nyrt. for the last time on 23 August 2018.

- The Company published the Articles of Association in the places of publication.
- The Company complies with the procedures and rights published in the Company's Articles of Association by publishing its Articles of Association.
- The election of the senior executives and the election process took place in accordance with the Articles of Association.

- The Company complied with the rules on the issue and withdrawal of shares as set out in the Articles of Association.

10. Corporate governance system and responsible corporate governance report

- The Company has a Board of Directors. The powers of the Board of Directors are regulated in Section VII of the Articles of Association.
- The Company publishes, together with the Annual Report, a document package presenting **its corporate governance system (Responsible Corporate Governance Statement and Report),** which includes the information required in Section 95/B of the Accounting Act (Section 95/B(1) of the Accounting Act).
- The Company does not deviate from the corporate governance system required by law and does not apply any other corporate governance systems in derogation from the law.
- With regard to Section 95/B(2)(a) of the Accounting Act, the Company declares that the management systems applicable to public limited companies are regulated by the Hungarian Civil Code for the Company. In its Deed of Foundation, the Company chooses its management system with the approval of the General Meeting. The Company complies with the public [disclosure requirements by fulfilling its] obligation to publish its Articles of Association.
- With regard to Section 95/B(2)(b) of the Accounting Act, the Company publishes additional information related to corporate governance practices in addition to the statutory requirements in the Company's regular and extraordinary announcements. If they are of a far-reaching and comprehensive nature, it presents them separately as a separate document on its website. No such position has been taken.
- With regard to Section 95/B(2)(c) of the Accounting Act, the Company declares that it presents, in accordance with the law, the deviations from the legal rules, if any, together with the reasons stated for them in a separate document (Responsible Corporate Governance Statement and Report) .
- With regard to Section 95/B(2)(d) of the Accounting Act, the Company provides its reasons in a separate document (Responsible Corporate Governance Statement and Report) if it has not applied a provision of the management system required by law.
- With regard to Section 95/B(2)(e) of the Accounting Act, the Company provides a description of the main features of the internal control and risk management system in the context of reporting in a separate document (Responsible Corporate Governance Statement and Report)
- With regard to Section 95/B(2)(f) of the Accounting Act, the Company presents the information defined in Section 95/A(c), (d), (f), (h) and (i) as part of a separate document (Corporate Governance Statement and Report), as well as [those stated in] Section 95/B(2)(g): the composition and operation of the supreme governing (executive) body, the management body, the supervisory body and their committees.

- With regard to Section 95/B(2)(h) of the Accounting Act, the description of the diversity policy applied to the Company's administrative, management and supervisory bodies, with special regard to considerations regarding age, gender, studies and professional background. The description of the objectives of this diversity policy, the method of its implementation and the results achieved in the reporting period are not applicable in 2018.
- With regard to Section 95/B(3) of the Accounting Act, the Company publishes the Deed of Foundation and the Responsible Corporate Governance Report and Statement regularly with regard to the above contents.

11. Business continuity framework

Appeninn Nyrt. prepared its business plans for the post-2018 period, under which the Company's future positive cash flows will provide cover for the Company's existing and foreseeable liabilities.

12. Environmental protection (Section 95(5)(a), (b), (c) and (d) of the Accounting Act)

The Company does not carry out any activities that are hazardous or harmful to the environment in the course of its activities. It does not use hazardous materials for its operations.

13. Employment Policy and Employee Share and Management Programme (Section 95(4)(e) of the Accounting Act)

13.1 Employee shareholding scheme

The Company does not operate an Employee and Management Share Programme.

13.2 Evolution of the number of full-time employees

Headcount	For the business year ending on 31 December 2018	For the business year ending on 31 December 2017
Average statistical headcount (persons)	**23.51**	**1.72**
Closing headcount	**29.00**	**19.35**
of which:		
Appeninn Üzemeltető Zrt.	18.00	16.00
Appeninn Vagyonkezelő Holding Nyrt.	9.00	3.35
Appeninn E-Office Vagyonkezelő Zrt.	1.00	–
Appeninn Property Vagyonkezelő Zrt.	0.00	–

13.3 Executive officers

Members of the Board of Directors – Right of representation (start and end dates):

Gellért Jászai – joint (from 20 April 2018)
Aladin Ádám Linczényi – joint (from 23 August 2018)
János Tima – joint (from 23 August 2018)
Dr Judit Tóth – joint (from 23 August 2018)

Zoltán Malik – joint (from 23 August 2018)
Gábor Tomcsányi – joint (from 23 August 2018)
György Ádámosi, Jr – joint (21 December 2017 to 23 August 2018)
Sándor Juhász – joint (21 December 2017 to 23 August 2018)
Dr (Mrs) Egyedné, Orsolya Páricsi – joint (20 April 2018 to 23 August 2018)
Dr Dóra Halápi – joint (20 April 2018 to 23 August 2018)
Gábor Székely – joint (13 April 2018 to 20 April 2018)
Zoltán Prutkay – joint (18 May 2015 to 20 April 2018)
Attila Gábor Kovács – joint (15 April 2016 to 20 April 2018)
Lőrinc Éder – joint (12 April 2013 to 21 December 2017)
Balázs Szabó – joint (12 April 2013 to 21 December 2017)
György Ádámosi, Jr – individual (5 August 2014 to 21 December 2017)

Places of publication (Section 89 (5) of the Accounting Act)
The Company publishes its disclosures and reports in the following places:

www.appeninnholding.com, the Company’s website (Section 89(5) of the Accounting Act)
kozzetetelek.mnb.hu,
www.bet.hu,
and uploads them to http://e-beszamolo.im.gov.hu/.

14. Bases for preparing the Annual Report

14.1 Declarations of conformity in accordance with Decree No 24/2008 of 15 August 2008 of the Minister for Finance

– As a Hungarian-based issuer, Appeninn Nyrt. prepares the Annual Report in accordance with the provisions of Act C of 2000 on accounting.

– Appeninn Nyrt. publishes an audited Annual Report. The Audit Report is published together with the Business Report as part of the Annual Report.

– Our Annual Report includes the Company’s *Parent Company and Consolidated* Balance Sheet, Profit and Loss Account, Accounting Notes and Management Report (this document)

– Appeninn Nyrt. publishes its Management Report together with the Annual Report. An accompanying analysis is presented in the Management Report. The analysis presents the main processes and factors, which affected, in the annual reporting period, or will affect, in the future, the issuer’s business performance, development and situation. The data presented in the Management Report are published with the data of the previous period and the same contents. If there was a discrepancy between the contents of the data, then the comparative data will be published again. By re-publishing, comparability is ensured with the data in the Management Report for the previous period.

14.2 Fitness-for-purpose and Conformity Declaration (Annex 1 to the Decree No 24/2008 of 15 August 2008 of the Minister for Finance and Section 95(1) of the Accounting Act)

The purpose of this document as the Company's Business Report is to present the pecuniary, financial and income situation of the entrepreneur, its course of business, together with the main risks and uncertainties, which arise during the entrepreneur's activities, by evaluating the data of the Annual Report, in such a way that it gives a true and fair view of them corresponding to the actual circumstances on the basis of past actual and expected future data. The Business Report, where necessary, refers to and provides additional explanations for the data in the Annual Report (Section (7) of the Accounting Act). The Business Report was prepared in Hungarian, and the persons authorized to represent the entrepreneur, in the reference year Gellért Jászai, Chairman of the Board of Directors, and Aladin Linczényi, Member of the Board of Directors, signed it with an indication of the place and date.

14.3 Limitation of ownership rights

The Board of Directors is not aware of any limitation of ownership or the limitation of the transferability of the shares by the shareholders or shareholdings issued and representing special management rights.

In its Sections III to VI, the Company's Articles of Association describe and lay down the provisions applicable to the content and exercise of Ownership Rights under the Sections Shares, Share Register, Shareholders' rights and obligations, and General Meeting. The Company's Articles of Association are set out in Section 9.

14.4 Material information

The Board of Directors has disclosed all material information, which may significantly affect its activities beyond the expected continuous operations at the Company's places of publication. The Management is not aware of any compensation agreement involving members of the Management or employees.

14.5 Compensation agreements

The Board of Directors is not aware of any agreement between the entrepreneur and its executive officer or employee, which requires compensation if the executive officer resigns or the employee quits, if the executive officer or employee's legal relationship is terminated unlawfully, or if the legal relationship terminates due to a public purchase offer.

14.6 Research and experimental development

The Company does not engage or participate in research and development activities.

14.7 Disclaimer

[See] the declarations required in Annex 1 to Decree No 24/2008 of 15 August 2008 of the Minister of Finance on the individual 2018 reports of Appeninn Nyrt. (1062 Budapest, Andrássy út 59.) compiled in accordance with the Hungarian Accounting Act and prepared in accordance with the 2018 IFRS (International Financial Reporting Standards published in the form of a regulation in the Official Journal of the European Union) rules of the Parent Company.

We, the undersigned, declare that the Consolidated Annual Report prepared on the basis of the applicable accounting standards and to the best of our knowledge during the preparation of the ***2018 Consolidated Report*** of Appeninn Nyrt. (the Issuer) gives a true and fair picture of the Issuer's assets, liabilities, ***financial situation and profits and losses*** *of the issuer,* ***and the 2018*** *Management Report gives a fair picture of the Issuer's situation, development and performance, describing the main risks and uncertainty factors.*

Budapest, 23 March 2019

Gellért Jászai Aladin Linczényi

Members of the Board of Directors of Appeninn Vagyonkezelő Holding Nyrt.