APPENINN HOLDING PLC.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

IN ACCORDANCE WITH
INTERNATION FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
FOR THE YEAR ENDED 31 DECEMBER 2020

WITH THE COMPARATIVE PERIOD ENDED 31 DECEMBER 2019

Contents

Consolidated statement on the financial position

Assets	Note	31 December 2020 EUR	31 December 2019 EUR
Revenue-generating investment properties	17	172,440,000	147,670,000
Tangible assets	18	199,980	177,664
Right-of-use asset	19	1,693,457	-
Deferred tax assets	20	217,138	92,693
Goodwill	21	4,353,991	-
Equity in affiliate enterprise	22	39,701	
Long-term affiliated receivables	23	557,486	-
Invested assets in total		179,462,053	147,940,357
Inventories	24	10,118,606	160,040
Trade receivables	25	811,322	409,083
Other short-term receivables	26	894,691	442,390
Affiliated receivables	27	1,578	-
Short-term loans granted	28	6,153	49,537
Accruals	29	331,266	255,653
Iincome tax receivables		92,767	296,583
Cash and cash equivalents	30	22,063,065	40,991,952
Current assets in total		34,319,448	42,605,238
Assets in total		213,821,201	190,545,595
Equity and liabilities			
Issued share capital	31	15,217,006	15,217,006
Repurchased own shares	32	(1,171)	(1,171)
Capital reserve	33	25,645,230	25,645,230
Conversion reserve	34	(10,113,074)	(2,710,880)
Retained earnings	35	47,358,839	34,925,192
Equity per shareholders of the Company		78,106,830	73,075,377
Non-controlling interests	36	2,888,383	730,936
Equity and reserves in total		80,995,213	73,806,313
Long-term bank credits and leasing liabilities	37	38,530,156	31,751,611
Corporate bonds debt	38	55,179,933	60,940,494
Tenant deposits	39	1,430,940	301,775
Long-term affiliated liabilities	40	4,503,061	10,503,256
Deferred tax liabilities	41	4,453,886	3,565,003
Long-term liabilities in total		104,097,976	107,062,139
Short-term bank credits and leasing liabilities	37	2,159,141	7,139,967
Other short-term liabilities	42	19,188,242	614,028
Short-term affiliated liabilities	43	994,102	36,003
Liabilities for trade creditors and other accounts	44	4,552,000	993,818
Taxes and duties liabilities	45	404,555	398,513
Income tax liabilities		39,106	140,089
Accrued liabilities	46	1,129,963	354,725
Short-term liabilities in total		28,467,109	9,677,143
Liabilities in total		132,825,988	116,739,282
Equity and liabilities in total		213,821,201	190,545,595

Annexes disclosed on pages 9 to 79 form an inseparable part of the herein consolidated report

Consolidated comprehensive income statement	Note	for the business year ended 31 December 2020 EUR	for the business year ended 31 December 2019 EUR
Property rental revenue	3	7,356,560	7,402,438
Direct costs of property rental	4	(1,317,573)	(1,007,627)
Direct contribution from rental activities		6,218,987	6,394,811
Administration costs	5	(974,838)	(1,053,062)
Staff costs	6	(1,181,590)	(757,075)
Other revenues / (expenditures)	7	(11,503)	1,137,102
Profit (and loss) on sale of subsidiaries and investments	8	305,220	75,527
Profit and loss of investment properties sale	9	-	147,285
Profit and loss from revaluation of revenue-generating investment properties	10	15,933,455	7,938,381
Maintaining investment properties (Capex)	11	(20,625)	(86,139)
Operating profit and loss		20,269,106	13,796,830
Depreciation and amortisation	18	(261,540)	(72,821)
Other (expenditure) / revenue of financial transactions	12	(2,726,838)	99,991
Balance of interest revenues and (expenditures)	13	(2,618,996)	(2,121,026)
Profit before taxation		14,661,732	11,702,974
Income taxes	14	(1,460,061)	412,255
Profits in the current year		13,201,671	12,115,229
Other comprehensive income			
Other comprehensive income accountable in the consolidated profit and loss statement in the following period:			
Exchange rate differences arisen from currency translation of activities		(7,402,194)	(1,900,031)
Other comprehensive income of the current year, less with taxation		(7,402,194)	(1,900,031)
COMPREHENSIVE INCOME OF THE CURRENT YEAR IN TOTAL		5,799,477	10,215,198
From profit after tax:			
For non-controlling interests		907,910	120,310
For the owners of the Company		12,293,761	11,994,919
From total comprehensive income:			
For non-controlling interests		907,910	120,310
For the owners of the Company		4,891,567	10,094,888
Base earnings per share in EUR cent	15	27.87	25.60
Diluted earnings per share in EUR cent	16	27.87	25.60

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Consolidated own equity changes(data in EUR)	Issued capital	Capital reserve	Repurchased own shares	Conversion reserve	Retained earnings	For the owners of the parent company	Non-controlling interests	Own equity in total
Balance on 1 January 2019	15,217,006	25,645,230	(305,660)	(810,849)	22,539,954	62,285,681	-	62,285,681
Comprehensive income of the current year								
Comprehensive income of the current year				(1,900,031)	11,994,919	10,094,888	120,310	10,215,198
Transactions with owners	-	-	304,489	-	390,319	694,808	610,626	1,305,434
Alienation of own share			304,489		390,319	694,808		694,808
Acquisition of subsidiary (PRO-MOT)							610,626	610,626
Balance as of 31 December 2019	15,217,006	25,645,230	(1,171)	(2,710,880)	34,925,192	73,075,377	730,936	73,806,313
Balance as of 01 January 2020	15,217,006	25,645,230	(1,171)	(2,710,880)	34,925,192	73,075,377	730,936	73,806,313
Comprehensive income of the current year								
Comprehensive income of the current year				(7,402,194)	12,293,761	4,891,567	907,910	5,799,477
Transactions with owners	-	-	-		139,886	139,286	1,249,537	1,389,423
Transaction with non-controlling interest upon control keeping					139,886	139,886	696,674	836,560
Acquisition of subsidiary							552,863	552,863
Balance as of 31 December 2020	15,217,006	25,645,230	(1,171)	(10,113,074)	47,358,839	78,106,830	2,888,383	80,995,213

Annexes disclosed on pages 9 to 75 form an inseparable part of the herein consolidated report

Consolidated Cash Flow	Note	for the business year ended 31 December 2020 EUR	for the business year ended 31 December 2019 EUR
Profit before taxation		14,661,732	11,702,974
Profit and loss from revaluation of revenue-generating investment properties	17	(15,933,455)	(7,938,381)
Cange in conversion reserve	31	(7,402,194)	(1,900,031)
Unrealised yearend currency revaluation	12	5,055,815	3,034,839
Depreciation	18	261,540	72,821
Negative goodwill	12	(199,106)	(1,792,478)
Profit / (loss) of subsidiaries sale	8	(305,220)	(75,527)
Interest revenues	13	(122,832)	(72,735)
Interest expenses	13	2,741,828	2,193,761
Changes in receivables and other current assets	23	(2,344,181)	2,948,976
Change in accrued and deferred assets	25	(75,613)	(191,609)
Change in inventories	20	(9,958,566)	1,698
Change in loans granted	23	43,384	(42,549)
Change in liabilities and accruals	41	12,070,609	(13,899,963)
Change in tenant deposits	35	(1,129,165)	524,342
Income tax paid	14	(324,025)	(339,094)
Net cash flow from business activity		(2,959,449)	(5,772,956)
Revenue of sale and purchase of tangible assets	18	-	277,780
Expenses of investment performed on real estate properties	18	(20,625)	(86,139)
Acquisition of subsidiary	2.4.	(8,115,033)	(61,041)
Purchase of tangible assets	18	(1,956,688)	(163,703)
Purchase of investment properties	17	-	-
Realised revenue of properties sale	9	-	1,247,285
Net cash flow from investment activities		(10,092,346)	1,214,181
Repayment of self-issued bond	34	-	-
Bond issue	34	-	60,940,494
Borrowing credits, leases and loans	33	-	-
Payment of credits	33	(3,258,096)	(16,335,533)
Own share purchase	28	-	-
Own shares issuance	28	-	97,886
Interest expenditures	13	(2,741,828)	(2,193,761)
Interest revenues	13	122,832	72,735
Net cash flow from financial activities		(5,877,092)	42,581,821
Change in liquid assets	26	(18,928,887)	38,023,046
Liquid assets balances:			
Liquid assets at the beginning of the year	26	40,991,952	2,968,906
Yearend liquid assets	26	22,063,065	40,991,952

Annexes disclosed on pages 9 to 79 form an inseperable part of the herein consolidated report

1. General Information

1.1 Presentation of the Company

Appeninn Vagyonkezelő Holding Nyrt. (in English: Appeninn Asset Management Plc.) (hereinafter referred to as: the "Company") was established on 1 December 2009. The Company was registered under the company registration number of 01-10-046538 by Cégbíróság (in English: Company Registry Court) on 07 December 2009. In the course of the merger, Rotux Zrt. (company registration number: 01-10-045553) was merged into Appeninn Nyrt. on 19 May 2011.

The registered office of the Group is at 1118 Budapest, Kelenhegyi út 43. B. ép. (building) 5. em. (floor) 1.

Shareholding of the Company exceeding 5% on 31 December 2020:

Owner's name	Quantity of shares	Equity (%)
Avellino Zrt.	11,369,141	24.00%
Zinventive Zrt.	8,684,268	18.33%
OTP Real Estate Funds	2,410,372	5.09%
Flee float	27,076,638	52.58%
Total	47,371,419	100.00%

1.2 The basis for balance sheet compilation

i.) Adoption and statement of compliance with the International Financial Reporting Standards

From the point of the management of the Group, the consolidated financial statements were compiled in accordance with the principle of continuity. The consolidated financial statements were adopted by the Board of Directors on 8 April 2021. The consolidated financial statements have been prepared in accordance with the International Financial Accounting Standards, and the standards adopted and published in the Official Journal of the European Union (EU) in the legal form of regulation. The IFRS comprises the standards and interpretations formulated by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The data provided in the consolidated financial statements in respect to the Group shall be interpreted in euro (EUR). Each and all sum(s) included in the statements are rounded to the nearest euro amount.

ii) The basis of reporting

The consolidated financial statements are made in compliance with the standards applicable to the financial year ending as of 31 December 2020, as well as with the IFRIC Interpretations.

The herein financial year equals with the calendar year.

iii) The basis of evaluation

The preparation of IFRS-compliant financial statements requires the company's management to apply professional judgment, estimations, and assumptions that influence the accounting policy, as well as the values of assets, liabilities, revenues, and expenditures listed in the financial report. The estimations and the related assumptions are based on past experiences and numerous other factors that are considered reasonable under the given circumstances, and the result of which serves as a basis to the evaluation of the book value of assets and liabilities, the value of which cannot be determined from other sources unambiguously. Actual results may differ from the estimations.

The estimations and the base assumptions are revised on a regular basis. The modifications of accounting estimations are displayed in the period of the modification of the estimation if it affects the given year only, while, if a modification affects the current and the upcoming years as well, it is displayed both in the period of the modification and the future periods.

2. Accounting Policy

The major accounting policies applied in the preparation of the consolidated financial statements are presented hereunder, as follows. The accounting policies are applied consistently to the periods covered by the present consolidated financial statements. The major accounting principles applied in the compilation of the financial statements are the following:

2.1 Material Elements of the Accounting Policy

2.1.1 The basis of consolidation

Subsidiaries

The consolidated annual financial statements include Appeninn Plc. and its controlled subsidiaries. Control is generally defined if the Group has, directly or indirectly, more than 50% of the voting rights of the company in question and it benefits from the company's activities through the influence over its financial and operating activities.

The Group has control over an investee if it is exposed to, or has rights related to, variable returns from its participation in the investee and is able to influence those returns through its power over the investee.

Accordingly, the Group exercises control over the investee if, and only if, the investor has all

of the following:
(a) power over the investee;
(b) the exposure to, or rights related to, variable returns arising from its participation in the investee; and
(c) the ability to use its power over the investee to influence the amount of returns to which the investor is entitled.

The acquisition accounting method is applied to acquired business shares, which is based on the value at the time of acquisition, based on the market value of the assets and liabilities at the acquisition date, that is, the date of acquisition of control. The cost of an acquisition is the sum of the consideration and the non-controlling interest in the acquired business. Companies acquired or sold during the year are included in the consolidated financial statements from the date of the transaction until the date of the transaction.

Transactions, balances and results between companies included in the consolidation, as well as unrealized results, are eliminated. In preparing the consolidated financial statements, similar transactions and events are recorded in accordance with uniform accounting principles.

The share in the capital and in the profit due to the shareholders without controlling interest are indicated in different rows in the balance sheet and the profit and loss statement as well. In respect to business combinations, the value of shareholdings without controlling interest is set at either their fair values or as the share in the net asset value of the acquired Company due to the shareholders without controlling interest. The evaluation method is selected individually in respect to each business combination. Following the acquisition, the share of the shareholders without controlling interest has the value as being set originally, amended by the value of changes in the capital of the acquired Company, vested on the shareholder without controlling interest proportionally. The shareholders without controlling interest shall bear their shares in the given period’s accumulative revenue if that results in a negative balance on their sides.

The changes in the Group's shareholding in the affiliates that do not result in the loss of control are accounted for as capital transactions. The shareholding of the Group and the shareholders without controlling interest shall be amended in a way to reflect the changes in their shareholdings in the subsidiaries. The difference between the value amending the shareholding of shareholders without controlling interest and the paid or received consideration is accounted for in the capital, as a value due to the Company's shareholders.

2.1.2 Reporting Currency and Foreign Currency Balances

In view of the content and circumstances of the underlying economic events, the functional currency of the parent company and the functional currency of all members of the Group is the Hungarian Forint, and the presentation currency is the euro.

Originally, the foreign currency transactions are booked at their HUF equivalent upon the foreign currency exchange value valid on the day of the execution of the given transaction.

Receivables and liabilities denominated in foreign currency are converted to Hungarian Forint on the exchange value valid on the balance sheet date. The differences arising from the currency conversion are booked as either revenue from or expenditures on financial transactions in the profit and loss account.

The Group revaluates its foreign currency assets and liabilities at the foreign currency exchange rate published by Magyar Nemzeti Bank (in English: Hungarian National Bank) on the balance sheet date. Foreign exchange gains and losses arising from revaluation are recognized on a net basis in the profit and loss account of the current year under other revenue / expenditure of financial transactions.

The transactions performed in any foreign currency are shown in the functional currency, converted by using the foreign exchange rate between the given foreign currency and the reporting currency valid as of the date of the transaction. In the comprehensive income statement, the exchange rate differences that arise upon the settlement of monetary items, the period-opening initial display or from the use of a foreign exchange rate that differs from the exchange rate applied in the previous financial statements, are shown as either financial income or expenses in the period of the thereof arising. The monetary assets and liabilities denominated in any foreign currency are converted by using the currency exchange rate valid at the end of the reporting period. We convert the fair value of items denominated in any foreign currency to the functional currency by using the exchange rate applicable at the date of establishment of the fair value. The foreign exchange differences are shown as either revenue from or expenditures on financial transactions.

The balance sheet data of the Group in the annual financial statements of the companies denominated in HUF are translated into Euro at the exchange rate valid on the balance sheet date. Data in the profit and loss account are translated at the average exchange rate during the reporting period. Exchange differences arising from the conversion of individual companies' financial statements into euros are recognized in the Conversion reserve (Own equity).

2.1.3 Sales Revenue

Sales revenue from sales transactions is recognized upon the appropriate performance of the contractual terms. Sales revenue does not include value added tax. All revenue and expenditures are recognised on the basis of the principle of matching over the relevant period.

Revenue is recognized to the extent that reflects the consideration that the Corporate Group is expected to be entitled to in return for the products or services. Sales revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount thereof can be measured reliably. Sales revenue is accounted when control of the goods and services passes to the customer.

Performance Obligations

When concluding the contract, the Group must identify which goods or services it has promised to provide to the buyer, namely, what performance obligation it has undertaken. The Group may recognise the income when it has fulfilled its performance obligations by delivering the promised goods or performing the promised service. We can speak of performance when the buyer has acquired control of the asset (service), the signs of which are as follows:

- The Group has an existing right to receive consideration for the asset,
- The legal title of ownership has passed to the buyer,
- The Group has physically delivered the asset,
- The buyer has significant risk and reward of ownership from possession of the asset,
- The buyer has accepted the asset.

Determining Transaction Price

When the performance of the contract takes place, the Group is required to recognize the income related to the performance, which is nothing more than the transaction price assigned to the performance obligation. The transaction price is the amount the Group is expected to receive in exchange for the sale of goods and services. When determining the transaction price, the amounts of the variable consideration elements (rebates, discounts) were also taken into account. An expectable value was calculated to estimate variable consideration, which was weighted by the Group using probability factors.

Main Elements of the Group's Revenue:

- Revenue from Real Estate Rental: Principal source of the Company's revenue, usually charged to its tenants pursuant to the rental fee stipulated under the lease agreement, in compliance with the relevant provisions of the IFRS 16 Standard.
- Operational Costs: Charged by the Company to the tenats in excess of the rental fee. Operational costs include cleaning and security fees, manipulation fees and utility fees in compliance with the relevant provisions of the IFRS 15 Standard.

Revenue from Real Estate Rental: Revenue from rental arise from operational leases, and are recognized on a straight-line basis under duration of the leasing period, pursuant to the IFRS 16 Standard. The Group realizes its revenues from the sale of real estate properties by renting office and logistics properties. Sales revenue is recognised in a time-proportionate manner, from the time the right to collect rents opens by releasing the real estate properties into use.

Operational Costs: The Company maintains two types of contracts, pursuant to which it recognizes its revenue in accordance with the IFRS 15 Standard:

Under one type of its rental agreements, the Group acts as an agent. In this case, operational fees attributable to tenants can be precisely assessed, and are charged directly to the tenants through the Group. As the Group acts as an agent in these transactions, the Group recognizes such expenses and corresponding revenue under the financial statement as equal and net amounts.

Under its other rental agreements, the Group acts as a principal. In such cases, the Group charges the flat rate of operational costs to its tenants pursuant to the relevant agreements.

The Group has control over the devices - mechanical equipment - built into the real estate properties. The mechanical equipment - such as power supply, network consumption points, distribution points, water network points of use (kitchens, washrooms), heating network and boiler systems are the controlled assets of the subsidiaries. The Group establishes the right to use its controlled assets for the tenants, and the tenants reimburse the contribution of the use of these assets to the Group on the basis of use. The Group considers the purchased energy (gas, water, electricity) used for the equipment as a service procured in connection with the equipment and not as materials sold independently. The Group does not sell energy products to any customer on its own, without the use of real estate properties. The Company, through its subsidiary company, has all the knowledge, tools and management system necessary to perform the task of operating the real estate property, therefore it considers the operating income to be the Group's own income and performance. Revenues from real estate property operating costs are recognised by the Group in the period in which the Group's real estate property maintenance expenses are incurred.

As the Group acts as a principal in these transactions, it recognizes such transactions under the financial statements as gross amounts.

Dividend and Interest Revenues

Dividend on investments is recognised when the owner's right to receive payment is established (provided that it is probable that the benefits will flow to the Group and the amount of revenue can be measured reliably).

Realised Revenues from other Financial Assets

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably. Interest revenue is recognised in a time-proportionate manner, by taking into account the principal amount outstanding, using the effective interest method, which is the interest rate that exactly discounts estimated future cash revenues through the expected life of the financial asset to the net registered value at the date of initial recognition.

2.1.4 Land and Buildings, Machinery and Equipment

The tangible assets are shown at their historical value, reduced by the accumulated depreciation. The accumulated depreciation includes the costs accounted for ordinary depreciation (that results from the continuous use and operation of the asset) and impairment (that results from the unexpected, material damage, or injury of the asset, caused by an unforeseen, extraordinary event).

The costs of tangible assets consist of the historical value of the asset or, in the case of own investment, the material-type costs, the wages, and salaries as well as other direct costs. The interest paid upon a credit taken out for the tangible asset investment shall increase the historical value of the given asset until it is brought to a condition when it is fit for its intended purpose.

The book values of tangible assets are revised on a yearly basis in order to establish if the book value of any tangible asset exceeds the actual market value thereof. Should such a case occur, the difference (the amount on top of the actual market value) shall be accounted as impairment. The actual market value of an asset equals the higher amount of the asset's sales price and useful value. The useful value of an asset equals the discounted value of the future cash flows generated by the asset.

The discount rate consists of the interest rate before corporate income tax, considering the time-value of money and the effects of other risk factors related to the given asset as well. If no future cash flow can be assigned to a given asset, the cash flow generated by the unit of which the asset is a part shall be taken into consideration. The impairment determined pursuant to the hereinabove shall be shown in the profit and loss account.

The costs of repair, maintenance, and replacement of spare parts of tangible assets shall be accounted for on the costs of repair and maintenance. The value-adding investments and renovations shall be capitalized. The historical value and the accumulated depreciation in respect of the assets sold are delisted. Any profit or loss resulting from the above shall be shown in the current year's profit or loss.

The Group uses the linear depreciation method to depreciate the value of its assets during the useful life thereof. The term of the useful life is the following in the different asset groups:

Type of Assets	Useful life
Machinery and equipment	3-7 years
Leased technical machinery	5 years
Office furniture, fixtures and fittings	3-7 years

The useful lives and the depreciation methods are revised on a yearly basis at least, on the basis of the actual economic benefits gained from a given asset. If necessary, modifications are measured to the current year's profit or loss.

2.1.5 Investment Properties

Investment properties are properties held for rents and / or value-added purposes (including investment properties under development). Investment properties are initially valued at historical value, including transaction costs. Subsequent to its initial recognition, investment properties are assessed at fair value, and the Group has chosen the fair value model. Gains or losses arising from changes in the fair value of investment properties are recognized in the profit or loss of the relevant period in which they arise, in the profit or loss of the revaluation of revenue-generating investment properties.

To the extent that the investment property is transferred to an owner-occupied property then the thereof is to be reclassified to land and buildings, machinery and equipment. Investment properties are derecognised upon sale or when the investment property is permanently withdrawn from circulation and no future benefits are expected from its sale.

The profit or loss on de-recognition of the property (defined as the difference between the consideration for the sale and the registered value of the asset) is recognized in the profit or loss of the sale of investment properties in the period in which the property is delisted.

The criteria used in determining the fair value related to the assessment of investment properties are set out in Section 2.3.

2.1.6 Impairment of Non-monetary Assets

At the end of each reporting period, the Group shall examine if there are changes that imply the impairment in respect of any assets. To the extent that such a change is identified, the Group shall estimate the expected rate of return of the concerned asset. The expected rate of return of an asset or cash-generating unit equals to the higher amount of the fair value minus sales costs and the useful value. The Group accounts impairment against the profit or loss, if the expectable rate of return of the asset is lower than its book value. The Group's calculations are based on the appropriate discounting of the future cash flow plans.

2.1.7 Intangible Assets

The intangible assets acquired individually shall be recognized at the date of acquisition with their original costs, while the intangible assets acquired in a business combination shall be recognized at the date of acquisition, with their fair values. An asset shall be recognized in the company's books if and when the use of such assets will demonstrably generate the inflow of future financial assets, and the cost thereof can be unambiguously established.

Following the recognization thereof, to the intangible assets, the cost model shall apply. The life period of these assets is either limited or undeterminable. The assets of limited useful life periods are depreciated by using the linear method, based on the best possible estimation of the length of the life period. The amortisation period and the amortisation method are reviewed on a yearly basis, at the end of the financial year. The own works are not capitalized (except for the investment costs) but measured to the profit or loss in the year of their rise. The intangible assets are revised annually from the aspect of the impairment either individually or on the level of the revenue-generating unit.

The procurement costs of trademarks, licences, industrial properties and software are capitalized and depreciated according to the linear depreciation method during the estimated useful lives thereof, which is:

concession and similar rights, and software	3 years

2.1.8 Goodwill

Goodwill is the positive difference between the procurement cost and the fair value of the identified net assets of an acquired subsidiary, associated company or entity under joint control, as of the day of acquisition. Goodwill is not depreciated, but the Group shall revise on a yearly basis whether there are any signs that imply the unlikelihood of the return of the book value. Goodwill is shown with the historical value, reduced by the impairment, if applicable.

Business combinations are recognized using the acquisition method. Acquisition costs shall be calculated by adding up the amount of transferred consideration – valuated at its fair value on the day of acquisition – and the non-controlling interest in the company acquired. In relation to each business combination, the Group shall decide to valuate the non-controlling interest acquired at real value, or as a proportionate share in the amounts of the identifiable net assets acquired. Acquisition costs shall be recognized as fair costs, and entered as administrative costs.

If the Group acquires a company, it shall valuate, classify and determine the purpose of the financial assets and liabilities in accordance with the contractual conditions, economic circumstances and applicable terms on the day of acquisition. This shall include the separation of embedded derivates from the host contract by the acquiree.

The fair value of the contingent consideration to be transferred by the acquirer shall be calculated on the day of acquisition. Contingent consideration classified as own equity shall not be remeasured, and it shall be recognized within the own equity following such recognition. Contingent consideration classified as financial assets or liabilities, as well as contingent consideration classified as IFRS 9 financial instruments shall be valued at their fair value, determined pursuant to the IRFS 9, and entered under the balance sheet. Miscellaneous contingent consideration outside the scope of IFRS shall be valuated at their fair value through profit or loss at any reporting date.

Initially, goodwill shall be calculated at historical value (the remainder of adding up transferred consideration, non-controlling interest, and the total amount identifiable net assets acquired, previous interest rates and estimated liabilities). If the fair value of identifiable net assets acquired exceeds the transferred total consideration, the Group shall remeasure whether it has correctly classified all acquired assets and estimated liabilities, and inspect the methods used to determine amounts to be recognized at the date of acquisition. If the remeasured amount continues to exceed the fair value of identifiable net assets acquired through transferred total consideration, profits shall be recognized as profits or losses.

Following the initial calculation, goodwill shall be valuated at the value decreased by losses through accumulated impairment. In order to determine the impairment, goodwill acquired through business combination shall be divided among all of the Group's cash generating units (CGU) that are expected to participate on the combination, regardless whether the acquired other assets or liabilities are allocated to the said units.

If goodwill is divided to a single CGU and a part thereof is being alienated within the pertinent unit, goodwill related to such alienation shall be recognized at the book value of the alienated unit upon determining the profits or losses from alienation. Goodwill alienated under such conditions shall be measured pursuant to the relative value of alienated units and the CGU's share.

2.1.9 Impairment of Receivables

The receivables shall be shown in the books at the nominal value minus the amount of depreciation allotted for the estimated losses. The simplified impairment model is applied for the impairment accounted for receivables by the Group. Determination of impairment shall take place, for example, the likelihood of insolvency or the significant financial difficulties of the debtor leading us to the conclusion that the Group will not be able to recover the full amount in accordance with the original conditions regarding the invoice. Delisting of the depreciated receivables shall be performed upon accounting the thereof unenforceable.

2.1.10 Financial Assets

The consolidated statement on the financial status of the Group includes the following financial assets: trade receivables, loans granted, cash and cash equivalents. The financial assets falling in the scope of IFRS 9 standard are divided to three different evaluation categories: assets to be shown after the recognition at the depreciated cost, assets to be shown after the recognition at fair value through other comprehensive income (FVOCI) and the assets to be shown after the recognition at fair value through profit and loss (FVTPL).

The Group's financial assets are classified on initial assessment according to their nature and purpose. To determine the category of a financial asset, it must first be clarified whether the financial asset is a debt instrument or equity investment. Equity investments shall be measured at fair value through profit or loss, however, at initial recognition, an enterprise may elect to measure non-commercial equity investments at fair value through other comprehensive profit or loss. If the financial asset is a debt instrument, the following points shall be taken into account in determining the classification.

Depreciated Historical Value
Financial assets are evaluated at depreciated historical value that are held based on a business model designed to hold financial assets to collect contractual cash flows, and the contractual terms of the financial asset at certain times result in cash flows that are payments of interest solely on the principal and the amount of principal outstanding.

Fair value through other comprehensive profit or loss
Assets at fair value through other comprehensive profit or loss are the financial assets that are held in accordance with a business model that achieves its objective by collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset at certain times result in cash flows that are payments of interest solely on the principal and the amount of principal outstanding.

Fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets that do not fall into either of the above two categories of financial assets or have been designated as at fair value through profit or loss on initial recognition.

When the SPPI requirement is met, the Group examines in the denominated currency of the financial asset whether the cash flows arising from the contract are consistent with the underlying loan agreements.

To determine whether the contractual cash flows contain only principal and interest, the Group examines the contractual terms of the financial instrument. The examination also covers whether the financial asset contains contractual terms that would cause the amount or timing of the contractual cash flows to change so that the financial asset no longer meets the SPPI requirement.

All other debt instruments are assessed at fair value through profit or loss (FVTPL).

All equity instruments shall be assessed at fair value in the balance sheet, and the effect of the change in fair value shall be recognized directly in profit or loss account, except for equity instruments where the enterprise has selected the Other Comprehensive Income (FVOCI) option. The Group did not exercise the FVOCI option.

The Group accounts financial assets and financial liabilities and recognizes their net amount in the balance sheet if, and only if, the Company has a legally enforceable right to set off the amounts and intends to net them or realize the asset and cash at the same time and fulfil the obligation.

2.1.11 Financial Liabilities

The consolidated financial statement on the financial status of the Group presents the following financial liabilities: trade creditors and other short-term liabilities, loans, credits, self-issued bonds, and bank overdrafts. These liabilities are described and evaluated in the relevant parts of notes to the financial statements attached to the report, as follows:

Upon the initial recognition, the Group shall evaluate each financial liability at fair value. In the evaluation of credits and the issued corporate bonds, the transaction costs directly related to the obtaining of the financial liability shall also be taken into consideration.

The financial liabilities falling in the scope of IFRS 9 are divided to two different evaluation categories: assets to be shown after the recognition at the depreciated cost, and the assets to be shown after the recognition at fair value through profit and loss (FVTPL). Each financial liability shall be classified according to the above by the Group when obtained. The Group did not employ the FVTPL evaluation.

Loans and credits, and the issued corporate bonds are shown in the statement on the financial status at depreciated historical value, calculated with the effective interest rate method. Profit and loss related to loans, credits and bonds are accounted for in the profit and loss statement as depreciated calculated with the effective interest rate method and upon the derecognition of the financial liability. Debt repayment shall be accounted for as a decrease of financial liabilities, while credited interest shall be accounted for in the profit and loss statement as financial expenditure.

2.1.12 Provisions

The Group forms provisions for the (lawful or presumed) liabilities arising from past events that the Group is likely to be obliged to pay, provided that the amount of such liability can be accurately measured.

The amount of the provision equals the best possible estimation of the expenditure required to settle the liability as of the balance sheet day, also considering the risks and uncertainties related to the liability. If the provision is evaluated on the basis of the cash flow expectably required to settle the liability, the book value of the provision shall be equal to the present value of such cash flow amount.

If the expenditures required to settle the liability is expected to be reimbursed either in full or in part by the other party, the liability may be presented as an asset if the receipt of the reimbursement by the economic entity is basically assured and the amount of it is accurately measurable.

The current liabilities resulting from onerous contracts are accounted as reserves. A contract is classified onerous by the Group if the inevitable costs of performance of the Company's contractual obligations exceed the economic benefits expectedly gained from the same contract.

Restructuring provisions shall be shown if the Group has a detailed, formal restructuring plan prepared and either by the commencement of the execution of the plan or by the disclosure of the main elements of the plan to the concerned parties raised reasonable expectations concerning the realization of the restructuring. The restructuring provisions shall cover only the direct costs of restructuring that are inevitably related to the restructuring and not related in any form to the continuing business operation of the economic entity.

2.1.13 Income taxes

The amount of the income tax is based on tax payment obligation set forth in the Act on the Corporate Income Tax and Dividend Tax and the Act concerning the local business tax, to be modified by deferred taxes. The Group, by means of its accounting policy, made the decision on recognizing the corporate income tax and the local business tax, which are based on taxable profits and losses, as income tax. The corporate income tax payment obligation covers tax obligations from the current year and deferred tax elements as well.

The payment obligation for the current year is calculated upon the taxable profit gained in the given year. The amount of the taxable profit differs from the profit and loss before taxation shown in the consolidated report; the difference arises from the non-taxable profits and losses, as well as items allotted to the taxable profit of other years. The current tax payment obligation of the Group is calculated upon the tax rate valid and effective (or officially announced, if the date thereof is the effective date of the respective law) on or before the balance sheet day. The amount of the deferred tax is calculated upon the liability method.

If a financial item is accounted for in the annual financial statements and the tax report at different times, deferred tax obligation arises. The amount of the deferred tax assets and liabilities is calculated with the tax rates applicable to the taxable income of the year when the time-related difference is expected to be recovered. The amount of the deferred tax assets and liabilities reflects the Group's estimations concerning the method of realization of the tax assets and liabilities as of the balance sheet day.

Deferred tax assets arising from deductible time-related differences, rolling tax allowances, and negative tax base may only be included in the balance sheet if the realization of a taxable profit (against which the deferred tax assets can be settled) by the Group in the future is expectable.

On every balance sheet day, the Group shall revise the not recognized deferred tax assets included in the balance sheet and the book value of the recognized tax assets. The Group shall enter the former off-balance sheet receivables that are expected to be recovered to the stock, in order to reduce the amount of the future corporate income tax. On the contrary, the Group shall reduce the deferred tax receivables with the amount the recovery of which is expectably not covered by after-tax profit resources.

The current and the deferred tax obligations are measured directly to the own equity, if the tax base is or was measured to the equity also either in the current or in a former reporting period.

The deferred tax assets and liabilities may be settled against each other if a said Company is legally allowed to set off the tax obligations and the tax claims it has against the same tax authority, and the Group intends to have a net accounting of these assets and liabilities.

2.1.14 Lease Transactions

The Group as Lessee

An agreement is considered a lease agreement (or an agreement containing lease) if the agreement grants control over the right to use an underlying assets for a certain period and for consideration. IRFS 16 stipulated recognition exceptions for lessees in case of short-term and low-value asset leases. The Group shall, at its own discretion, apply the short-term

recognition exceptions to such lease agreements. Similar very short-term leases and related categories of assets shall be recognized as costs upon their occurance.
The maturity period of the lease, estimated at the initial date, shall apply to the period during which it can be reasonably assumed that the Group will maintain the agreement pursuant to the original conditions. The initial leasing period shall be determined at the initial date. When determining the leasing period and for the avoidance of doubt, the shortest possible, reasonable and justifiable leasing period shall be applied. Determination of leasing periods is essentially a management decision; the Group usually applies estimates or assumptions on asset group levels (particularly in relation to options and agreements for indefinite periods).

The leasing's initial date is the date on which the lessor hands over a specified asset (e.g. real estate, machinery or equipment) to the lessee for the purpose of its use. The leasing period begins at the initial date, and the leasing liabilities and right-of-use assets shall be recognized. In determining whether the lessee is reasonably certain that it shall exercise its option to extend the lease, or not exercise its option to terminate the lease, the lessors and lessees shall consider all relevant facts and circumstances that are of economic interest to the lessee, and which provide a basis for exercising the lease extension option, or not exercising the lease termination option.
The same determination of lease payments applies both to the lessee and the lessor. Lease payments are payments made by the lessee to the lessor in exchange for the right to use a specified asset during the leasing period.

A lease modification is a modification in the scope of the lease or the consideration for the lease that was not included in the original lease terms (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual leasing period). Such modification may arise solely from a change in consideration as well. The effective date of the modification is the date on which both parties accept the change in lease.

The lessee shall account for the lease modification as a separate lease if both of the following two conditions are fulfilled: the modification extends the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease is increased by an amount equal to the individual price of such expansion or by any appropriate adjustment to the individual price, in accordance with the terms of the specific contract. If these conditions are fulfilled, the modification constitutes a new lease that is separate from the original lease. An agreement on the right to use one or more additional assets shall be accounted for as a separate lease (or leases), which shall be subject to the requirements of IFRS 16 regardless of the original lease.

When a lease transaction is modified, the discounting of revised lease payments shall always be performed using a revised discount interest rate.

At the discretion of the Group, the right-of-use asset shall be recognized in a different row in the consolidated balance sheet.

Subleases
A sublease is a transaction in which a lessee (as an intermediate lessor) leases an underlying asset to a third party, while the lease between the lessor and the lessee (the "principal lease") remains in effect. Subleases, similarly as any other leasings, are classified by the Group as finance or operating leases pursuant to IFRS 16.61. On the initial date of the sublease, if the Group cannot exactly determine the implicit interest rate for the sublease, the discount rate applied to the principal lease shall be used when accounting for the sublease, adjusted for any direct expenses related to the sublease.

The Group as Lessor

Financial Leases
A finance lease is a transaction that transfers substantially all risks and benefits arising from the ownership of an underlying asset to the lessee. A finance lease is similar in nature to financing the sale of an asset. Its recognition in the financial statements is not based on the legal form of the transaction, but rather on its actual economic nature (i.e. as if the underlying asset were sold by the lessor to the lessee).

Operating leases
An operating lease is a transaction that does not transfer ubstantially all risks and benefits arising from the ownership of an underlying asset. This is usually a simple, short-term lease arrangement (an operating lease), where the rental fees paid are recognized in the profit and loss statement, and its primary balance sheet effect is related to the timing of the lease payments.

2.1.15 Earnings Per Share (EPS)

The earning per share is calculated by considering the Group’s result and the share stock, reduced by the average number of own shares repurchased in the given reporting period.

The value of the diluted earnings per share is calculated similarly to the earning per share calculation. However, in this calculation all dilutable shares on the market are taken into consideration, increasing the profit distributable on the ordinary shares by the output and dividend payable on the convertible shares in the given period, amending the value by the conversion revenues and expenditures, increasing the weighted average number of the shares on the market by the weighted average number of the shares which were on the market if all convertible shares were converted. There were no such transactions which would dilute the value of EPS rate, nor in the year ending as of 31 December 2020 or as of 31 December 2019.

2.1.16 Tenant Deposits

Deposits from tenants are accounted at initial fair value and are subsequently assessed at depreciated historical value using the effective interest method. Those tenant deposits which are related to over-the-year lease contracts are accounted for the items of long-term liabilities, and the remaining tenant deposits are calculated for the other liabilities in the consolidated financial status statement.

2.1.17 Inventories

Inventories are stated at the lower of historical value and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.1.18 Off-balance Sheet Items

Off-balance sheet items are not included in the parts of consolidated annual financial statement, in the balance sheet and the profit and loss account, unless acquired upon business combinations. The off-balance sheet items are presented in the notes to the financial statements, except if the possibility of an outflow of the sources of economic benefit is minimal. Off-balance sheet items are not included in the consolidated financial statements but may be presented in the notes to the financial statements if the inflow of economic benefits is likely.

2.1.19 Repurchased Own Shares

The value of repurchased own shares is deducted from equity. The difference between nominal value and historical value is recognized directly in the accumulated profit reserve on sale.

2.1.20 Dividend

The amount of the dividend shall be accounted for in the year when it is approved by the shareholders.

2.1.21 Profit and Loss of Financial Transactions

The financial profit and loss consists of income from interests calculated by the effective interest rate method and dividends, the amount of negative goodwill, payable interests calculated by the effective interest rate method, and other financial expenditures; the profit gained/loss suffered from the fair evaluation of financial instruments, and the realized and unrealized exchange rate differences.

2.1.22 Events after the Balance Sheet Day

The events that provide additional information concerning the circumstances at the end of the Group’s reporting period shall be included in the financial report, even if such events occur after the end of the reporting period. The post reporting period events that do not modify the data of the financial report are included in the supplementary notes, to the extent that the thereof are substantial.

2.2 Changes in the Accounting Policy

The Group's financial report is compiled in accordance with the standards and interpretations valid and effective on 31 December 2020.

The accounting policy of the Group is in cosistent with that of the previous years', with the exception of the hereinunder as follows:

Amendments of References to Conceptual Framework (effective from 1 January 2020)
References in IFRS standards and interpretations have been amended to the new Conceptual Framework. The hereof amendment did not have a material impact on the Company's assets and income.

Amendments to IAS 1 and IAS 8 Standard (effective from 1 January 2020)
The standard changes clarified the concept of materiality. The hereof amendment did not have a material impact on the Company's assets and income.

Amendments to IFRS 9 and IFRS 7 Standard (effective from 1 January 2020)
Benchmark Interest Rate Reform has resulted changes in the standards. Practical guidance on hedge accounting requirements that are mandatory for all hedging transactions affected by Benchmark Interest Rate Reform. The hereof amendment did not have a material impact on the Company's assets and income.

Amendment to IFRS 3 Business Combinations Standard (effective from 1 January 2020)
The standard amendment clarifies changes in the concept of a business whether a business or group of assets has been acquired. The hereof amendment did not have a material impact on the Company's assets and income.

Amendment to IFRS 16 Leases Standard (effective from 1 June 2020)
The standard amendment clarifies the treatment of lease discounts related to COVID 19 so that discounts are not accounted for as lease modifications but are accounted for as if they were not lease modifications. The Company has applied the mofidication in relation to the reporting year ending as of December 31, 2020, and the hereof amendment did not have a material impact on the Company's assets and income.

The above standards and amendments are not expected to have had a material impact on the Group's consolidated results.

In respect of 2020, the Group has applied every IFRS standard, amendment, and the interpretations prevailing as of 1 January 2020, that are relevant from the aspect of the Group's operation.

2.3 Substantial Accounting Estimations and Assumptions

The application of the accounting policy described in Section 2.1. herein requires the application of estimations and assumptions in the determination of the value on any given day of those assets and liabilities, the values of which are not identifiable from other sources. The estimation process considers the relevant factors and decisions based on available information. These significant estimations and assumptions influence the values of the assets and liabilities, revenues, and expenditures presented in the financial statements, and the presentation of the pending assets and liabilities in the notes to the financial statements. Actual results may differ from the estimated data.

The estimation processes are continuously updated. Any change in the accounting estimations shall be considered in the time period when such change occurred if that affects the given period only. If such change affects the current and future reporting periods as well, it shall be considered in the period when the change occurred and in the future reporting periods as well.

The main areas of critical decisions adopted in relation to uncertainties in estimations and the accounting policy that have the most significant effect on the amounts presented in the consolidated financial statements are the following:

2.3.1 Functional Currency and Presentation Currency

Based on the economic events and circumstances specific to the Group's operations, the functional currency is the Hungarian Forint and the reporting currency is the euro. As a result, the figures in the consolidated financial statements are presented in euros, unless other relevant information is provided. The following MNB HUF - EUR exchange rates were applied to the 2020 financial statements when converting the non-euro accounting data of the group members with respect to the balance sheet date:

Exchange rate type	31 DECEMBER 2020	31 DECEMBER 2019	31 DECEMBER 2018
Closing	365.13	330.52	321.51
Average	351.17	321.51	318.87
Difference between closing and average	13.96	5.17	2.64

2.3.2 Classification of Real Estate Properties

Upon acquisition, the properties owned by the Group are classified as investment properties and development properties as follows:

- Those are classified as investment properties that are typically purchased by the Group for the purpose of benefiting from leasing and increase in value of the property. The Company do not use these properties (typically office buildings, warehouses and factory buildings) for its own purposes.

- Development properties include properties in which the Group intends to invest and develop and then sell in the near future.
- Property, plant and equipment used by the Group for its own purposes are classified as tangible assets.

2.3.3 Fair Value of Investment Properties

The determination of the fair value of investment properties is largely based on estimates and assumptions, therefore the actual value may differ materially from the value obtained as a result of the estimation. The fair value of investment properties has been determined based on the Group's own evaluations and valuations performed by independent appraisers. The evaluation principles and parameters used are set out in Note 10.

2.3.4 Depreciation and Amortisation

The lands and buildings, machinery, and equipment, right-of-use assets, as well as the intangible assets, are recognized at their historical value and their applied depreciation method is linear depreciation throughout the useful life of the assets. The amount of depreciation and amortisation accounted for by the Group was 261.540,-EUR for the year of ending as of 31 December 2020, and the thereof amount was measured to 72,821,-EUR for the year ending as of 31 December 2019. The useful life of the assets is determined on the basis of past experience in respect of similar assets, the expectable development of technology, and the expectable changes affecting the wider economic or industrial factors. The estimations concerning the useful lives are revised on a yearly basis.

In addition to the above, there was a significant estimate in the acquisition transactions in 2019 and 2020: a business combination or asset purchase occurred, and management also used significant estimates in the purchase price allocation.

2.4 Details of the business combination, the enterprises included in the consolidation

The Group has equity in the hereinunder subsidiaries (voting and ownership rights) as follows:

Name of the subsidiary	Parent company	Capital ownership and voting ratio 2020	2019	Address
Appeninn A59 Kft.	Appeninn Plc.	-	100%	1062 Budapest, Andrássy út 59.
Appeninn BLT Kft.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn E-Office Vagyonkezelő Zrt.	Appeninn Plc.	100%	100%	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. (floor) 1.
Appeninn Hegyvidék Ingatlankezelő és Ingatlanforgalmazó Kft. (in English: Appeninn Hegyvidék Real Estate Management and Distributor Private Limited Liability Company)	Curlington Ingatlanfejlesztési Kft.	24%	100%	1062 Budapest, Andrássy út 59.
Appeninn Project-EGRV Kft.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn Project-MSKC Kft.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn Property Vagyonkezelő Zrt. (in English: Appeninn Property Asset Management Private Limited Company)	Appeninn Plc.	100%	100%	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. (floor) 1.
Appeninn Üzemeltető Zrt. (in English: Appeninn Maintenance Private Limited Company)	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn-Bp 1047 Zrt.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Appen-Retail Kft.	Appeninn Property Vagyonkezelő Zrt. (in English: Appeninn Property Asset Management Private Limited Company)	100%	100%	1062 Budapest, Andrássy út 59.
Bertex Ingatlanforgalmazó Zrt.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Curlington Ingatlanfejlesztési Kft.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
Felhévíz-Appen Kft.	Appeninn Property Vagyonkezelő Zrt. (in English: Appeninn Property Asset Management Private Limited Company)	100%	100%	1062 Budapest, Andrássy út 59.
Sectura Ingatlankezelő Kft. (in English: Secture Real Property Management Private Limited Liability Company)	Szent László téri Szolgáltatóház Kft.	100%	100%	1062 Budapest, Andrássy út 59.
Szent László téri Szolgáltatóház Kft.	Appeninn Plc.	100%	100%	1062 Budapest, Andrássy út 59.
VCT78 Ingatlanhasznosító Kft. (in English: VCT78 Real Estate	Szent László téri Szolgáltatóház Kft.	-	100%	1062 Budapest, Andrássy út 59.

Utilization Private Limited Liability Company)				
PRO-MOT Hungária Ingatlanfejlesztő Kft. (in English: PRO-MOT Hungária Property Developer Private Limited Liability Company)	Appeninn BLT Kft.	74.99%	74.99%	1062 Budapest, Andrássy út 59.
Appeninn 105 Realty Project Kft.	Appeninn Plc.	-	100%	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. (floor) 1.
Alagút Investment Kft.	Appeninn Plc.	100%	-	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. (floor) 1.
Solum Invest Kft.	Appeninn Plc.	51%	-	8230 Lake Balaton, Zákonyi Ferenc utca 8.
Dreamland Holding Zrt.	Appeninn Plc.	75%	-	1053 Budapest, Reáltanoda u. 5.
DLHG Invest Kft.	Dreamland Holding Zrt.	75%	-	1053 Budapest, Reáltanoda u. 5.
Szántód BalaLand Family Kft.	DLHG Invest Kft.	75%	-	1053 Budapest, Reáltanoda u. 5.
Tokaj Csurgó Völgy Kft.	DLHG Invest Kft.	75%	-	1053 Budapest, Reáltanoda u. 5.
SZRH Kft.	DLHG Invest Kft.	75%	-	1053 Budapest, Reáltanoda u. 5.
TATK Kft.	DLHG Invest Kft.	75%	-	1053 Budapest, Reáltanoda u. 5.
Visegrád Lepence Völgy Strandfürdő Kft.	DLHG Invest Kft.	75%	-	1053 Budapest, Reáltanoda u. 5.

Changes in the members of the Group in 2020:

- In 2020, the business shares of Appeninn A59 Kft. and Appeninn 105 Realty Project Kft. were sold.
- During 2020, a 75% of business shares in Appeninn Hegyvidék Ingatlankezelő és Ingatlanforgalmazó Kft. was sold.
- On 9 January 2020, the Company acquired a 76% of business shares in Solumn-Invest Kft., of which a 25% of business shares was sold in the first half of 2020.
- In June 2020, the Company acquired 75% of the block of shares in Dreamland Holding Zrt., 100% of the business shares in Alagút Investment Kft.

The Acquisition of Alagút Investment Kft.
On 28 February 2020, the Group acquired a 100% business share in Alagút Investment Kft. Alagút Investment Kft. is a company with a principal activity of building rentals. Along with the real estate, the existing management functions and related processes have also been acquired, therefore the Group has revised the transaction, and classified it as a business combination.

Data regarding the acquisition of Alagút Investment Kft.:

data in EUR	Fair value upon the day of acquisition

Assets	
Revenue-generating real estate properties	1,506,136
Cash and cash equivalents	228,084
Other assets	434
Assets in total	1,734,654
Liabilities	
Credits and financial liabilities	541,559
Deferred tax liabilities	26,507
Other liabilities	955,071
Liabilities in total	663,475.
Fair value of identifiable net assets	1,071,178
Non-controlling interest	-
Negative goodwill upon acquisition	(199,106)
Purchase consideration	811,766

The consideration paid for the acquired company amounts to 811,766 EUR, while the amount of net cash flow paid amounts to 599,455 EUR.

Upon acquiring Alagút Investment Kft., the Group converted net assets to their fair value. The fair value correction was related to the real estate acquired by the Company.

The Group, upon the acquisition of Alagút Investment Kft., accounted net assets for fair value. The correction related to fair value was measured for the real estate property acquired. The business combination produced a negative goodwill of 199,106,- EUR, which was recognized by the Group as revenue from financial transactions.

Acquisition of Dreamland Group
In June 2020, the Group acquired a 75% business share in Dreamland Holding Zrt. Direct and indirect affiliates of Dreamland Holding Zrt. (hereinafter referred to as: „Dreamland Group") include: DLHG Invest Kft., Szántód Balaland Familiy Kft., Tokaj Csurgó Völgy Kft., SZRH Kft., TATK Kft., and Visegrád Lepence Völgy Strandfürdő Kft. The Dreamland Group companies pursue tourism-related investments on real estate owned thereby. Along with the real estate, the existing management functions and related processes have also been acquired, therefore the Group has classified the transaction as a business combination.

Data regarding the acquisition of the Dreamland Group:

data in EUR	Fair value upon the day of acquisition
Assets	
Revenue-generating real estate properties	19,651,979

Cash and cash equivalents	6,572,201
Deferred tax receivables	103,560
Other assets	1,428,049
Assets in total	27,755,789
Liabilities	
Credits and financial liabilities	3,628,845
Long-term affiliated liabilities	11,128,204
Deferred tax liabilities	622,341
Other liabilities	12,424,156
Liabilities in total	27,803,546
Fair value of identifiable net assets	(47,757)
Non-controlling interest	11,939
Negative goodwill upon acquisition	4,280,881
Purchase consideration	4,245,063

The consideration paid for the acquired company amounts to 4.245.063 EUR, while the amount of net cash flow paid amounts to 2.327.138 EUR.

Upon acquiring Dreamland Holding Zrt., the Group converted net assets to their fair value. The fair value correction was related to the real estate acquired by the Company. The business combination produced a goodwill of 4.280.881 EUR. Please find detailed notes pertaining to this transaction under Section 21 („Goodwill").

Acquisition of Solum-Invest Kft.
In February 2020, the Group acquired a 76% business share in Solumn Invest Kft., the principal activity of which is also tourism-related investment. Along with the real estate, the existing management functions and related processes have also been acquired, therefore the Group has classified the transaction as a business combination.

Data regarding the acquisition of Solum-Invest Kft.:

data in EUR	Fair value upon the day of acquisition
Assets	
Revenue-generating real estate properties	3,128,329
Cash and cash equivalents	47,243
Other assets	52,894
Assets in total	3,228,466
Liabilities	

Deferred tax liabilities	231,051
Other liabilities	210,717
Liabilities in total	441,768
Fair value of identifiable net assets	2,786,698
Non-controlling interest	(668,808)
Negative goodwill upon acquisition	73,110
Purchase consideration	2,191,000

The consideration paid for the acquired company amounts to 2.191.000 EUR, while the amount of net cash flow paid amounts to 2.143.757 EUR.

Upon acquiring Solum-Invest Kft., the Group converted net assets to their fair value. The fair value correction was related to the real estate acquired by the Company. The business combination produced a goodwill of 73.110 EUR. Please find detailed notes pertaining to this transaction under Section 21 („Goodwill”).

During the year, the Company alienated a 25% share of the aforementioned business share, which produced a profit of 139.886 EUR; this has been recognized through profit reserves, as the interest continues to be maintained.

Changes in the members of the Group in 2019:

- The Company established Appeninn 105 Realty Project Kft with real estate property contributions-in-kind.
- The Group acquired a 74.99% business share in PRO-MOT Hungária Ingatlanfejlesztő Kft.
- The Company sold its 100% business share in Appeninn Project-BTBG Kft.

Information related to the acquisition of PRO-MOT Hungária Kft.:

data in EUR	PRO-MOT Hungária Kft.
Purchaser	Appeninn BLT Kft.
Equity furnished	74.99%
Consideration of equity for Seller	74,136
Book value of net asset value acquired in acquisitions	10,848,102
Fair value adjustment	(8,358,962)
Fair value of net asset value acquired in acquisitions	2,489,140
Net asset value per parent company:	*1,866,606*
Realized negative goodwill on equity	*(1,792,470)*

The equity in the acquired company amounts to 74,136,- EUR and the net cash flow paid measures to 61,041,-EUR.

Upon the acquisition of PRO-MOT Hungária Kft., the Company converted the net assets to fair value. The fair value adjustment is related to the property acquired by the Company. The business combination generated negative goodwill of EUR 1,792,470, which was recognized in revenue from financial transactions. The fair value of the net assets per non-controlling interest at the time of acquisition was 610,626,-EUR.

The Company sold its equity in Appeninn Project-BTBG Kft. at book value for 9,221,-EUR. By deducting the results recognized in the subsidiary in previous years, a gain of 75,527,-EUR was recognized on the sale.

3. Sales Revenue from Leased Property

The Group realizes its income from the sale of real estate properties by renting office, logistics and commercial properties and related maintenance services. The Group's properties are characterized by short tenant-vacancy times and, due to the good positioning of the properties, the high-quality - solvent - tenant portfolio.

The sales revenue has been generated by the following activities:

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Income from office area rental	3,062,558	3,301,066
Logistics properties rental	2,421,272	2,240,709
Commercial real estate rental	1,872,730	1,860,663
Total	7,356,560	7,402,438

Minimum future revenue from rental fees pursuant to fixed-term lease agreements as of December 31, 2020 are as follows:

Data HUF (thousand)	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Within the year	2 266 145	877 546
Within 1 to 5 years	3 007 573	4 501 175
Due over 5 years	2 482 433	2 594 976
SUM	7 756 151	7 973 697

4. Direct Costs of Property Rental

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Property maintenance charges	(754,087)	(426,043)
Taxes on buildings and land	(438,840)	(468,323)
Repair and maintenance	(50,107)	(65,106)
Expenses of properties insurance	(27,106)	(41,005)
Guarding and protection	(47,433)	(6,809)
Other operating costs	-	(341)
Total	(1,317,573)	(1,007,627)

5. Administration costs

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Fees of accounting and auditing	(249,737)	(215,077)
Bank charges	(161,360)	(132,071)
Attorney-at-law and legal expenses	(284,444)	(142,157)
Business consultancy and PR	(97,084)	(281,047)
Properties appraisal and evaluation	(52,960)	(49,823)
Stock exchange fees of publicly listed company	(29,128)	(25,508)
IT services	(20,934)	(20,361)
Telephone and Internet charges	(15,793)	(12,989)
Charges and duties payable to authorities	(44,328)	(1,739)
Stationery and material costs	(19,070)	(9,620)
Soil pressure fees	-	(15,502)
Other expenses	-	(147,168)
Total	(974.838)	(1,053,062)

6. Staff costs

From December 2017, the Group will be engaged in the operation of real estate properties previously outsourced with a company within its own scope of consolidation. The Group started its operation with 16 employees.

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Wages and salaries	(959,664)	(617,711)
Contributions on wages and salaries	(177,952)	(122,079)
Other staff benefits	(43,974)	(17,285)
Total	(1,181,590)	(757,075)

Data on number of employees	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Average statistical number (head)	37.00	25.00
Closing number (head)	37.00	25.00
of which:		
Appeninn Üzemeltető Zrt. (in English: Appeninn Maintenance Private Limited Company)	20.00	17.00
Appeninn Vagyonkezelő Holding Nyrt.	8.00	7.00
Appeninn E-Office Vagyonkezelő Zrt.	-	1.00
Promot-Hungária Kft.	9.00	-

7. Other operation expenditures and revenues

The Group presents other income, that is, revenue not from the rental and operation of real estate properties, as other revenues (as expenditures). If an item was outstandingly high in the profit or loss for the period, it was of a value or type that determined the total profit for the period, then that item (or items) is (or are) presented separately in the main statement. Items not elsewhere classified or excluded from other types of revenue are presented in this section.

In January 2019, the Group acquired control of PRO-MOT Hungária Kft. Other revenue from previously impaired receivables from the subsidiary and liabilities of the new subsidiary were generated during the debt consolidation.

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Other revenues		
Default interest received	70	465
Profit and loss of tangible assets sold	-	1,153
Revenue related to loss event	374	1,319
Reversal of impairment	-	1,186,014

Other revenues	83,851	37,596
	84,295	1,226,547
Other expenditures		
Penalty and liquidated damage	(5,030)	(4,560)
Debt consolidation profit and loss	(18,583)	-
Impairment	-	(19,905)
Other expenditures	(72,185)	(64,980)
	(95,798)	(89,445)
Other revenues / (expenditures) in total	(11,503)	1,137,102

8. Profit (and loss) on sale of subsidiaries and investments

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Appeninn 105 Realty Project Kft. – 100% of business shares	(505,499)	-
Appeninn A59 Kft. – 100% of business shares	712,437	-
VCT78 Kft. – 100% of business shares	212,256	-
Appeninn Hegyvidék Kft. – 76% of business shares	(113,974)	-
Appeninn-BTBG Kft. – 100% of business shares	-	75,527
Total	305,220	75,527

The detailed presentation of the business combinations in included in Section 2.4.

9. Profit and loss on sale of investment properties

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Price of investment properties sale	-	1,247,285
Derecognition of investment properties fair value	-	(1,100,000)
Total	-	147,285

In 2019, the Group sold its real estate property located in 2051 Biatorbágy, Tormásrét u. 2., on which it accounted a profit of 147,285,-EUR.

10. Profit from Fair Valuation of Income-generating Investment Properties

The fair values of the Group's assets are assessed annually. Based on fair valuations, the Group recognized all changes through profit or loss. Option rights established on real estate properties, if they remain below the fair value and the title holder has paid the owner the charges of the option right, the lower of the fair value and the purchase price belonging to the option right is the value recognised in the Group's balance sheet.

The Group prepares the definition of the fair value of the real estate properties each year. In addition to the value assessment prepared by the Group, the Group also had the value of its real estate properties portfolio reviewed by an independent appraiser. The value determined by the independent appraiser is in line with the values in the financial statements. The independent expert appointed to perform the evaluation from 2014 to 2020 was Jones Lang LaSalle Kft. (Széchenyi tér 7-8., 1051 Budapest, hereinafter referred to as: “JLL Kft.”). The analyses prepared by JLL Kft. is as follows:

- the valuation methods used and their application correspond to the approaches commonly used in national and international practice
- the rents applied correspond to actual market rents
- the investor’s “return expectation” of each real estate property - the Rates included in the Capitalization Rate and Discount Rate valuation are in line with the publicly published data on the investment transactions made in the last 12 months for each type of real estate property.

Assessment Principles:
For completed investment properties and for investment properties under development where fair value can be measured accuratly fair value is determined based on a market-based valuation. For investment properties under development where fair value cannot be measured reliably (due to low readiness, the individual nature of the property and / or the complete absence of market transactions), the book value is the historical value less with any impairment.

Assessment Methods:
Valuations are made using the income approach (discounted cash flow method) and the comparative (market) method. The income approach method is based on the estimation of periodic cash flows from real estate properties. The present value of cash flows from real estate is determined using a market-based discount rate that reflects the expectations of investors. Periodic cash flow is income without unused land less with costs associated with operating and maintaining the property. The amount of periodic cash flows and the residual value determined at the end of the assessment period discounted to present value is the fair value of the property.
The variables used in the evaluations based on the market method approach in 2020 and 2019 were average rent, market rent, occupancy, “exit Yield”, and discount rate. These values are based on market observations, which are adjusted for the local situation of the real estate property. Due to these corrections, all variables used are classified as “level 3”.

The evaluation methods remained unchanged compared to 2019-2020. The valuation methodology used complied with the valuation techniques described in IFRS 13.
The assessment covered the determination of spot market prices, which were reported as “Comparative” prices.

Revaluation of 2020

data in EUR	Fair value increase	Fair value decrease
1047 Budapest, Schweidel utca 3.	200,000	
1015 Budapest, Hattyú utca 14.		(1,800,000)
1118 Budapest, Kelenhegyi út 43.		(400,000)
1133 Budapest, Visegrád u. 110-112.		(400,000)
18 SPAR üzlet	2,000,000	
6000 Kecskemét, Kiskőrösi utca 30.	200,000	
1082 Budapest, Üllői út 48.		(2,400,000)
1037 Budapest, Montevideo út 2/C.	2,180,534	
1147 Budapest, Egyenes u. 4.		(100,000)
1105 Budapest, Bánya utca		(10,000)
3525 Miskolc, Szűcs Sámuel u. 5.	100,000	
H-8171 Balatonvilágos, Aligai út 1.	2,918,606	
1013 Budapest, Pauler utca 2.	100,000	
Lepence, Strandfürdő Visegrád	33,107	
Port and Hotel Balatonfüred	27,222	
Grand Hotel Tokaj, Tokaj Csurgó-völgy	88,442	
Active Tourist Center, Tokaj Csurgó-völgy	4,828	
BALALAND Family Hotel & Resort and Familypark, Szántód	123,470	
Csárda és Rév Szántód		(7,267)
Change in fair value in total	7,976,209	(5,117,267)
Exchange rate fluctuations in total		13,074,513
Change in fair value in total		15,933,455

Revaluation of 2019

data in EUR	Fair value increase	Fair value decrease
1149 Budapest, Várna u. 12-14.	50,000	
1023 Budapest, Bég u. 3-5.	100,000	
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	400,000	
1094 Budapest, Páva utca 8.	200,000	
1015 Budapest, Hattyú utca 14.	100,000	
1118 Budapest, Kelenhegyi út 43.		(1,700,000)
6000 Kecskemét, Kiskőrösi utca 30.	400,000	
6000 Kecskemét, Kiskőrösi utca 30. (option right discount value)	250,000	
1082 Budapest, Üllői út 48.	4,000,000	
1105 Budapest, Bánya utca	200,000	
1023 Budapest, Felhévízi u. 24.	200,000	
1105 Budapest, Bánya utca		(10,000)
1044 Budapest, Váci út 76-80.		(100,000)
3525 Eger, Vasút u. 1.		(291,198)

3525 Miskolc, Szűcs Sámuel u. 5.	75,000	
	5,975,000	(2,101,198)

Change in fair value in total	3,873,802
Exchange rate fluctuations in total	4,064,579
Change in fair value in total	7,938,381

Sensitivity Test:

The values per real estate property took the DCF model value based on the variables presented in the previous table. The displacement of the model variables was tested. The summation of the DCF model variables ends in the exit yield. Another sensitive variable in model value is the annual rent. The effect of the negative 5% and positive 5% displacement of the model variables on real assessment, and fair value per real estate property is presented from the matrix of the displacement of these two model variables.

data in EUR	2020	2019
+5%	179,518,500	152,575,500
-5%	162,421,500	138,044,500

Comperative data of 2020

Serial Number		type	2020				Model variable mean values in DCF model		Exit yield change test: (-5%), Rent change test (-5%)	Exit yield change test (+5%), Rent change test (+5%)	Discount rate	Mortgage
			Comparative price	DCF model value	Reporting day value	Evaluation method	Exit return	Rents EUR/m2/month,				
1	1149 Budapest, Várna u. 12-14.	office-plant	2,300,000	2,200,000	2,200,000	DCF model	8.00%	office: 7.5, warehouse: 4	2,090,000	2,310,000	8.50%	exist
2	1047 Budapest, Schweidel utca 3.	warehouse	2,500,000	2,100,000	2,700,000	comparative	9.00%	warehouse: 3.3	1,995,000	2,205,000	9.25%	no
3	1023 Budapest, Bég u. 3-5.	office	9,700,000	10,300,000	10,300,000	DCF model	7.25%	office: 12, warehouse: 6	9,785,000	10,815,000	7.50%	exist
4	1022 Budapest, Bég u. 4.	office	3,300,000	3,300,000	3,300,000	DCF model	7.25%	office: 11	3,135,000	3,465,000	7.50%	exist
5	1094 Budapest, Páva utca 8.	office	5,500,000	5,100,000	5,100,000	DCF model	8.00%	office: 9.5, warehouse: 6	4,845,000	5,355,000	8.25%	exist
6	1015 Budapest, Hattyú utca 14.	office	15,600,000	14,200,000	14,200,000	DCF model	7.25%	office: 11.5, warehouse: 6	13,490,000	14,910,000	7.50%	no
7	1118 Budapest, Kelenhegyi út 43.	office-tenant	5,300,000	4,300,000	5,300,000	comparative	12.50%	office: 12.5, apartment 14	4,085,000	4,515,000	8.00%	exist
8	1133 Budapest, Visegrád u. 110-112.	office	4,900,000	4,900,000	4,900,000	DCF model	7.40%	office: 10, warehouse: 4.5	4,655,000	5,145,000	7.65%	exist
9	18 SPAR üzlet	commercial	20,600,000	22,100,000	22,100,000	DCF model			20,955,000	23,205,000	8.75%-10%	exist
10	6000 Kecskemét, Kiskőrösi utca 30.	place of business	3,900,000	4,100,000	4,100,000	DCF model	11.00%	office: 4, warehouse: 2	3,895,000	4,305,000	11.50%	no
11	1082 Budapest, Üllői út 48.	office	21,600,000	20,300,000	20,300,000	DCF model			19,285,000	21,315,000		no
12	1037 Budapest Montevideo út 2/C.	office	13,300,000	10,800,000	10,800,000				10,260,000	11,340,000		
13	1147 Budapest, Egyenes u. 4.	workshop	800,000	900,000	900	comparative		warehouse: 4.75	855,000	945,000		exist

14	1105 Budapest, Bánya utca	miscellaneous	2,500,000	2,300,000	2,300,000	DCF model	8.75%	office: 4, warehouse: 3.5	2,189,000	2,415,000	9.00%	exist
15	1023 Budapest, Felhévízi u. 24.	office	1,400,000	1,300,000	1,400,000	comparative	8.00%	office: 10	1,235,000	1,365,000	8.25%	exist
16	1139 Budapest, Frangepán u. 19.	office	3,200,000	3,000,000	3,000,000	DCF model	8.00%	office: 7	2,850,000	3,150,000	8.50%	exist
17	1105 Budapest, Bánya utca	office	330,000	360,000	360,000	comparative	9.25%	office: 6.5	342,000	378,000	9.75%	exist
18	3525 Miskolc, Szűcs Sámuel u. 5.	office	2,100,000	2,500,000	2,500,000	DCF model	8.00%	office: 16.90	2,375,000	2,625,000	8.00%	no
19	H-8171 Balatonvilágos, Aligai út 1.	resort	20,100,000	20,100,000	20,100,000	DCF model			19,095,000	21,105,000	7.00%	no
20	1013 budapest Pauler u. 2.	office	1,730,000	1,600,000	1,600,000	DCF model			1,643,000	1,816,500		
21	Lepence, Strandfürdő, Visegrád	resort			680,000	DCF model and comperative			646,000	714,000		
22	Marine and Hotel Balatonfüred	resort			5,800,000	DCF model and comperative			5,510,000	6,090,000		
23	Grand Hotel Tokaj, Tokaj Csurgó-völgy	resort			8,000,000	DCF model and comperative			7,600,000	8,400,000		
24	Tourist Center,Tokaj Csurgó-Völgy	resort			60,000	DCF model and comperative			57,000	63,000		
25	BalaLand Hotel& Family Park, Szántód	resort			19,620,000	DCF model and comperative			18,639,000	20,601,000		
26	Bar,restaurant & motel Szántód	resort			920,000	DCF model and comperative			874,000	966,000		
					172,440,000							

Comparative data of 2019:

Serial Number		type	2019				Model variable mean values in DCF model		Exit yield change test: (-5%), Rent change test (-5%)	Exit yield change test (+5%), Rent change test (+5%)	Discount rate	Mortgage
			Comparative price	DCF model value	Reporting day value	Evaluation method	Exit return	Rents EUR/m2/month,				
1	1149 Budapest, Várna u. 12-14.	office-plant	2,300,000	2,200,000	2,200,000	DCF model	8.00%	office: 7.5, warehouse: 4	1,615,000	1,785,000	8.50%	exist
2	1047 Budapest, Schweidel utca 3.	warehouse	2,500,000	2,100,000	2,500,000	comparative	9.00%	warehouse: 3.3	2,280,000	2,520,000	9.25%	exist
3	1023 Budapest, Bég u. 3-5.	office	9,600,000	10,300,000	10,300,000	DCF model	7.25%	office: 12, warehouse: 6	9,690,000	10,710,000	7.50%	exist
4	1022 Budapest, Bég u. 4.	office	3,300,000	3,300,000	3,300,000	DCF model	7.25%	office: 11	2,755,000	3,045,000	7.50%	exist
5	1094 Budapest, Páva utca 8.	office	5,600,000	5,100,000	5,100,000	DCF model	8.00%	office: 9.5, warehouse: 6	4,465,000	4,935,000	8.25%	exist
6	1015 Budapest, Hattyú utca 14.	office	15,300,000	16,000,000	16,000,000	DCF model	7.25%	office: 11.5, warehouse: 6	15,105,000	16,695,000	7.50%	no
7	1118 Budapest, Kelenhegyi út 43.	office-tenant	5,700,000	5,200,000	5,700,000	comparative	12.50%	office: 12.5, apartment 14	6,270,000	6,930,000	8.00%	exist
8	1133 Budapest, Visegrád u. 110-112.	office	4,600,000	5,300,000	5,300,000	DCF model	7.40%	office: 10, warehouse: 4.5	5,035,000	5,565,000	7.65%	exist
9	18 SPAR üzlet	commercial	20,100,000	20,100,000	20,100,000	DCF model			19,095,000	21,105,000	8.75%-10%	exist
10	6000 Kecskemét, Kiskőrösi utca 30.	place of business	3,700,000	3,900,000	3,900,000	DCF model	11.00%	office: 4, warehouse: 2	3,325,000	3,675,000	11.50%	exist
11	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%	no
12	1082 Budapest, Üllői út 48.	office	22,700,000	21,900,000	22,700,000	DCF model			15,390,000	17,010,000		exist
13	1147 Budapest, Egyenes u. 4.	workshop	1,200,000	900,000	900,000	DCF model		warehouse: 4.75	-	-		exist
14	1105 Budapest, Bánya utca	miscellaneous	2,300,000	2,300,000	2,300,000	DCF model	8.75%	office: 4, warehouse: 3.5	1,995,000	2,205,000	9.00%	exist
15	1023 Budapest, Felhévízi u. 24.	office	1,400,000	1,200,000	1,400,000	comparative	8.00%	office: 10	1,045,000	1,155,000	8.25%	exist
16	1139 Budapest, Frangepán u. 19.	office	3,300,000	3,000,000	3,000,000	DCF model	8.00%	office: 7	2,850,000	3,150,000	8.50%	exist
17	1105 Budapest, Bánya utca	office	370,000	310,000	370,000	comparative	9.25%	office: 6.5	342,000	378,000	9.75%	exist
18	1044 Budapest, Váci út 76-80.	commercial	2,000,000	1,600,000	2,000,000	comparative	7.75%	office: 10, warehouse: 4	1,710,000	1,890,000	8.00%	exist
19	1062 Budapest, Andrássy út 59.	office	6,900,000	7,000,000	7,000,000	DCF model	6.25%	office: 16.12	6,650,000	7,350,000	6.50%	exist
20	3525 Miskolc, Szűcs Sámuel u. 5.	office	2,100,000	2,400,000	2,400,000	DCF model	8.00%	office: 16.90	2,280,000	2,520,000	8.00%	no
21	H-8171 Balatonvilágos, Aligai út 1.	resort	27,300,000	31,000,000	27,300,000	comparative			25,935,000	28,665,000	7.00%	exist
					147,370,000							

11. Maintaining investment properties

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Maintaining investment properties	(20,625)	(86,139)
Total	(20,625)	(86,139)

The Group performs regular maintenance on investment properties. By maintenance, it means the adjustment to the maintenance of the value of the property and the adjustment of its conditions to market classifications. The Group uses contracting partners for maintenance, who perform complex work for the Group. The future value of maintenance costs is part of the Group's property evaluation and is included in the calculation of future cash flows as periodic expenses through revenue. Therefore, the Group's fair estimates based on future cash flows are consistent with the Group's realized profit and loss items and cash flow expenses.

12. Other expenditure and revenue of financial transactions

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Exchange gain	2,129,871	1,342,352
Negative goodwill – Note 2.4	199,106	1,792,478
Loss on exchange	(5,055,815)	(3,034,839)
Total	(2,726,838)	99,991

In 2020, the Group recognized 199.106 EUR in negative goodwill on the acquisition of Alagút Investment Kft. In 2019, the Group recognized 1,792,478,-EUR in negative goodwill on the acquisition of PRO-MOT Hungária Kft., which was available at a lower price mainly due to the indebtedness of the acquired company.

13. Balance of interest revenues and expenditures

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Interest revenues		
Interests of deposit and interest-bearing deposits	7,637	79
Other interests received / due	115,195	72,656
	122,832	72,735
Interest expenses		
Interests of bank credits	(665,100)	(1,353,580)
Interest payable for Konzum PE	(66,860)	(443,908)
Self-issued and traded bond interests	(2,009,868)	(227,991)
Other interests	-	(168,281)
	(2,741,828)	(2,193,760)
Balance of interest revenues and interest expenses	(2,618,996)	(2,121,026)

14. Income taxes

Expenditures related to income taxes include the following:

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Corporate income tax	(140,697)	(145,452)
Deferred tax liabilities	(1,136,036)	751,349
Business tax	(183,328)	(193,642)
Total	(1,460,061)	412,255

The tax breakdown was carried out as follows:

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Profit before taxation	14,661,732	11,702,974
Tax liability calculated on the basis of the current tax rate of 9%	(1,319,556)	(1,053,268)
Earlier non-marked accrued and deferred loss	-	1,249,725
Business tax	(183,816)	(193,642)
Constant differences	43,310	409,439
Income taxes in total	(1,460,061)	412,255
Effective tax rate	9.96%	-0.035%

In 2019, the Group recognized the amounts of deferred tax assets from accrued and deferred loss, the recovery of which is ensured, as it is offset by the balance of deferred tax liabilities within a given subsidiary.

Employed tax rates	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Local business tax	2%	2%
Corporate income tax	9%	9%

15. Earnings per Share

When calculating the earnings per share, the profit after tax distributable among the shareholders and the average annual number of ordinary shares issued shall be taken into consideration without own shares.

	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Profit after tax (EUR)	13.201.671	10.094.888
Weighted average number of the ordinary shares issued (quantity)	47.327.109	47.327.109
Earnings per share (base) (in EUR cent)	27,87	21,33

There are no factors existing at the Company which would dilute the profit and loss per share in 2020 or in 2019.

16. Net asset value per share

	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Net asset value	78,106,830	73,075,377
Quantity of ordinary shares on the reporting day (quantity)	47,371,419	47,371,419
Net asset value per share (EUR)	1.65	1.54

17. Revenue-generating Investment Properties

Changes calculated with regard to the opening and closing value of investment properties of the Group were the hereinunder as follows:

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Opening value	147,670,000	117,820,822
annual chnages:		
Reclassification for inventories:	(10,118,604)	
H-8171 Balatonvilágos, Aligai út 1.	(10,118,604)	
Derecognition upon investment properties sale		(1,100,000)
2051 Biatorbágy, Tormásrét u. 2.		(1,100,000)
Derecognition of properties upon subsidiary sale	(12,900,000)	(224,624)
1062 Budapest, Andrássy út 105.	(3,900,000)	
1044 Budapest, Váci út 76-80.	(2,000,000)	
1062 Budapest, Andrássy út 59.	(7,000,000)	
2051 Biatorbágy, Csodaszarvas u. 4. (investment)	-	(224,624)
Properties purchased in the period under review	44,929,664	27,300,000
1037 Budapest, Montevideo út 2/C.	8.619.466	
1013 Budapest, Pauler utca 2.	1.500.000	
Lepence, Strandfürdő Visegrád	646,893	
Port and Hotel Balatonfüred	5,772,779	
Grand Hotel Tokaj, Tokaj Csurgó-völgy	7,911,558	
Active Tourist Center, Tokaj Csurgó-völgy	55,172	
BALALAND Family Hotel & Resort and Familypark, Szántód	19,496,530	
Csárda és Rév Szántód	927,267	
H-8171 Balatonvilágos, Aligai út 1.		27,300,000

Properties taken over as contributions-in-kind	-	-
1082 Budapest, Üllői út 48.	-	-
Change of fair value	2,858,942	3,873,802
of which:		
Fair value inrease	7,976,209	5,975,000
Fair value decrease	(5,117,267)	(2,101,198)
Changes in total	*24,770,000*	*29,849,178*
Closing value	172,440,000	147,670,000

In 2019, the Group acquired control of PRO-MOT Hungária Kft., so the asset portfolio was expanded with the Balatonvilágos real estate property in the amount of EUR 27.3 million. During 2019, the Group sold its real estate properties in Biatorbágy.

The Group's income-generating asset portfolio expanded significantly in 2020 with the acquisition of new subsidiaries.

The derivation of the change in the real estate portfolio by real estate property compared to 31 December 2020 and 31 December 2019 is presented in the following tables:

	31 DECEMBER 2019	Acquisition	Sale	Reclassification for salable	Market price increase	Market price decrease	31 DECEMBER 2020
1149 Budapest, Várna u. 12-14.	2,200,000				-		2,200,000
1047 Budapest, Schweidel utca 3.	2,500,000				200,000		2,700,000
1023 Budapest, Bég u. 3-5.	10,300,000				-		10,300,000
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3,300,000				-		3,300,000
1094 Budapest, Páva utca 8.	5,100,000				-		5,100,000
1015 Budapest, Hattyú utca 14.	16,000,000				-	(1,800,000)	14,200,000
1118 Budapest, Kelenhegyi út 43.	5,700,000					(400,000)	5,300,000
1133 Budapest, Visegrád u. 110-112.	5,300,000					(400,000)	4,900,000
18 SPAR üzlet	20,100,000				2,000,000		22,100,000
6000 Kecskemét, Kiskőrösi utca 30.	3,900,000				200,000		4,100,000
1062 Budapest, Andrássy út 105.	3,900,000		(3,900,000)		-		-
1082 Budapest, Üllői út 48.	22,700,000				-	(2,400,000)	20,300,000
1037 Budapest, Montevideo út 2/C.	-	8,619,466			2,180,534		10,800,000
1147 Budapest, Egyenes u. 4.	900,000					(100,000)	800,000
1105 Budapest, Bánya utca	2,300,000				-		2,300,000
1023 Budapest, Felhévízi u. 24.	1,400,000				-		1,400,000
1139 Budapest, Frangepán u. 19.	3,000,000						3,000,000
1105 Budapest, Bánya utca	370,000					(10,000)	360,000

1044 Budapest, Váci út 76-80.	2,000,000		(2,000,000)			-	-
1062 Budapest, Andrássy út 59.	7,000,000		(7,000,000)				-
3525 Miskolc, Szűcs Sámuel u. 5.	2,400,000				100,000		2,500,000
H-8171 Balatonvilágos, Aligai út 1.	27,300,000			(10,118,606)	2,918,606		20,100,000
1013 Budapest, Pauler utca 2.		1,500,000			100,000		1,600,000
Lepence, Strandfürdő Visegrád		646,893			33,107		680,000
Port and Hotel Balatonfüred		5,772,779			27,221		5,800,000
Grand Hotel Tokaj, Tokaj Csurgó-völgy		7,911,558			88,442		8,000,000
Active Tourist Center, Tokaj Csurgó-völgy		55,172			4,828		60,000
BALALAND Family Hotel & Resort and Familypark, Szántód		19,496,530			123,470		19,620,000
Csárda és Rév Szántód		927,266				(7,266)	920,000
	147,670,000	44,929,663	(23,018,606)		7,976,208	(5,117,266)	172,440,000

18. Tangible assets

The Company accounts office furniture, fixtures and fittings needed for the maintenance business of the Group for tangible assets. The Group's leased cars cover the obligations arising from the lease agreement.

data in EUR	Total
Gross value	
as of 31 December 2018	322,294
Increase and reclassification	16,092
Decrease and reclassification	-85,692
as of 31 December 2019	252,694
Increase and reclassification	155,186
Decrease and reclassification	(86,099)
as of 31 December 2020	321,781
Accrued depreciation	
as of 31 December 2018	43,873
Depreciation in the current year	72,821
Decrease	(41,664)

as of 31 December 2019	75,030
Depreciation in the current year	48,368
Decrease	(1,597)
as of 31 December 2020	121,801
Net book value	
as of 31 December 2018	278,421
as of 31 December 2019	177,664
as of 31 December 2020	199,980

The gross value of assets written off to zero as at 31 December 2019 and 2020 is 15,762,-EUR. No impairment was accounted for tangible assets. The Group has no intangible assets.

19. Right-of-use Asset

In 2020, the Group included the right to use of the port of Balatonfüred of Solum-Invest Kft. among the right-of-use asset, which is calculated on the basis of an annuity based on the fee to be paid. The useful life of the asset cannot be defined, so the Group performs an annual impairment test.

In 2020, the Group concluded a real estate lease agreement, and recognized the right-of-use asset arising therefrom. In relation to the leased real estate, the Group concluded a sublease agreement, which it classified as a financial lease, and therefore, the relevant right-of-use asset was derecognized. The lease agreement expires on 16 March 2025.

data in EUR	Right-to-use port	Property rental	Total
Gross value			
as of 31 December 2018	-	-	-
Increase and reclassification			
Decrease and reclassification			
as of 31 December 2019	-	-	-
Increase and reclassification	1,311,022	1,187,252	2,498,274
Decrease and reclassification		(591,645)	(591,645)
as of 31 December 2020	1,311,022	595,607	1,906,629
Accrued depreciation			
as of 31 December 2018	-	-	-
Depreciation in the current year			
Decrease			

as of 31 December 2019	-	-	-
Depreciation in the current year	-	213,172	213,172
Decrease			
as of 31 December 2020	-	213,172	213,172
Net book value			
as of 31 December 2018	-	-	-
as of 31 December 2019	-	-	-
as of 31 December 2020	1,311,022	382,435	1,693,457

20. Deferred tax receivables

Upon calculating deferred tax, the Group compares the amount recognisable for tax purposes with the book value, per asset and liability. If the spread is a temporary difference, that is, the difference is settled within a reasonable time, deferred tax liability or asset is recognized, according to its sign. When the asset is taken into account, the return is examined separately by the Group.

The Group's accumulated deferred negative tax base as at 31 December 2020 was used to reduce the deferred tax liabilities to be recognized on investment properties in the deferred tax calculation. The possibility of using accrued negative tax bases according to the rule in force in the year of their occurrence, the order of utilization is FIFO. The deadline for the utilization of accrued and deferred loss is 31 December 2030.

Balance of accrued and deferred loss per company data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Appeninn Property Zrt.	179,333	113,948
Appeninn-Bp 1047 Zrt.	181,478	81,562
Appeninn E-Office Zrt.	19,188,237	21,130,981
Appeninn Üzemeltető Zrt. (in English: Appeninn Maintenance Private Limited Company)	77,953	158,868
Appeninn Vagyonkezelő Holding Nyrt.	1,851,828	2,892,866
Curlington Kft.	140,104	183,332
Szent László Téri Szolgáltató Ház Kft.	125,591	228,858
Appeninn A59 Kft.	-	13,854
Appeninn Retail Kft.	93,487	37,033
Sectura Ingatlankezelő Kft. (in English: Secture Real Property Management Private Limited Liability Company)	58,891	32,649

Appeninn BLT Kft.	-	18,105
Appeninn Project-EGRV Kft.	76,621	54,805
Appeninn Project-MSKC Kft.	118,100	47,416
Base of deferred tax assets from accrued and deferred loss	22,087,624	24,994,276
The amount of deferred tax assets from accrued and deferred loss	1,987,886	2,249,485
Of which decreasing of deferred tax liabilities accounted in the balance sheet	1,770,748	2,156,792
Of which deferred tax assets accounted	217,138	92,693

During 2019, the amount of the previously inactivated accrued and deferred loss was recorded in the case of Appeninn E-Office Zrt., which resulted in a significant increase in the carrying amount of the deferred tax assets.

21. Goodwill

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Dreamland Group acquisition (Point 2.4)	4,280,881	-
Solum-Invest Kft. (Point 2.4)	73,110	-
Total	4,353,991	

Goodwill was recognized on the acquisition of the Dreamland Group and Solum-Invest Kft. (see Note 2.4), and allocated to the relevant CGUs.

Data in EUR	Fort he business year ended 31 December 2020	Fort he business year ended 31 December 2019
Balaland CGU	2,242,371	-
Tokaj CGU	1,478,888	-
Lepence CGU	559,622	
Dreamland Csoport	4,280,881	

The Company performed the annual impairment test pursuant to the IAS 36 Standard on 31 December 2020. Recoverable amounts of CGUs have been determined pursuant to the use value, which was in turn determined by the 5-year cash flow forecast and financial plans of the senior management; the said plans estimate the completion of pending investments. The discount rate before taxation, applicable to discounting the cash flow of CGUs, is 8.4%. Overall, the recoverable amount exceeds the above book value by more than EUR 10 million and is significantly higher for each CGU. The management has performed a sensitivity analysis in relation to the main estimates pursuant to as follows:

- A 0,1% increase in the discount rate would cause a 1.2 million EUR decrease in recoverable amounts.
- A 1% increase in revenue would result in an increase in recoverable amount of approximately EUR 2 million.

Based on the results of the sensitivity analysis and Goodwill impairment test, the Group detemined that no impairment shall be applied to CGUs.

22. Shares in Affiliates Undertakings

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Appeninn Hegyvidék Kft. 25% of equity	39,701	-
Total	39,701	-

23. Long-term affiliated receivables

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
G.B. Bohemia	60,252	-
Franklin Ház	1,849	-
BDPST Group	495,385	-
Total	557,486	-

24. Inventories

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019

Properties made for sale	10,118,606	-
Other materials	-	78,255
Total	10,118,606	160,040

In 2020, the Group reclassified the Balatonaliga real estate properties for sale from revenue-generating properties to inventories.

25. Trade receivables

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Gross value of trade receivables	757,377	496,847
Opening balance of impairment of customers	(87,764)	(170,437)
Impairment acounted in the period under review	-	(13,718)
Impairment derecognized in the period under review	141,709	96,391
Closing balance of impairment of customers	53,945	(87,764)
Net trade receivables in total	811,322	409,083

The Group assessed the impairment of customers by using the estimated loss method. Estimated losses have been calculated as the average of data from the previous two years.

26. Other short-term receivables

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Balance of tax receivables (VAT, local business taxes)	425,250	282,480
Advance payments	114,704	77,627
Short term part of financial leasing claims	143,205	-
Other	211,532	82,283
Total	894,691	442,390

27. Short-term affiliated receivables

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
G.B. Bohemia	1,578	-
Total	1,578	-

28. Short-term loans granted

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Mikepércsi út 132 Kft.	105,827	105,827
Impairment of Mikepércsi út 132 Kft.	(105,827)	(105,827)
Hattyúház Társasház Közösség	6,153	6,797
Lexan claim	-	42,740
Total	6,153	49,537

29. Accruals

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Accrual of non-invoiced, due rents income	-	456
Accrual of invoiced costs un-due in the current period	331,266	255,197

Total	331,266	255,653

30. Cash and cash equivalents

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Cash on hand HUF	14,311	4,108
Cash at bank in HUF	19,592,342	6,255,082
Cash at bank in EUR	2,456,412	4,477,406
Fixed-term cash on deposit of short-term	-	30,255,356
Total	22,063,065	40,991,952

31. Issued capital

The shares of Appeninn Vagyonkezelő Holding Nyrt. were initiated at Budapest Stock Exchange on 02 July 2010 upon public trading.

Appeninn Nyrt. share data	
nominal value	100
currency	HUF
ISIN identification number	HU0000102132
Place of trading	Budapest Stock Exchange share section
start of trading	02 July 2010
share register keeping	Board of Directors of Appeninn Nyrt., 1118 Budapest, Kelenhegyi út 43.
Number of shares kept in trading as of 31 December 2020 (quantity)	47,371,419
Number of shares kept in trading as of 31 December 2019 (quantity)	47,371,419

Issued capital	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Ordinary shares issued and paid by the owners at nominal value:		
Opening value as of 01 January (EUR)	15,217,006	15,217,006
Closing issued capital value as of 31 December (in EUR)	15,217,006	15,217,006
The quantity of shares issued at the nominal value of 100,-HUF (quantity):		
Opening value (quantity)	47,371,419	47,371,419
Issuance (quantity)	-	-
Closing value (quantity)	47,371,419	47,371,419
Translation for presentation currency:		
HUF-EUR exchange rates:		
Opening issued capital average exchange rate value:	311.32	311.32
Issuance	-	-
Closing issued capital average exchange rate value	311.32	311.32
Issued capital value in the foreign currency as of company registration (HUF in thousands)		
Opening value on 01 January:	4,737,142	4,737,142
Issuance	-	-
Closing value on 31 December:	4,737,142	4,737,142

The issued capital of the Company is 4,737,142,- HUF in thousands, which consists of 47,371,419,- quantity of shares with a nominal value of HUF 100,- HUF per each.

32. Repurchased Own Shares

	for the business year ending as of 31 December 2020		for the business year ending as of 31 December 2019	
	EUR	quantity	EUR	quantity
Opening value	1,171	1,848	305,660	409,705
Own share purchase			-	-
Own share sale			(304,489)	(407,857)
Closing value	1,171	1,848	1,171	1,848

33. Capital reserve

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Opening value of premium capital (ázsió) share issuance	25,645,230	25,645,230
Closing value	25,645,230	25,645,230

34. Retained earnings

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019	for the business year ended 31 December 2018
Opening value	34,925,192	22,539,954	5,323,196
Migration to presentation currency	-	-	(161,644)
Modified opening value	34,925,192	22,539,954	5,161,552
annual changes:			
Profits in the current year	12,293,761	11,994,919	17,378,402
Transaction with non-controlling interest upon control keeping	139,886	-	-
Realized profit and loss of own share transactions	-	390,319	-
Payment of dividend	-	-	-
Closing value	47,358,839	34,925,192	22,539,954

35. Conversion reserve

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Opening value	(2,710,880)	(810,849)
annual changes:		
Other comprehensive income of the current year	(7,402,194)	(1,900,031)
Closing value	(10,113,074)	(2,710,880)

In 2020, significant changes in HUF/EUR conversion rates have occured, and therefore the value of capital items held at the historical conversion rate, and the “gap” between the capital items calculated at the conversion rate on the balance sheet date has increased significantly, resulting in a decrease in the conversion reserve of EUR 7,323,057.

36. Non-controlling interest

The balance of non-controlling interest in 2020 is related to the acquisition of the Dreamland Group and Solum-Invest Kft., and in 2019 to the acquisition of PRO-MOT Hungária Kft.; see Note 2.4.

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Opening value	730,936	-
annual changes:		
Recognition of PRO-MOT Hungária Kft. in the Group	-	610,626
Acquisition of new subsidiaries	552,863	-
Profit item in the current year	907,910	120,310
Transaction with non-controlling interest upon control keeping	696,674	-
Closing value	2,888,383	730,936

37. Long-term and short-term credits and lease transactions

lease transactions

data in EUR	Minimum value of leasing fees		Present value of leasing fees	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Due within one year	319,810	43,077	288,520	38,463
Due within two and five years	1,024,597	197,826	985,013	193,968
Due over five years		-	-	-
	1,344,408	240,903	1,273,533	232,431
Financing costs	(70,875)	(9,472)		
Present value	1,273,533	232,431	1,273,533	232,431
Presenetation in the balance sheet per liability:				
Short-term leasing liabilities			288,520	38,463
Long-term leasing liabilities			985,013	193,968
			1,273,533	232,431

The member company of the Group – Appeninn Üzemeltető Zrt. – acquired the vehicles necessary for its activities within the framework of a leasing contract. The term of the contracts shall not exceed five years. The member company of the Company – Appeninn E-Office Zrt. – acquired the mechanical equipment of its buildings (boilers) within the framework of a lease with a term of up to 5 years. In the case of both leased asset groups, the leased asset serves as collateral for the liabilities arising here from the lease.

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Lease transaction vehicles net value	132,770	116,572
Leased vehicles current year depreciation	31,716	23,012
Leased properties net value	1,693,457	-
Leased properties current year depreciation	213,172	-
Accounted lease transaction interest and loss on exchange	109,025	3,948

Long-term and short-term credits

On 19 January 2018, the companies under the Company's control entered into a refinancing agreement with Magyar Takarékszövetkezeti Zrt. to replace the credits portfolios of the subsidiaries. As a result of the performance regarding the refinancing, the collateral system existing on 31

December 2017 was terminated, and the primary and sole obligor of the credits in the restructured collateral system is the borrower of the loan. Appeninn Plc.'s first demand guarantor in previous loan agreements and the pledge of property deposits on the shares / ordinary deposits of the investments involved in the redemption of the credits will be terminated.

The details of the credits are presented in the following table:

Financing partners	Primary tax company	31 December 2020 due within-the-year EUR	31 December 2020 due over-the-year EUR	31 December 2019 due within-the-year EUR	31 December 2019 due over-the-year EUR	Financing foreign currency	Interest margin	Expiration	Collaterals
Magyar Takarékszövetkezeti Bank Zrt.	Szent László Téri Szolgáltató Ház	40,090	59,530	87,907	39,181	HUF	3-month EURIBOR+RKV+1.9 %, 3-month BUBOR + 3%	17 May 2021 31 March 2021	Purchase right, mortgage (350 million), option right, claim-based lien, assignment contract, 6-month debt service, insurance, pledge, power-of-attorney, assignment
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt.	16,755	617,377	37,019	669,582	HUF	3-month EURIBOR + 2.5%	30 April 2033	Real estate lien in 1st rank; Prohibition of alienation and encumbrance; Pledge on claims on receivables from the utilization of collateral property; Right to collect on the debtor's bank accounts with another bank; Pledge agreement to establish a lien on claims; Security deposit block based on rental income; Top up 3 months DSRA on a blocked account; - exclusive account traffic
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn Property Vagyonkezelő Zrt. (in English: Appeninn Property Asset Management Private Limited Company)	13,935	512,788	30,788	556,221	HUF		31 December 2032	
Magyar Takarékszövetkezeti Bank Zrt.	Appen-Retail Kft.	53,031	1,166,763	70,289	1,288,939	HUF		31 December 2032	
Magyar Takarékszövetkezeti Bank Zrt.	Bertex Zrt.	1,824	63,794	-	-	HUF		30 April 2033	
Magyar Takarékszövetkezeti Bank Zrt.	Curlington Kft.	3,681	60,940	4,011	69,131	HUF		31 December 2032	
Magyar Takarékszövetkezeti Bank Zrt.	Felhévíz-Appen Kft.	4,305	130,015	8,132	141,490	HUF		31 December 2032	
MFB-Erste consortium credit	Appeninn E-Office Zrt.	1,741,305	22,327,471	1,741,305	22,327,471	EUR	3-month EURIBOR +2%	30 June 2025	Real estate mortgage; Right to purchase real estate; bail; Mortgages; Mortgage encumbering rights and claims; Appeninn Plc guarantee; Security deposit lock on rental income; Top up DSRA on a blocked account; - exclusive account traffic
Szepard Kft.	Dreamland Holding Zrt.	-	765,398	-	-			30 November 2030	
Sokorai István	Solumn-Invest Kft.	-	134,199	-	-		3.5%	25 June 2023	
DH Invest Kft.	Solumn-Invest Kft.	40,090	59,530	-	-				
Bank credits in total		1,870,621	31,892,106	7,101,504	26,760,959				
Liabilities for KVI in relation to asset management assets of PRO-MOT Hungária Kft.	PRO-MOT Hungária Kft.	-	4,342,015	-	4,796,684	HUF		31 December 2055	
Financial leasing liabilities in total		288,520	985,013	38,463	193,968				
Property rights – Solumn Invest Kft., perpetual annuity-based	Solumn-Invest Kft.		1,311,022						
Total		2,159,141	38,530,156	7,139,967	31,751,611				

38. Self-issued Corporate Bonds Debts

On 22 November 2019, the Company issued bonds in the quantity of 60,510,710,-EUR (20,000,000,-HUF in thousands) through the Növekedési Kötvényprogram (in English: Growth Debenture Programme) launched by Magyar Nemzeti Bank (in English: Hungarian National Bank), which was subscribed for at an additional exchange gain in the value of 327,100,-EUR (108,113,-HUF in thousands). The consideration for the bond was paid to the Company. The maturity date of the bond is 22 November 2029, when the principal amount of the bond (20,000,000,-HUF in thousands) is payable in one amount. A fixed annual interest rate of 3.5% is payable on the bond. The bond was registered at depreciated historical value, with an effective interest rate of 3.459%.

39. Tenant Deposits

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Opening	301,775	826.117
Új bérbeadási event/ új subsidiary company	1.129.165	8.690
Short-term liabilities közé reclassification	-	(533.032)
Lease contract cessation account tételek	-	-
Closing value	1.430.940	301.775

40. Long-term and short-term liabilities through affiliated parties

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
	EUR	EUR
KONZUM PE Magántőkealap (in English: Konzum PE Private Equity Fund)	-	5.680.506
Lexan Aliga Private Limited Liability Company	4.503.061	4.822.750
Affiliated long-term liabilities liabilities in total	4.503.061	10.503.256
Appeninn Hegyvidék Kft.	390.016	-
Lexan Aliga Private Limited Liability Company	467.376	-
Szepard Kft.	104.224	-
Dividend liability	31.233	34.620
Appeninn Credit Zrt.	1.253	1.384
Affiliated short-term liabilities in total	994.102	36.003

By acquiring the majority ownership of PRO-MOT Hungária Kft., the Group has undertaken the value of the long-term liability payable to Lexan Aliga Kft.

Konzum PE Private Equity Fund provided an investment loan to the Company at a central bank base rate + 2.5% interest. The loan matures on 31 December 2020, no collateral has been stipulated.

41. Deferred Tax Liabilities

The development of the Group's deferred tax liabilities is presented in the table. The main components of deferred tax liability are:

- Fair value difference between revenue-generating investments (profit and historical cost as defined by tax law) and historical cost amortized by impairment under the tax law
- For property, plant and equipment, the difference between historical cost of the tax act amortized with the historical cost impairment and the book value at depreciation according to the Accounting Act.
- Impairment recognized on trade receivables for customers.
- The amount taken into account in the retained earnings from the negative tax base determined in accordance with the tax law in previous years to the extent that the company's results - balance sheet items - cover, taking into account that the tax law allows to record up to 50% of profits.
- The Liabilities contain temporary differences that will result in a future tax loss due to the future waiver of the Liabilities. This tax loss arises because the item recognized as a gain on the release of the liability is included in the tax base of the taxpayer. As a member of the waiving (eligible) group, it is not entitled to claim the waiver expense in the tax base, therefore the tax liability of the item has been recognized in the Group's balance sheet.

Deferred Tax Liabilities	2020				2019			
	Balance according to the report	Balance according to taxation	Deferred tax liabilities base	Deferred tax liabilities	Balance according to the report	Balance according to taxation	Deferred tax liabilities base	Deferred tax liabilities
	EUR	EUR			EUR	EUR		
Revenue-generating investment properties	172,440,000	95,565,591	(76,874,409)	(6,918,697)	147,670,000	86,208,943	(61,461,057)	(5,531,495)
Tangible assets	199,980	215,551	15,571	1,401	177,664	178,083	419	38
Trade and other receivables and assets	34,317,870	92,279,053	57,961,183	5,216,506	42,605,238	68,894,416	26,289,178	2,366,026
Receivables from existing accrued and deferred loss		22,087,624	22,087,624	1,987,886		24,994,276	24,994,276	2,249,485
Credits	40,689,297	38,296,805	(2,392,492)	215,324	38,891,578	38,764,657	(126,921)	11,423
Trade creditors and other accounts payable	86,291,939	141,355,433	55,063,494	(4,955,714)	73,927,976	101,298,364	27,370,388	(2,463,335)
Accrued liabilities	1,129,963	1,622,821	492,858	(44,358)	354,725	678,332	323,607	(29,125)
Net deferred tax position in total (+claim/ - liabilities)				(4,497,651)				(3,396,983)
Deferred tax receivables in the balance sheet				217,138				92,693
Deferred tax liabilities in the balance sheet				4,714,789				3,565,003
Net deferred tax position (+claim / - liabilities)				(4,97,651748)				(3,472,310)
Change in the deferred tax balance				(1,025,341)				814,444
Of which:								
Accounted for profit and loss				(1,136,036)				751,349
By recognition of new subsidiary				(772,770)				(34,653)
By de-recognition of new subsidiary				531,191				(7,470)
Exchange rate fluctuation				352,274				105,218

42. Other short-term liabilities

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Jövedelemtartozás	13.205	2.414
Business share visszatartott purchase price liabilities		-
Received loan		-
Vásárolt claim kapcsolódó liabilities	31.252	34.524
Kisfaludy 2030 subsidy advance payment	19.008.199	-
Tenant felé liabilities	-	533.032
Other short-term liabilities	135.586	44.058
Closing value	19.188.242	614.028

43. Trade creditors and other accounts payable

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Liabilities for trade creditors	4,552,000	993,818
Due as:		
0-30 days	2,813,466	892,703
31-60 days	59,348	8,669
61-90 days	137,332	28,914
91-180 days	792,971	9,968
181-360 days	597,445	24,824
361- days	151,438	28,739
Closing value	4,552,000	993,818

44. Tax and duties liabilities

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
VAT liabilities	163,308	288,908
Taxes on buildings liabilities	1,425	-
Taxes and contribution related to wages and salaries	65,779	39,923
Other provisions taxation, duties	174,043	69,682
Closing value	404,555	398,513

45. Accrued liabilities

data in EUR	for the business year ended 31 December 2020	for the business year ended 31 December 2019
Deferral of costs and expenses	617,164	133,069
Accrued liabilities of revenues	512,799	221,656
Closing value	1,129,963	354,725

46. Transactions with affiliated parties

The transactions performed with companies included in the consolidation were eliminated.

Transactions with non-consolidated but related parties are disclosed in the notes to the relevant balance sheet items.

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
KONZUM PE Magántőkealap (in English: Konzum PE Private Equity Fund)	-	5.680.506
Lexan Aliga Private Limited Liability Company	4.970.437	4.822.750
Appeninn Hegyvidék Kft.	390.016	-
Szepard Kft.	104.224	-
Dividend liability	31.233	34.620
Appeninn Credit Zrt.	-	1.384
Liabilities in total	5.495.910	10.539.259
KONZUM PE Magántőkealap (in English: Konzum PE Private Equity Fund felé pay interest	66.860	443.908
Lexan Aliga Private Limited Liability Company felé pay interest	154.938	157.330
Expenditures in total	221.798	601.238

Transaction with affiliated parties

Group indirectly identified Bayer Construct Zrt. as affiliated party, which as a supplier, under market terms measured close to Euro 1.5 million turnover towards the Group in 2020.

47. Affiliated parties szembeni transaction

Relationship through affiliated parties

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Purchaser- és loan receivables affiliated undertaking	101.053.658	52.718.698
Supplier és other provisions Liabilities affiliated undertaking	103.945.775	66.086.866
Distribution affiliated undertaking felé	3.066.375	1.472.121

Remuneration of Key Executives

The members of the Board of Directors received 300,-HUF in thousands per person in both 2020 and 2019, and the members of the Audit Committee received an additional 100,-HUF in thousands per person. The Company has no contracts with the executive officers that would create future obligations to the Company by changing their contracts.

	2020 (HUF in thousands/year/member)	2019 (HUF thousands/year/
Director tanács tagjainak assignment relationship honoraria (5 fő)	300	
Honoraria of the members of the Audit Commettee on assignment relationship (3 members)	100	

No loans were granted to the members of the Board of Directors or the Supervisory Board.

Juttatások a kulcspozícióban lévő felső- és középvezetés részére

data in EUR	for the business year ending as of 31 December 2020	for the business year ending as of 31 December 2019
Wage and other types of disbursement	319.638	169.663

48. Segment information

The information provided to the Group's chief decision maker, the Company's Board of Directors, focuses on the services provided in order to allocate resources and measure segment performance. The Group's reportable segments under IFRS 8 are as follows:

- Office rental service
- Logistics, industrial and
- commercial real estate rental service
- maintenance service

Consolidated segment income statement for 2020

for the business year ended 31 December 2020	Office rental	Logistics properties rental	Maintenance	Retail	Items not classified into segment	Total
EUR						
Property rental revenue	1,505,741	3,039,090	1,118,999	1,872,730	0	7,536,560
Direct costs of property rental	(897,751)	(139,049)	(280,773)		0	(1,317,573)
Direct contribution from rental activities	607,991	2,900,041	838,226	1,872,730	0	6,218,987
General costs and income	8,013,477	7,824,237	(303,434)		(7,091,535)	8,442,745
Profit before taxation	8,621,468	10,724,278	534,791	1,872,730	(7,091,535)	14,661,732
Income taxes	(549,505)	(949,414)	(39,173)	(168,546)	246,576	(1,460,061)
Profits in the current year	8,071,964	9,774,864	495,619	1,704,184	(6,844,959)	13,201,671
Items for segment	61,515,564	264,255,676	2,873,264	22,100,000	(136,923,303)	213,821,201
Liabilities for segment	29,129,297	141,521,953	876,830	-	(38,702,092)	132,825,988

Consolidated segment consolidated statement of comprehensive income 2019-re relevant

for the business year ended 31 December 2019	Office rental	Logistics properties rental	Maintenance	Retail	Items not classified into segment	Total
EUR						

Property rental revenue	3,204,901	1,662,922	673,943	1,860,672	(0)	7,402,438
Direct costs of property rental	(917,201)	(72,151)	(18,275)		0	(1,007,627)
Direct contribution from rental activities	2,287,700	1,590,771	655,668	1,860,672	(0)	6,394,811
General costs and income	2,661,344	4,611,302	(385,805)		(1,578,678)	5,308,163
Profit before taxation	4,949,044	6,202,073	269,864	1,860,672	(1,578,679)	11,702,974
Income taxes	686,978	185,404	(34,847)	(167,460)	(257,819)	412,255
Profits in the current year	5,636,022	6,387,477	235,016	1,693,211	(1,836,498)	12,115,229
Items for segment	60,416,560	185,354,368	2,626,744	20,100,000	(77,952,077)	190,545,595
Liabilities for segment	31,928,101	94,099,142	864,847	-	(10,152,808)	116,739,282

49. Risk management

The Group's financial assets include liquid assets, loans, trade and other receivables, and other assets – excluding taxes. The Group's financial liabilities include credits and loans, trade creditors and other accounts payables, excluding taxes and gains or losses arising from the revaluation of financial liabilities at fair value.

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk
- business risk

This chapter presents the Group’s above risks, the Group’s objectives, policies, process measurement and risk management, and the Group’s capital management. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group.

The purpose of the Group's risk management policy is to filter and investigate the risks faced by the Group and to set up appropriate controls and to monitor the risks. The risk management policy and system are reviewed to reflect changed market conditions and the Group's activities.

49.1 Capital Management

It is the policy of the Group to preserve the share capital that is sufficient to maintain investor and creditor confidence in the future development of the Group.

The capital structure of the Group consists of net outside capital and the Group's own equity (the latter includes issued capital and reserves and equity of non-controlling owners).

In capital management, the Group seeks to ensure that the Group can continue to operate while maximizing returns for owners through an optimal balance of loan capital and own equity and maintaining an optimal capital structure for the benefit of reducing the cost of capital. The Group also monitors whether the capital structure of its affiliates complies with local legal requirements.

49.2 Credit Risk

Credit risk is the risk that a debtor or counterparty will default on its contractual obligations, resulting in a financial loss to the Group. Financial assets that are exposed to credit risk may include long-term or short-term placements, cash and cash equivalents, trade receivables and other receivables.

The book value of financial assets shows the maximum risk exposure. The table below shows the Group's maximum exposure to credit risk as at 31 December 2020 and 31 December 2019.

Maximum exposure to receivables	for the business year ended 31 December 2020	for the business year ended 31 December 2019
	EUR	EUR
Trade receivables	811,322	409,083
Other short-term receivables	894,691	442,390
Short-term loans granted	6,153	49,537
Accruals	331,266	255,653
Cash and cash equivalents	22,063,065	40,991,952
	24,106,497	42,148,615

49.3 Market Risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and the prices of investments in mutual funds, will affect the Group's results or the value of its investments in financial instruments. The purpose of market risk management is to manage and control market risk exposures within an acceptable framework while optimizing returns.

49.4 Business Risk

The Group sets consistent, predictable and competitive rents for its tenants. Current rents are in line with the environment and quality of the properties. However, given the current global economic environment and the demand-supply situation in the Budapest office market, there is no certainty that current rents and conditions will be sustainable in the future.

49.5 Interest Rate Risk

Interest rate risk is the risk that the future cash flows of certain financial assets and liabilities will fluctuate because of changes in market interest rates. Changes in the market interest rate represent exposures to the Group in the case of floating rate loans and liabilities arising from bond issues. The Group pays an average lending rate of 8,55%/6.4% on its credits. A 50 basis point shift in the interest rate environment would result in the following change in the Group's profitability:

Calculation of average interest	EUR	interest %	+0.5% (interest)	EUR impact
Bank/equity: 01.01.2020.	(2,100,374)			
Bank/equity: 31.12.2020.	18,626,232			
Bank/equity average stock	8,262,929	8.05%	8.55%	
12-month interest for Bank	665,100			706,414
Annual growth of interest				41,315

Calculation of average interest	EUR	interest %	+0.5% (interest)	EUR impact
Bank/equity: 01.01.2019.	44,426,682			
Bank/equity: 31.12.2019.	(6,723,385)			
Bank/equity average stock	21,163,154	6.40%	6.90%	
12-month interest for Bank	1,353,580			1,459,396
Annual growth of interest				105,816

49.6 Foreign Exchange Risk

The Group has determined that its results are fundamentally dependent on two key financial variables, interest rate risk and foreign exchange risk, and has therefore performed sensitivity analyses for these key variables.

As the Group's functional currency is the EUR, the currency risk arose from HUF and CHF based loans and liabilities. Appeninn Plc.'s foreign currency investment loans were denominated in EUR, following the successful restructuring of the loan portfolio completed in 2018.
The Group translated the HUF items used in the preparation of the financial statements at the following exchange rates. The Group applied the closing MNB exchange rate to the balance sheet items and the Average Daily MNB exchange rate to the profit and loss items. The range of transaction currencies is HUF, and the Group’s exchange rate exposure was examined by quantifying changes in foreign currencies.

The sensitivity of the Company’s balance sheet to changes in EUR-HUF is presented based on the amount of exposure. The EUR value serving as the base of the change in the balance sheet of 2020 was EUR 155.2 million and in the balance sheet of 2019 it was EUR 123.1 million. The test was performed for a shift of 0.05-1%. The Company has an exposure to the change in foreign currencies of up to 1.567,- EUR in thousands in 2020 and 1,243,-EUR in thousands in 2019 until the 1% changeover.

2020.

Exchange rate type	31 December 2020	Change in EUR	Change in %	31 December 2019
Closing	365.13	34.61	10.47%	330.52
Average	351.17	25.82	7.93%	325.35
Difference between Closing and Average	13.96	8.79	170.10%	5.17

Exchange rate fluctuations	Exchange rate	Change in EUR	Aggregated NON-EUR position balance sheet value in EUR	Calculated profit and loss impact in EUR
-1%	361.4787	-3.6513		(1,567,908)
-0.50%	363.30435	-1.82565		(780,015)
31.12.2020. MNB	365.13		155,222,907	
+0.5%	366.95565	1.82565		772,253
+1%	368.7813	3.6513		1,536,860

2019:

Exchange rate type	31 December 2019	Change in EUR	Change in %	2018.12.31
Closing	330.52	9.01	2.80%	321.51
Average	325.35	6.48	2.03%	318.87
Difference between Closing and Average	5.17	2.53	95.89%	2.64

Exchange rate fluctuations	Exchange rate	Change in EUR	Aggregated NON-EUR position balance sheet value in EUR	Calculated profit and loss impact in EUR
-1%	327.2148	-3.3052		(1.243.074)
-0.50%	328.8674	-1.6526		(618.414)
31 December 2019 MNB	330.52		123.064.288	
+0.5%	332.1726	1.6526		612.260
+1%	333.8252	3.3052		1.218.458

The Company's balance sheet items exposed to foreign currency changes in respect of balances not denominated in EUR totalled EUR 150 million as at 31 December 2020, and EUR 123 million as at 31 December 2019.

Balance Sheet	31 December 2020	
Assets	EUR	HUF
Revenue-generating investment properties	172,440,000	0
Right-of-use asset		1,693,457
Affiliated receivables		557,486
Tangible assets		199,980
Deferred tax assets		217,138
Invested assets in total	172,440,000	2,668,061
Inventories		10,118,606
Trade receivables		811,322
Other short-term receivables		894,691
Short-term loans granted		6,153
Accruals		331,266
Iincome tax receivables		92,767
Cash and cash equivalents	2,456,412	19,606,653
Current assets in total	2,456,412	31,861,458
Assets in total	174,896,412	34,529,519
Equity and liabilities	EUR	HUF
Issued share capital		15,217,006
Repurchased own shares		-1,171
Reserves		15,532,156
Retained earnings		47,358,839
Equity per shareholders of the Company	0	78,106,830
Non-controlling interests		2,888,383
Equity and reserves in total	0	80,995,213
Long-term bank credits and leasing liabilities	22,327,471	16,202,685
Corporate bonds debt		55,179,933
Tenant deposits		1,430,940
Long-term affiliated liabilities		4,503,061
Deferred tax liabilities		4,714,789
Long-term liabilities in total	22,327,471	82,031,408
Short-term bank credits and leasing liabilities	1,741,305	417,836
Other short-term liabilities		19,188,242
Short-term affiliated liabilities		994,102
Liabilities for trade creditors and other accounts		4,552,000
Taxes and duties liabilities		404,555
Iincome tax liabilities		39,106
Accrued liabilities és provisions		1,129,963
Short-term liabilities in total	1,741,305	26,725,804
Liabilities in total	24,068,776	108,757,212

Equity and liabilities in total	24,068,776	189,752,425
Foreign currency position (assets minus resources)	150,827,636	-155,222,907

Balance Sheet	31 December 2019	
Assets	EUR	HUF
Revenue-generating investment properties	147,670,000	0
Tangible assets		177,664
Deferred tax assets		92,693
Invested assets in total	147,670,000	270,357
Inventories		160,040
Trade receivables		409,083
Other short-term receivables		442,390
Short-term loans granted		49,537
Accruals		255,653
Iincome tax receivables		296,583
Cash and cash equivalents	4,477,406	36,514,546
Current assets in total	4,477,406	38,127,832
Assets in total	152,147,406	38,398,189
Equity and liabilities	EUR	HUF
Issued share capital		15,217,006
Repurchased own shares		-1,171
Reserves		22,934,350
Retained earnings		34,925,192
Equity per shareholders of the Company	0	73,075,377
Non-controlling interests		730,936
Equity and reserves in total	0	73,806,313
Long-term bank credits and leasing liabilities	22,327,471	9,424,140
Corporate bonds debt		60,940,494
Tenant deposits		301,775
Long-term affiliated liabilities		10,503,256
Deferred tax liabilities		3,565,003
Long-term liabilities in total	22,327,471	84,734,668
Short-term bank credits and leasing liabilities	6,755,648	384,319
Other short-term liabilities		614,028
Short-term affiliated liabilities		36,003
Liabilities for trade creditors and other accounts		993,818
Taxes and duties liabilities		398,513
Iincome tax liabilities		140,089
Accrued liabilities és provisions		354,725
Short-term liabilities in total	6,755,648	2,921,495
Liabilities in total	29,083,118	87,656,164
Equity and liabilities in total	29,083,118	161,462,477
Foreign currency position (assets minus resources)	123,064,288	-123,064,288

49.7 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. The Group's liquidity management approach is to provide, as far as possible, adequate liquidity to meet its obligations as they fall due, under both normal and stressed circumstances, without incurring unacceptable losses or risking the Group's reputation.

The maturity structure of financial liabilities contracted and actually payable (not discounted) is summarized in the table below for the years as of 31 December 2020 and 2019 as follows:

31 December 2020	Due within 1 year	Due within 2-5 years	Due over 5 years	Total
Financial assets				
Trade receivables	811,322			811,322
Affiliated receivables		557,486		557,486
Short-term loans granted	6,153			6,153
Cash equivalents	22,063,065			22,063,065
Financial assets	22,880,540	557,486	-	23,438,026
Financial Liabilities				
Credits and lease transactions	2,159,141	26,524,957	12,005,199	40,689,297
Corporate bonds debt			55,179,933	55,179,933
Tenant deposits		1,430,940		1,430,940
Affiliated liabilities	994,102	4,503,061		5,497,163
Other short-term liabilities	19,188,242			19,188,242
Liabilities for trade creditors and other accounts	4,552,000			4,552,000
Accrued liabilities	1,129,963			1,129,963
Financial liabilities	28,023,448	32,458,958	67,185,132	127,667,538

31 December 2019	Due within 1 year	Due within 2-5 years	Due over 5 years	Total
Financial assets				
Trade receivables	409,083			409,083
Tax assets	442,390			442,390
Iincome tax receivables	296,583			296,583
Short-term loans granted	49,537			49,537
Cash equivalents	40,991,952			40,991,952
Financial assets	42.189.545	-	-	42.189.545
Financial Liabilities				
Credits and lease transactions	7,139,967	19.746.412	12.005.199	38.891.578
Corporate bonds debt			60,940,494	60,940,494

Tenant deposits	533.032	301,775		834.807
Affiliated liabilities	36,003	10,503,256		10.539.259
Other short-term liabilities	80.996			80.996
Liabilities for trade creditors and other accounts	993,818			993,818
Taxes and duties liabilities	398,513			398,513
Iincome tax liabilities	140,089			140,089
Accrued liabilities	354,725			354,725
Financial liabilities	10.210.175	30.551.443	72.945.693	113.174.279

50. Financial Instruments

Trade receivables, loans granted and financial instruments, credits received, loans and trade creditors and other accounts payable are accounted for financial instruments.

31 DECEMBER 2020	Book value	fair value
Financial assets		
Depreciated historical value accounted loans and receivables		
Trade receivables	811,322	811,322
Affiliated receivables	557,486	557,486
Short-term loans granted	6,153	6,153
Cash and cash equivalents	22,063,065	22,063,065
Financial Liabilities		
Depreciated historical value accounted liabilities		
Long-term credits	38,530,156	38,530,156
Bond liabilities	55,179,933	55,179,933
Short-term credits and loans	2,159,141	2,159,141
Liabilities through affiliated undertaking	5,497,163	5,497,163
Trade creditors and other accounts payable	4,552,000	4,552,000

31 DECEMBER 2019	Book value	Fair value
Financial assets		
Depreciated historical value accounted loan és receivables		
Trade receivables	409,083	409,083
Short-term loans granted	442,390	442,390
Liquid assets és cash equivalents	40,991,952	40,991,952
Financial Liabilities		
Depreciated historical value accounted liabilities		
Long-term liabilities credits and loans	31,751,611	31,751,611
Kötvénykötelezettség	60,940,494	60,940,494
Short-term liabilities credits and loans, loan	7,139,967	7,139,967
Liabilities affiliated undertaking Article 154	10.539.259	10.539.259
Trade creditors and other accounts payable	993,818	993,818

Fair value of financial instruments evaluated at depreciated historical value is close to book value in both years. The measurement of fair value in respect of both years was performed at fair value equivalent to the 3rd level.

51. Contingent liabilities

Appeninn Nyrt., as the owner, under its previous name of Appeninn Logisztika Zrt. (present name of the thereof is VÁR- Logisztika Zrt.) undertook first demand guarantor and pledge obligation for Orgovány és Vidéke Takarékszövetkezet (in English: Orgovány and Vidéke Mutual Savings Bank) as of 27 June 2013. As of 06 December 2017, the owners of VÁR-Logisztika Zrt. undertook full and complete guarantee for each and all existing obligation(s) of Appeninn Nyrt. towards Takarékszövetkezet upon a performance assume agreement. The guarantee of the Company shall last until 15 June 2023, and respectively until the performance of the obligation. The Company's exposure as of the reporting day is 240 EUR in thousands.

The Company has examined the ability of the obligors to meet their obligations at the present balance sheet date of these financial statements; the management of the Company assigned a zero probability of insolvency to the liability from the guarantee, the amount shown in the balance sheet in connection with the guarantee is zero EUR.

The Group did not account other contingent liability on 31 December 2020.

52. Events after the balance sheet day

Kisfaludy 2030 Turisztikai Fejlesztő Nonprofit Zrt. informed PRO-MOT Hungária Ingatlanfejlesztő Kft., indirectly owned by the Company, on 18 March 2021, that the tender submitted under the title of "development of tourist attractions and services in Club Aliga" by the thereof was assessed positively. As a result of the decision, Kisfaludy 2030 Turisztikai Fejlesztő Nonprofit Zrt. granted a subsidy in the amount of 1,299,999,998,-HUF for PRO-MOT HUNGÁRIA Ingatlanfejlesztő Korlátolt Felelősségű Társaság.

The events listed hereinabove have no effect on the consolodiated financial statements compiled as of the reporting day of 31 December.

After the balance sheet day, other important events did not occur.

53. Effects of COVID-19

With its Decree No. 40/2020. (III.11.), the Hungarian Government declared the case of emergency in Hungary as of 11 March 2020. Subsequently, in order to slow down the spread of COVID-19, the Hungarian Government restricted cross-border traffic and the opening hours of non-vital stores in government decrees. In parallel, the Government has decided on economic stimulus measures, the most significant of which include the imposition of a debt service moratorium until 31 December 2020.

The operation of Appeninn Vagyonkezelő Holding Nyrt. and its subsidiaries is significantly but not critically affected by the measures caused by the epidemic. Approximately 5-15% of the current tenant population falls under the lines of business that had to close due to government decrees, so a temporary loss of revenue is expected. Some of these tenants have indicated to Appeninn Holding their need to reduce the rent temporarily, however it was not so significant that would have required the income accounting of the group to be modified according to IFRS 16. The four most significant tenants are not affected by the loss of income caused by COVID-19 or only to a lesser extent.

Appeninn Holding has a current vacancy rate of 7% and an average maturity period of 4.5 years. Appeninn Holding holds a significant liquidity reserve and, presumably, even in the cases of temporary loss/rearrangement of income, the Company is able to fulfil its financial liabilities in medium term.

In the interest of the protection of the tenants, the Corporate Group shall do every backstop measure to slow the expansion of the epidemic down and to maintain continuous operation.

54. Information related to the compilation of the consolidated report

In compiling the separate financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU for the financial year ending as of 31 December 2020, the basis of compilation is general ledger and analytical accounting items recorded by the accounting firm commissioned by the Company, keeping records according to the Hungarian Accounting System, customer accounts recorded by the Company, and statements prepared on the basis of concluded contracts. The accounting service company responsible for compiling these reports is NewEdition Számviteli Szolgáltató Kft. (in English: New Edition Accounting Service Provider Private Limited Liability Company), the name and registration number of the certified public accountant is Fazakas Hajnal (registration number: 153273).

In order to comply with the IFRS standards of the financial statements prepared in compliance with the Hungarian Accounting Act, the Group has appointed an accounting expert with IFRS registration. Personally responsible for the preparation of the IFRS report: Rózsa Ildikó (registration number: 136860). The mandate of the expert entrusted with the preparation of the IFRS report covered only the identification of the differences between the Hungarian accounting regulations and the IFRS regulations, as well as the preparation of the consolidated report in accordance with the requirements of the IFRS adopted by the EU.

55. Auditing of the consolidated report, remuneration of the Auditor

The Company performing the audit of the Company and the personally responsible auditor are elected by the General Meeting of the Company. The auditor entrusted by the General Meeting of the Company with the audit of the 2020 management data is as follows:

- Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság (personally responsible auditor: Bartha Zsuzsanna Éva)

Remuneration of the auditor:

- The audit fee for Appeninn Plc.'s individual annual report prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in accordance with the provisions of Act C of 2000, and Appeninn Plc.'s consolidated IFRS report is 15,225-HUF in thousands + VAT altogether.

Other assurance services, tax advisory services and non-audit services were not provided to the Company by the auditors.

56. Authorization of financial statements for publication

At the meeting of the Board of Directors of Appeninn Vagyonkezelő Holding Nyrt. held on 9 April 2021, the Group approved the consolidated annual financial statement of 2020 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Board of Directors of the Group has approved the issuance of these consolidated report of the Group, but the Annual General Meeting of Owners, which is authorized to approve the financial statements, may request amendments prior to the adoption.

57. Representations

Please note that there are a number of important factors that could cause actual results to differ materially from those expressed in the forward-looking statements.

Disclaimer - The Consolidated Annual Report, based on the applicable accounting standards, prepared to the best of our knowledge, provides a true and fair view of the assets, liabilities, financial position and results, position, development and performance of Appeninn Vagyonkezelő Holding Nyrt. and the subsidiaries of the thereof and included in the consolidation, describing the main risks and uncertainty factors.

Dated as of 09 April 2021 in Budapest

Dr Bihari Tamás
Chairperson of the Board of Directors