APPENINN HOLDING PLC.

SEPARATE ANNUAL FINANCIAL STATEMENTS

IN LINE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
31 DECEMBER 2021

WITH THE COMPARATIVE PERIOD ENDING AS OF 31 DECEMBER 2020

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Statement on the financial position

Assets	Note	31 December 2021 HUF in thousands	31 December 2020 HUF in thousands
Revenue-generating investment properties	16	9 077 400	8 909 172
Tangible assets	17	9 396	9 050
Right-of-use asset	18	106 125	139 638
Lease receivables	19	128 036	180 880
Equity	20	8 406 608	8 799 008
Invested assets in total		**17 727 565**	**18 037 748**
Trade receivables	21	24 976	35 192
Other short-term receivables	22	112 568	112 670
Receivables through affiliated parties	23	19 117 168	20 025 063
Short-term loans granted	24	428 411	2 247
Accruals	25	22 986	93 098
Cash and cash equivalents	26	3 110 938	521 694
Current assets in total		**22 817 047**	**20 789 963**
Assets in total		**40 544 612**	**38 827 711**
Equity and liabilities			
Issued share capital	27	4 737 142	4 737 142
Repurchased own shares	28	(1 114)	(1 114)
Reserves	29	8 095 844	8 095 844
Retained earnings	30	5 228 320	4 559 932
Equity per shareholders of the Company		**18 060 192**	**17 391 804**
Tenant deposits	31	218 592	207 197
Lease liabilities	32	216 426	298 272
Corporate bonds debt	33	20 131 697	20 147 849
Deferred tax liabilities	34	342 992	310 529
Long-term liabilities in total		**20 909 707**	**20 963 847**
Short-term bank credits and lease liabilities	35	92 050	88 176
Other short-term liabilities	36	21 972	26 698
Short-term affiliated liabilities	37	1 325 681	261 036
Liabilities for trade creditors and other accounts	38	55 814	47 756
Iincome tax liabilities		1 828	3 607
Taxes and duties liabilities	39	67 203	40 575
Accrued liabilities	40	10 165	4 212
Short-term liabilities in total		**1 574 713**	**472 060**
Liabilities in total		**22 484 420**	**21 435 907**
Equity and liabilities in total		**40 544 612**	**38 827 711**

Annexes disclosed on pages 7 to 63 form an inseparable part of the herein separate financial statement

Comprehensive income statement	**Note**	**For the business year ending as of 31 December 2021** **HUF in thousands**	**for the business year ending as of 31 December 2020** **HUF in thousands**
Property rental revenue	3	603 828	791 707
Direct costs of property rental	4	(68 029)	(245 321)
Direct contribution from rental activities		**535 799**	**546 386**
Service fees from subsidiaries	5	331 158	283 085
Administrative expenses, service fees, wages	6	(453 851)	(426 066)
Other revenues / (expenditures)	7	1 319	1 385
Profit (and loss) from subsidiaries and investment sale	8	159 165	173 885
Profit and loss from fair value evaluation of revenue-generating investment properties	9	168 228	117 340
Maintenance on investment properties	10	-	(28 433)
Profit and loss before taxation, interests and depreciation		**741 818**	**667 582**
Depreciation and amortisation	11	(37 097)	(74 517)
Other (expenditure) / revenue of financial transactions	12	64 765	584 377
Balance of interest revenues and (expenditures)	13	(24 758)	(256 426)
Lease transaction	13	(17 404)	(36 148)
Profit before taxation		**727 324**	**884 868**
Income taxes	14	(58 936)	(71 962)
Profits in the current year		**668 388**	**812 906**
Other comprehensive income		**-**	**-**
Other comprehensive income of the current year, less with taxation		**-**	**-**
COMPREHENSIVE INCOME OF THE CURRENT YEAR IN TOTAL		**668 388**	**812 906**

Annexes disclosed on pages 7 to 63 form an inseparable part of the herein separate financial statement

Changes in own equity (data in thousands of Hungarian Forints)	Note	Issued capital	Reserves	Repurchased own shares	Retained earnings	Own equity in total
Balance on 01 January 2020	**27-30**	**4 737 142**	**8 095 844**	**(1 114)**	**3 747 026**	**16 578 898**
Comprehensive income of the current year						
Profits in the current year	**30**				**812 906**	**812 906**
Balance on 31 December 2020	**27-30**	**4 737 142**	**8 095 844**	**(1 114)**	**4 559 932**	**17 391 804**
Balance on 01 January 2021	**27-30**	**4 737 142**	**8 095 844**	**(1 114)**	**4 559 932**	**17 391 804**
Comprehensive income of the current year						
Profits in the current year	**30**				**668 388**	**668 388**
Balance on 31 December 2021	**27-30**	**4 737 142**	**8 095 844**	**(1 114)**	**5 228 320**	**18 060 192**

Annexes disclosed on pages 7 to 63 form an inseparable part of the herein separate financial statement

Cash Flow statement

(data in thousands of Hungarian Forints)

	Note	For the business year ending as of 31 December 2021	for the business year ending on 31 December 2020
Profit before taxation		**727 324**	**884 868**
Transaction with no money flow:			
Profit and loss from fair value evaluation of revenue-generating investment properties	9	(168 228)	(117 340)
Depreciation	16	37 097	74 517
Profit / (loss) of subsidiaries sale	8	(159 165)	(173 885)
Reversal of impairment	11	-	(270 940)
Interest revenues	12	(663 907)	(503 025)
Interest expenses	12	706 069	795 599
Changes in receivables and other current assets	20	131 964	(51 622)
Change in liabilities and accruals	38	1 094 011	(248 327)
Income tax paid		(26 463)	(22 975)
Net cash flow from business activity		**1 678 702**	**366 870**
Equity acquisition	7	-	(2 542 596)
Equity sale	7	551 565	3 767 041
Revenue-generating properties sale	12	-	-
Income of tangible assets sale	16	-	-
Purchase of tangible assets	16	(3 929)	(78 185)
Loan for affiliated parties	22	907 895	(8 697 932)
Payment of loans granted	23	(426 164)	-
Interests received	12	663 907	503 025
Net cash flow from investment activities		**1 693 274**	**(7 551 672)**
Bond issuance	32	-	-
Repayment of self-issued bond	32	-	-
Repayment of credits, leases and loans	34	(77 972)	(3 446 662)
Borrowing credits, leases and loans	34	-	-
Own share purchase	27	-	-
Own shares issuance	27	-	-
Lease interests	12	(17 404)	(36 148)
Interests paid	12	(688 665)	(759 451)
Net cash flow from financial activities		**(784 041)**	**(3 703 088)**
exchange rate effect		**1 309**	**-**
Change in liquid assets	**25**	**2 589 244**	**(10 924 038)**
Liquid assets balances:			
Liquid assets at the beginning of the year	25	521 694	11 445 732
Yearend liquid assets	25	3 110 938	521 694

Annexes disclosed on pages 7 to 63 form an inseparable part of the herein separate financial statement

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 Corporate Group is at 1118 Budapest, Kelenhegyi út 43. B. ép. (building) 5. em. (floor) 1.

Shareholding of the Company exceeding 5% on 31 December 2021 as follows:

Owner's name	**Quantity of shares**		**Equity(%)**
Avellino Zrt.	11 369 141		24%
Zinventive Zrt.	8 684 268		18.33%
OTP Ingatlanbefektetési Alap	2 410 372		5.09%
Own shares	1 848		0.0039%
Free float	24 905 790		52.58%
Total:	**47 371 419**		**100.00%**

1.2 The basis for the balance sheet compilation

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

From the point of the management of the Company, the financial statements were compiled in accordance with the principle of continuity. The separate financial statements were adopted by the Board of Directors on 8 April 2022. The separate 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 included in the separate financial statements of the Company shall be meant in thousands of Hungarian Forints. Each and all sum(s)included in the statements are rounded to the nearest thousand Hungarian Forint amount.

ii) The basis of reporting

The separate financial statements are made in compliance with the standards issued on the year ending as at 31 December 2021 and as well as with the IFRIC Interpretations.
The explanations regarding the financial statement shall include the publications disclosed pursuant to the requirements of the Hungarian Act on Accounting.

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's 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 separate financial statements are presented hereunder, as follows. The accounting policies are applied consistently to the periods covered by the present separate 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 Reporting Currency and Foreign Currency Balances

With regard to the substance and circumstances of the underlying economic events, the functional and reporting currency of the Company is the Hungarian Forint.

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 financial statements are prepared in Hungarian Forint (HUF), rounded to the nearest thousand Hungarian Forint value (except where indicated otherwise).

The Company employs the foreign currency exchange rate listed by Magyar Nemzeti Bank (in English: Hungarian National Bank).

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 revenue or expenditure in the period of the thereof arising. The monetary assets and liabilities denominated in any foreign currency are converted to the functional currency by using the currency exchange rate valid at the end of the reporting period. The fair value of items denominated in any foreign currency is converted to the functional currency by using the exchange rate applicable at the date of establishment of the fair value.

2.1.2 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 recognised to the extent that reflects the consideration that the Company 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 Company must identify which goods or services it has promised to provide to the buyer, namely, what performance obligation it has undertaken. The Company 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 Company has an existing right to receive consideration for the asset,
- The legal title of ownership has passed to the buyer,
- The Company 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 Company 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 Company 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) are also taken into account. An expectable value is calculated to estimate variable consideration, which is weighted by the Company using probability factors.

The main components of the Company's revenue are as follows:

- Rental revenue from real estate: the Company's main source of income, which is mostly invoiced to its tenants on a monthly basis, based on the rate of the rental fee agreed in the lease contract, in accordance with the provisions of IFRS 16.
- Operating fees: The Company invoices tenants for operating fees in addition to the thereof rent. Operating fees include cleaning and security costs, management fees and overheads, in accordance with the provisions of IFRS 15.
- Service fees from subsidiaries.

Property rental revenue: Rental revenue is derived from operating leases and is recognised as revenue on a straight-line basis over the lease term in accordance with IFRS 16. The Company 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.

Operating income: The Company has two types of contracts and recognises its income accordingly in accordance with IFRS 15:

- The Company acts as an agent for some of its lease contracts. In this case, the operating charges to the tenants are clearly identifiable and the overheads are invoiced directly to the tenants through the Company. The Company recognises the costs and the related revenues in the financial statements in the same amount on a net basis, as the Company acts as agent in these transactions.
- For other lease contracts, the Company acts as principal. In these cases, the Company invoices its tenants for operating fees based on the flat rates included in the contracts. The Company 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 Company 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 Company on the basis of use. The Company 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 Company does not sell energy products to any customer on its own, without the use of real estate properties. The Company, through its subsidiaries, 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 Company's own income and performance. Revenues from real estate property operating costs are recognised by the Company in the period in which the Company's real estate property maintenance expenses are incurred.

The Company accounts for these transactions on a gross basis in its financial statements as it acts as principal in these cases.

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 Company 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 Company 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.

2.1.3 Capital Investment Evaluation

An enterprise has three options for valuing and presenting investments in its separate financial statements.

- accounting at historical value,
- at fair value in accordance with IFRS 9 Financial Instruments Standard,
- or using the equity method described in IAS 28 Investments in Associates and Joint Ventures standard for accounting.

The Company must apply the same accounting for each investment category.

The Company applies the cost model.

When calculating impairment, the recoverable amount of cash-generating units should be estimated. Useful value is usually determined based on expected discounted future cash flow.

An impairment test for an interest in subsidiaries should be performed if there are indications of potential impairment. If any such indication exists, the recoverable amount of the interest is determined and compared with the net asset value of the interest. If the recoverable amount of an interest is significantly or permanently lower than its net value, impairment is accounted.

An enterprise that prepares its separate financial statements in accordance with IFRS tests the value of subsidiaries (investments) against the equity value of the investments. The

Company considers the net equity value of its subsidiaries to be market value. The dominant (often the only significant) asset of subsidiaries is an investment property in accordance with IAS 40, the value of which is recorded at a price adjusted for changes in market prices and returns. Other additional fixed assets of the subsidiaries are insignificant (tangible assets), receivables and liabilities are recorded at depreciated historical value, foreign currency items are revalued at the reporting day. If the equity value of the investments does not reach the value recorded with the enterprise, the Company recognizes an impairment for the relevant investment. If the difference between future expectations and past equity values can be reliably estimated due to management's planned future contracts, a valuation of the investment is made according to the investment valuation model, which forms the basis for valuing the investment.

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 is delisted. Any profit or loss resulting from the above shall be shown in the current year’s profit or loss.

The Company uses the linear depreciation method to depreciate the value of its assets during the useful life thereof. The assets at the individual historical value of 100,- HUF in thousands are depreciated in a lump-sum. 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 initial recognition, investment properties are assessed at fair value. 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 row of profit or loss of the fair value of revenue-generating investment properties.

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 Company 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 Company 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 Company accounts impairment against the profit or loss, if the expectable rate of return of the asset is lower than its book value. The Company's calculations are based on the appropriate discounting of the future cash flow plans.

2.1.7 Financial Assets

The consolidated statement on the financial position of the Company includes the following financial assets: trade and other short-term receivables, loans granted, credits, cash and cash equivalents. These liabilities are described and evaluated in the relevant parts of notes to the financial statements attached to the report, as follows:

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 Company'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
Those debt instruments 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 Company 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 Company 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 Company has selected the Fair Value through Other Comprehensive Income (FVOCI) option. The Company does not exercise the FVOCI option.

The Company 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.

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 Company. The simplified impairment model is a provisioning matrix that takes into account the past 2 years of non-payment experience rates and calculates impairment prospectively. Determination of further 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 Company 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.

In case of accounting the impairment of receivables the Company employees the hereinunder accounting policy as follows:

Days of late payment	Definitions	Percentage of impairment
0-180 days	The Partner is reliable and there did not occur non-payment in the past. All affiliated parties are classified as performing.	no impairment
180-360 days	Material late performance in case of external partner	50%
over 360 days late performance	over 360 days no payment	100%

2.1.8 Financial Liabilities

The report on the Company’s financial status 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 Company 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 Company when obtained. The Company 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. The repayment is accounted for as a reduction of the financial liability, while the interest written off is recorded as a financial expenditure in the profit and loss statement.

2.1.9 Fair value

Fair value evaluation refers to an asset or liability. In determining fair value, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account in pricing the asset or liability at the date of evaluation. The unit of accounting for the asset or liability shall be determined in accordance with the IFRS that requires or permits fair value evaluation.

Fair value is the price that would be received if the asset was to be sold or paid if a liability was to be transferred in an orderly transaction between market participants at the time of evaluation, whether that price is observable directly or has been estimated using other valuation techniques.

Fair value hierarchy

Financial instruments evaluated at fair value are classified into a three-level fair value hierarchy for disclosure purposes. The levels within the hierarchy reflect the significance of the inputs used in evaluating fair value:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs based on unobservable market data

The Company uses Level 3 for fair value evaluations.

Among financial assets, the Company evaluates loans and receivables and financial liabilities at amortised cost, but also discloses their fair value in the notes to the financial statements. The fair value of these assets and liabilities is determined based on Level 3 information. The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques, typically the discounted cash flow method.

Financial liabilities are evaluated at depreciated historical value and their book value approximates fair value.

2.1.10 Affiliated Parties

An enterprise is affiliated if it is a subsidiary, associate, joint venture, a key manager of the enterprise or parent company, a close relative of any of the above individuals, a subsidiary, associate, joint venture owned by the individual or his/her close relative.

Related party transactions are any transactions between related parties, whether or not a price is charged.

The Company identifies related parties in preparing its financial statements for each reporting date, which it reviews on 1 January each year. It identifies the receivables from and payables to identified related parties in its records and discloses them in the notes to the financial statements.

2.1.11 Provisions

The Company forms provisions for the (lawful or presumed) liabilities arising from past events that the Company 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 Company 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 Company 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.

2.1.12 Income Taxes

The amount of the corporate income tax is based on tax payment obligation set forth in the Act on the Corporate Income Tax and Dividend Tax and the Act on Local Taxes concerning the local business tax, to be modified by deferred taxes. The Company has identified corporate tax, local business tax and innovation levy as income taxes based on a taxable profit. 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 separate 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 Company 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 Company'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 Company in the future is expectable.

On every balance sheet day, the Company shall revise the not recognized deferred tax assets included in the balance sheet and the book value of the recognized tax assets. The Company 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 Company shall reduce the deferred tax receivables with the amount the recovery of which is expectably not covered by after-tax profit liabilities.

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 the Company is legally allowed to set off the tax obligations and the tax claims it has against the same tax authority, and the Company intends to have a net accounting of these assets and liabilities.

2.1.13 Lease Transactions

The Company as a Lessee

A contract is a lease contract (or contains a lease) if it provides the right to manage the use of an underlying asset for a specified period of time for a consideration. IFRS 16 contains recognition exceptions for lessees for short-term leases and leases of low-value assets. At the Company's option, it applies the short-term recognition exceptions to lease contracts. Such very short-term leases and related asset classes are expensed as incurred.
Estimates of the lease term at the inception date are based on the period for which the Company has a reasonable certainty of continuing the lease under the terms originally agreed. The initial lease term is determined at the commencement date of the lease. In determining the lease term, the shortest reasonable and justifiable lease term possible shall always be used in case of doubt. The determination of the lease term is essentially a matter of management judgement, and the Company generally uses estimates or assumptions at the asset-group level (in particular for options and indefinite term arrangements).

The commencement date of a lease is the date on which the lessor makes a specific asset (e.g. the leased property, plant or equipment) available for use by the lessee. The commencement date is the date on which the lease term commences and the lease obligation and right-of-use the asset are recognised. In determining whether a lessee is reasonably certain whether to exercise its option to extend a lease or not to exercise its option to terminate a lease, lessees and lessors consider all relevant facts and circumstances that may create an economic interest in the lessee and that provide a basis for exercising the option to extend the lease or not to exercise the option to terminate the lease.
The definition of lease payments is the same for both lessee and lessor. Lease payments are payments made by the lessee to the lessor in exchange for the right-of-use of a specified asset during the lease term.

A modification of a lease is a change in the scope of the lease or in the lease consideration that was not included in the original lease terms (for example, the addition or termination of the right to use one or more underlying assets or an extension or shortening of the contractual lease term). A modification may result only from a change in the consideration. The effective date of the modification is the date on which both parties accept the lease modification.

The lessee shall account for the lease modification as a separate lease if both of the following conditions are met: the modification extends the scope of the lease by adding the right to use one or more underlying assets and the lease consideration is increased by an amount equal to the specific price of the extension of scope or by any appropriate adjustment to the specific price, as specified in the terms of the specific agreement. If these conditions are met, the modification shall be considered a new lease separate from the original lease. An arrangement for the right to use one or more additional assets is accounted for as a separate lease (or leases) for which the requirements of IFRS 16 apply, irrespective of the original lease.

When a lease transaction is modified, revised lease payments are always discounted using a revised discount rate.

At the Company's option, the right-of-use asset is recognised as a separate row item in the statement of financial status.

Subleases
A sublease is a transaction in which an underlying asset is subleased by the lessee (as an intermediate lessor) to a third party while the existing lease between the lessor and lessee ('the main lease') remains in force. The Company, as an intermediate lessor, classifies subleases as finance or operating leases in a manner similar to that for any other lease under IFRS 16.61. At the commencement date of the sublease, if the Company cannot clearly determine the implicit interest rate for the sublease, the discount rate applied to the principal lease is used in accounting for the sublease, adjusted for any direct costs associated with the sublease.

The Company as a Lessor

Financial lease
A finance lease is a transaction that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The nature of a finance lease is similar to the financing of the sale of an asset. Its recognition in the financial statements is not based on the legal form of the transaction but on its true economic substance (i.e. as if the underlying asset were sold by the lessor to the lessee). In the case of finance leases, the leased asset is derecognised and the present value of the lease receivable is recognised as a receivable in the balance sheet.

Operating lease
An operating lease is a transaction that does not transfer substantially all the risks and rewards of ownership of the subjected asset. It is generally a simple short-term rental arrangement (operating lease) where the rental income is recognised in the income statement and its primary balance sheet impact is related to the timing of lease payments.

Subleases
A sublease, in accordance with its definition, is a transaction in which an underlying asset is subleased by the lessee (as an intermediate lessor) to a third party while the existing lease between the lessor and lessee ('the main lease') remains in force. The Company, as an intermediate lessor, classifies subleases as finance or operating leases in a manner similar to that for any other lease. At the commencement date of the sublease, if the Company cannot clearly determine the implicit interest rate for the sublease, the discount rate applied to the principal lease is used in accounting for the sublease, adjusted for any direct costs associated with the sublease.

Recognition and disclosure of subleases

For subleases, there are no specific provisions governing the disclosure of subleases in the balance sheet and income statement. The Company applies the disclosure rules that apply to other finance and operating leases. The Company does not offset assets and liabilities arising from a finance lease or a sublease on the same underlying asset unless the requirements for offsetting financial instruments are met. The same applies to lease revenue and lease expense arising from a finance lease and a sublease on the same underlying asset unless the offsetting criteria in IAS 1 are met.
Under IFRS 16, a finance lease and a sublease are two separate contracts accounted for under the lessee and lessor models respectively. The general disclosure rules apply to both the principal and subleases and to lessors of finance or operating subleases.

The Company holds real estate property lease.

2.1.14 Earnings Per Share (EPS)

The earning per share is calculated by considering the Company'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 2021 or as of 31 December 2020.

2.1.15 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 separate financial status statement.

2.1.16 Off-balance Sheet Items

Off-balance sheet items are not included in the parts of the 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 financial statements but may be presented in the notes to the financial statements if the inflow of economic benefits is likely.

2.1.17 Repurchased Own Shares

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

2.1.18 Dividend

The amount of dividend is accounted by the Company for the year when it is approved by the shareholders.

2.1.19 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, 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.

2.1.20 Events after the Balance Sheet Day

The events that provide additional information concerning the circumstances at the end of the Company’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 Company’s financial report relevant to the reporting period ending on 31 December 2021 is compiled in accordance with the standards and interpretations.

The accounting policy of the Company is in consistent with that of the previous years'. The following changes have been made to the standards:

The following standards and interpretation (including its modifications) came into force in 2021:

Reference Interest Rate Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in the Reference Rate Reform – Phase 2 – provide temporary relief to address the financial reporting implications of replacing the interbank offered rate (IBOR) with an alternative, near-risk-free rate (RFR). The amendments have the following practical objectives:

- Contractual changes or changes in cash flows directly required by the reform are treated as changes in the variable rate, which is equivalent to a change in the market rate.
- IBOR reform for hedge designations and hedge documentation without breaking the hedging relationship
- Provide entities with a temporary exemption from meeting a separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The amendments require disclosure of IBOR exposures pending transition to RFR.

Lease concessions related to Covid-19 beyond 30 June 2021: Amendments to IFRS 16 (effective from 1 April 2021)

The amendment applies to annual reporting periods beginning on or after 1 April 2021.
Because the amendments to IFRS 16 described above do not apply to lessors, lessor accounting is based on the current guidance in IFRS 16.

As lessors, real estate owners have identified the following issues in applying the guidance to current circumstances:

- Collectability: many lessees may face financial difficulties as a result of government-imposed business closures. This could cause a significant deterioration in the recoverability of lease payments from some lessees. IFRS 16 does not refer to collectability to determine whether (and when) lease income should be recognised.
- Waiving past lease payments: the interaction between the impairment and derecognition requirements for lease receivables under IFRS 9 and the guidance in IFRS 16.

The changes to the above standard have no material impact on the Company's financial statements.

New and amended standards and interpretations issued by IASB and adopted by the EU but not yet effective:

IFRS 17 Insurance Contracts (issued on 18 May 2017, the EU has endorsed the new standard)

References of the framework for the Preparation and Presentation of Financial Statements - Amendments to IFRS 3 Business Combinations (issued on 14 May 2020, effective for financial years starting from 1 January 2022, the EU has endorsed the amendments)

Treatment of yields arising before proceeds before intended use - Amendment to IAS 16 (issued on 14 May 2020, effective for financial years starting from 1 January 2022, the EU has endorsed the amendments)

Onerous Contracts: Cost of Fulfilling a Contract - Amendments to IAS 37 (issued on 14 May 2020, effective for financial years starting from 1 January 2022, the EU has endorsed the amendments)

Annual Improvements to IFRSs - 2018-2020 (issued on 14 May 2020, effective for financial years starting from 1 January 2022, the EU has endorsed the amendments)

The adoption of the above amendments will not have a material impact on the Company's financial statements.

In respect of 2021, the Company has applied every IFRS standard, amendment, and the interpretations prevailing as of 1 January 2021, that are relevant from the aspect of the Company’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 separate financial statements are as follows:

2.3.1 Classification of Real Estate Properties

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

- Those are classified as investment properties that are typically purchased by the Company for the purpose of benefiting from leasing and increase in value of the property. They do not use these properties (typically office buildings, commercial units, warehouses and factory buildings) for their own purposes.
- Development properties include properties in which the Company intends to invest and develop and then sell in the near future.
- Properties used by the Company for its own purposes are classified as tangible assets.

2.3.2 Fair Value of Investment Properties

The determination of the fair value of investment properties is largely based on estimates and assumptions, therefore the fair 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 Company's own evaluations and valuations performed by independent appraisers. The evaluation principles and parameters used are set out in Note 15.

IFRS 13 'Fair value evaluation' establishes a fair value hierarchy to enhance consistency and comparability of fair value evaluation and related disclosures. The hierarchy categorises inputs to valuation techniques used to evaluate fair value into three levels. The fair value hierarchy assigns the greatest significance to quoted (unadjusted) prices in active markets for identical assets or liabilities and the least significance to unobservable inputs. The objective of fair value evaluation is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would be effected between market participants at the evaluation date under existing market conditions. All investment property is classified within Level 2 or Level 3 of the fair value hierarchy.

2.3.3 Depreciation and Amortisation

The lands and buildings, machinery, and equipment, right-of-use asset 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 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.

3. Sales Revenue from Leased Property

The Company's activities include the leasing and maintenance of its own real estate properties, as well as asset management and company management.

In order to carry out the rental and operating activities of the property, the Company's real estate properties are located in Hungary, in the cities of Kecskemét and Budapest.

In 2020, office rental revenue includes 208,349,- HUF in thousands of revenue from finance leases.

The Company has no contractual assets or contractual liabilities.

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Office rental	558 579	749 252
Parking rental	38 757	35 269
Other	6 492	7 186
Total	**603 828**	**791 707**

The future minimum rents related to the lease contracts for a specified term for the following 31 December 2021:

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Withing-the-year	76 371	48 000
within 1 to 5 years	67 825	34 307
due over 5 years	540 835	540 718
Total	**685 031**	**623 025**

4. Direct Costs of Property Rental

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Taxes on buildings and land	(24 342)	(24 342)
Right-of-use asset	-	(182 537)
Water, gas, electricity	(2 262)	(1 806)
Operation, maintenance, material and service	(20 158)	(15 828)
Insurance fee	(8 490)	(8 946)
Advertising	(12 110)	(11 631)
Other	(667)	(231)
Total	**(68 029)**	**(245 321)**

5. Service fee income from subsidiaries

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Apenninn Property Vagyonkezelő Plc.	4 720	3 658
Appeninn-Bp1047 Zrt.	8 070	6 446
Appeninn E-Office Plc.	194 820	156 017
Appeninn Üzemeltető Plc	26 220	25 104
Bertex Kft.	16 300	27 347
Curlington Kft.	1 500	1 200
Szent László Téri Szolgáltató Ház Kft.	10 360	8 628
Felhévíz-Appen Kft.	2 240	1 876
Hellnarik Hospitality Ingatlankezelő és Ingatlanforgalmazó Kft.	-	1 200
APPEN-Retail Kft.	10 060	7 503
Sectura Ingatlankezelő Kft.	1 500	1 200
Appeninn Project-EGRV Kft.	1 500	1 200
Appeninn Project-MSKC Kft.	8 860	6 621
Appeninn BLT Kft.	1 500	1 200
PRO-MOT Hungária Kft.	29 910	29 182
Alagút Investment Kft.	5 620	4 703
Other	7 978	-
Total	**331 158**	**283 085**

6. Administration costs, service fees, wages

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Bank charges	(12 914)	(3 052)
Accountancy, audit, legal, attorney-at-law costs	(126 905)	(160 367)
Asset management, consultancy	(54 618)	(63 317)
Share (KELER (in English: Central Clearing House and Depository), BSE, securities charges)	(8 716)	(10 229)
Rents, stationery	(7 056)	(3 405)
Liability insurance	(1 355)	(1 359)
Charges and duties payable to authorities	(51)	(13 539)
Training, IT and other services	(6 670)	(5 927)
Staff costs, wages and its contributions	(206 903)	(163 501)
Other	(28 663)	(1 370)
Total	**(453 851)**	**(426 066)**

7. Balance of other revenues and expenditures

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Other small amount reimbursement of expenses	2 967	4 789
Default interests, allowances and supplements, liquidated damage paid	(1 648)	(3 404)
Total	**1 319**	**1 385**

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

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Alagút Investment Kft. – sale of 100% of the business shares	159 165	-
Appeninn 105 Realty Project Kft. – sale of 100% of the business shares	-	(175 817)
Appeninn A59 Kft. – sale of 100% of the business shares	-	308 593
Solumn-Invest Kft. – sale of 25% of the business shares	-	40 343
Hellnarik Hospitality Kft. – sale of 76% of the business shares	-	766
Total	**159 165**	**173 885**

Details of the sale of shares are disclosed in Note No. 20.

9. Profit and loss from fair value evaluation of revenue-generating investment properties

The fair values of the Company's assets are assessed annually. Based on fair valuations, the Company 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 Company's balance sheet. See also Note 16.

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
6000 Kecskemét, Kiskőrösi utca 30.	52 767	208 005
1082 Budapest, Üllői út 48.	115 461	(90 665)
Change in fair value in total	**168 228**	**117 340**

The Company prepares the definition of the fair value of the real estate properties each year. In addition to the value assessment prepared by the Company, the Company also had the value of its real estate 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 2021 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 specific values that can be derived from the Market Value included in the evaluation prepared by JLL Kft. were identical with the value calculated by Robertson Hungary Kft. for each real estate property, and the values fell within the valuation intervals.
- 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 accurately 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 (the 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 2021 and 2020 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 2019-2021. 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.

Sensitivity Test:
The values per real estate property took the DCF model value based on the variables presented in the hereinunder table. The percentages 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 property is presented from the matrix of the displacement of these two model variables.

As the value of the Company's income-producing properties is determined primarily in EUR, the sensitivity analysis has also been carried out in EUR.

data in EUR	**2021**	**2020**
+5%	25 830 000	25 620 000
-5%	23 370 000	23 180 000

Serial Number	2021	type	Comparative price	DCF model value	Reporting day value	Evaluation method	Model variable mean values in DCF model: Exit return	Rents EUR/m2/month,	Exit yield change test: (-5%), Rent change test (-5%)	Exit yield change test (+5%), Rent change test (+5%)	Discount rate	Mortgage
10	6000 Kecskemét, Kiskőrösi utca 30.	place of business	4 200 000	4 200 000	4 200 000	DCF model	11.00%	office: 4, warehouse: 2	3 990 000	4 410 000	11.50%	exist
12	1082 Budapest, Üllői út 48.	office	20 300 000	20 400 000	20 400 000	DCF model			19 380 000	21 420 000		exist
					24 600 000							

Serial Number	2020	type	Comparative price	DCF model value	Reporting day value	Evaluation method	Model variable mean values in DCF model: Exit return	Rents EUR/m2/month,	Exit yield change test: (-5%), Rent change test (-5%)	Exit yield change test (+5%), Rent change test (+5%)	Discount rate	Mortgage
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%	exist
12	1082 Budapest, Üllői út 48.	office	21 600 000	20 300 000	20 300 000	DCF model			19 285 000	21 315 000		exist
					24 400 000							

10. Maintainance on investment properties

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Maintenance on investment properties	-	(28 433)
Total	**-**	**(28 433)**

The Company 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 Company uses contracting partners for maintenance, who perform complex work for the Company. The future value of maintenance costs is part of the Company's property evaluation and is included in the calculation of future cash flows as periodic expenses through revenue.

11. Depreciation

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Tangible assets depreciation	(37 097)	(74 517)
Total	**(37 097)**	**(74 517)**

In 2021, small-value asset depreciation was 3 000,-HUF in thousands.

12. Other expenditure and revenue of financial transactions

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Exchange rate difference of items financially settled	(733)	(31 691)
Yearend revaluation of foreign currency assets and liabilities	65 498	410 552
Backmarking of impairment of subsidiaries	-	270 940
Subsidiaries impairment	-	(65 424)
Total	**64 765**	**584 377**

13. Balance of interest revenues and expenditures

(data in thousands of Hungarian Forints)	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Interests received from, due for affiliated undertakings (interests payable/paid):		
Apenninn Property Vagyonkezelő Plc.	6 548	5 690
Appeninn-Bp1047 Zrt.	866	697
Appeninn E-Office Plc.	124 213	129 173
Appeninn Üzemeltető Plc	3 928	(414)
Bertex Kft.	60 846	80 505
Bertex Kft.	-	(365)
Curlington Kft.	8 493	6 023
Szent László Téri Szolgáltató Ház Kft.	9 716	10 037
Felhévíz-Appen Kft.	-	2 657
Felhévíz-Appen Kft.	(2 539)	(180)
APPEN-Retail Kft.	(199)	(495)
Sectura Ingatlankezelő Kft.	96	84
VCT78 Ingatlanhasznosító Kft.	-	261
Appeninn A59 Kft.	-	(1 125)
Appeninn Project-EGRV Kft.	-	1 561
Appeninn Project-MSKC Kft.	19 039	18 232
Appeninn BLT Kft.	132 434	132 261
Hellnarik Hospitality Kft.	(2 106)	(5 652)
PRO-MOT Hungária Kft.	-	633
Alagút-Investment Kft.	-	4 973
Solum Invest Kft.	11 523	3 037
Dreamland Holding Zrt.	271 410	95 645
Interests received from (paid for) other companies:		
KONZUM PE Magántőkealap	-	(23 479)
Bank interests	10 680	(10 388)
Interests received from contractors	14 944	-
Self-issued bond interest	(694 650)	(705 797)
Lease transaction	(17 404)	(36 148)
Balance of interest revenues (and expenditures)	**(42 162)**	**(292 574)**
Interests received in total	674 736	491 469
Interests paid in total	(716 898)	(784 043)
Balance of interest revenues (and expenditures)	**(42 162)**	**(292 574)**

14. Income Taxes

Expenditures related to income taxes include the following:

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Corporate income tax	(7 958)	(5 833)
Deferred tax liabilities	(32 463)	(48 988)
Business tax	(18 515)	(17 141)
Total	**(58 936)**	**(71 962)**

Appeninn Plc.'s tax receivable due to a negative tax base arose until 2014, which can be utilized until 2025 in accordance with the Corporate Tax Act.

The balance of accrued and deferred loss carried over was 585,097,- HUF in thousands as at 31 December 2021, while the thereof amount accounted 676,158,- HUF in thousands as at 31 December 2020.

The tax breakdown was carried out as follows:

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Profit before taxation	727 324	884 868
Tax liability calculated on the basis of the current tax rate of 9%	(65 459)	(79 638)
Business tax	(18 515)	(17 141)
Constant differences	25 038	24 817
Income taxes in total	**(58 936)**	**(71 962)**

Employed tax rates	**For the business year ending as of 31 December 2021**	**for the business year ending on 31 December 2020**
Local business tax	2%	2%
Corporate income tax	9%	9%

The details of deferred tax liabilities are shown in Note No. 34.

The calculation carried out with regard to the difference arisen from the tax liability calculated on the basis of the accounting profit and the actual tax liability is included in the hereinunder chart:

	data in HUF in thousands
Profit before taxation in line with IFRS	**727 324**
Reclassification of business tax into tax base	(18 515)
Accounting of depreciation of assets evaluated in line with IAS 40	(122 019)
Fair valuation impact pursuant to IAS 40	(168 228)
Accounting unused vacations	1 570
Bond depreciated historical value	(5 349)
Lease transactions	6 087
Other modifications	-
Adjusted profit before taxation	**420 870**
Depreciation pursuant to the Act on Corporate Tax and Dividend Tax	205 904
Exchange gain on reported equity sale	159 165
Impairment marked back to claim	4 512
Accrued and deferred loss utilization	88 978
Donation	192
Items reducing tax base	**458 751**
Depreciation set forth in the Act on Accounting	125 603
Incurred costs not in the interest of the enterprise	(180)
Cancelled receivables	635
Fine established in final decision	4
Expense of the previous year	437
Items increasing tax base	**126 859**
Tax base pursuant to the Act on Corporate income tax	**88 978**
Expected tax	
revenues in total	1 988 664
Tax base pursuant to income (profit) minimum 2%	39 773
Tax (9%)	**8 008**
Financial institution interest rebate (70% calculated tax)	**(50)**
Corporate income tax	**7 958**

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 ending on 31 December 2021	for the business year ending on 31 December 2020
Profit after tax (HUF in thousands)	668 388	812 906
Weighted average number of the ordinary shares issued (quantity)	47 369 571	47 369 571
Earnings per share (base) (in Hungarian Forints)	**14.11**	**17.16**

There are no factors existing at the Company which would dilute the profit and loss per share in 2020 or in 2021.

16. Revenue-generating Investment Properties

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

data in thousands of Hungarian Forints	**For the business year ending as of 31 December 2021**	**for the business year ending on 31 December 2020**
Opening value	**8 909 172**	**8 791 832**
1082 Budapest, Üllői út 48.	7 412 139	7 502 804
Kecskemét, Kiskőrösi utca 30.	1 497 033	1 289 028
annual changes:		
Changes in fair value	**168 228**	**117 340**
1082 Budapest, Üllői út 48.	115 461	(90 665)
Kecskemét, Kiskőrösi utca 30.	52 767	208 005
Closing value	**9 077 400**	**8 909 172**
1082 Budapest, Üllői út 48.	7 527 600	7 412 139
Kecskemét, Kiskőrösi utca 30.	1 549 800	1 497 033

Change of the fair value regarding revenue-generating real estate properties is shown in Note No. 9.

17. Tangible assets

The Company accounts office furniture, fixtures and fittings of the Company for tangible assets.

data in HUF in thousands	**Total**
Gross value	
on 31 December 2019	**14 395**
Increase and reclassification	7 051
Decrease and reclassification	-
on 31 December 2020	**21 446**
Increase and reclassification	3 930
Decrease and reclassification	-
on 31 December 2021	**25 376**
Accrued depreciation	
on 31 December 2019	**9 012**
Depreciation in the current year	3 384
Decrease	
on 31 December 2020	**12 396**
Depreciation in the current year	3 584
Decrease	
on 31 December 2021	**15 980**
Net book value	
on 31 December 2019	**5 383**
on 31 December 2020	**9 050**
on 31 December 2021	**9 396**

18. Right-of-use Asset

In 2020, the Company entered into a property lease agreement, from which the right-of-use assets has been recognised. The Company has entered into a sublease agreement for some parts of the leased property, which has been identified as a financial lease and the related right of asset use has been derecognised. The lease expires on 16 March 2025.

data in HUF in thousands	**Property rental**
Gross value	
on 31 December 2019	**-**
Increase and reclassification	426 798
Decrease and reclassification	(216 027)
on 31 December 2020	**210 771**
Increase and reclassification	
Decrease and reclassification	
on 31 December 2021	**210 771**
Accrued depreciation	
on 31 December 2019	**-**
Depreciation in the current year	71 133
Decrease	
on 31 December 2020	**71 133**
Depreciation in the current year	33 513
Decrease	
on 31 December 2021	**104 646**
Net book value	
on 31 December 2019	**-**
on 31 December 2020	**139 638**
on 31 December 2021	**106 125**

19. Lease receivables

The Company has entered into a sublease agreement for the property it leases, which has been classified as a financial lease, and the related right-of-use asset has been derecognised. The lease expires on 16 March 2025.

data in thousands of Hungarian Forints	**for the business year ending on 31 December 2021**	**for the business year ending on 31 December 2020**
Minimum value for leasing fees		-
in 2021	-	58 431
in 2022	59 050	58 431
in 2023	59 050	58 431
in 2024	59 050	58 431
in 2025	9 841	9 738
Minimum lease fees in total	**186 991**	**243 462**
Lease interest	**(4 369)**	**(10 294)**
Present value of minimum leasing fees in total	**182 622**	**233 168**
Of which short-term liabilities	**54 586**	**52 288**
Of which long-term liabilities	**128 036**	**180 880**

20. Equity

(data in thousands of Hungarian Forints)	**For the business year ending as of 31 December 2021**	**for the business year ending on 31 December 2020**	**Capital ownership 2021**	**Capital ownership 2020**
Appeninn Property Vagyonkezelő Zrt.	171 366	171 366	100%	100%
Appeninn-Bp 1047 Zrt.	30 508	30 508	100%	100%
Appeninn E-Office Vagyonkezelő Zrt.	5 256 668	5 256 668	100%	100%
Appeninn Üzemeltető Plc	5 000	5 000	100%	100%
Bertex Ingatlanforgalmazó Zrt.	212 062	212 062	100%	100%
Curlington Ingatlanfejlesztési Kft.	44 096	44 096	100%	100%
Szent László téri Szolgáltatóház Kft.	434 169	434 169	100%	100%
Appeninn Project-EGRV Kft.	930	930	100%	100%
Appeninn Project-MSKC Kft.	3 000	3 000	100%	100%
Appeninn BLT Kft.	3 000	3 000	100%	100%
Hellnarik Hospitality Ingatlankezelő és Ingatlanforgalmazó Kft.	43 967	43 967	24%	24%
Dreamland Holding Zrt.	1 550 000	1 550 000	75%	75%
Solumn-Invest Kft.	536 842	536 842	51%	51%
Alagút Investment Kft.	-	392 400	-	100%
Sectura Ingatlankezelő Kft.	115 000	115 000	100%	100%
Equity in total	**8 406 608**	**8 799 008**		

The amount of accumulated impairment:

data in HUF in thousands	**Total**
on 31 December 2019	**270 939**
Reversal	(270 939)
Accounting impairment	65 423
on 31 December 2020	**65 423**
Reversal	
Accounting impairment	
on 31 December 2021	**65 423**

Accumulated impairment of 31 December 2019 in the amount of 5,000,-HUF in thousands was accounted for the equity of Appeninn Property Vagyonkezelő Zrt., 5,000,- HUF in thousands for the equity of Appeninn Üzemeltető Zrt., and 260,939,- HUF in thousands for the equity in Szent László tér Szolgáltatóház Kft. In 2020, 65,423,-HUF in thousands were measured for impairment in relation to the equity in Appeninn Project-EGRV Kft. Equity in the other subsidiaries were reviewed by the Company and no sign for impairment was identified as of 31 December 2021. Previously recognized impairment losses were reversed due to the improving profitability and assets of the subsidiaries.

During 2021, the Company sold its share in Alagút Investment Kft. (in English: Alagút Investment Ltd.) to Appeninn E-Office Vagyonkezelő Zrt. (Appeninn E-Office Property Management Plc.). The sale price was 551,565,- HUF in thousands and the value of the business share derecognised was 392,400,-HUF in thousands so the Company recognised a profit of 159,165,- HUF in thousands on the transaction.

During 2020, the Company increased its equity in Appeninn Project-EGRV Kft.

In 2020, the business shares of Appeninn A59 Kft. and Appeninn 105 Realty Project Kft. were sold. The value of the derecognized share of Appeninn A59 Kft. was 2,212,170,- HUF in thousands, the sale price was 2,520,763,- HUF in thousands. The value of the derecognized share of Appeninn 105 Realty Project Kft. was 1,291,329,-HUF in thousands, the sales price was 1,115,512,- HUF in thousands.

During 2020, the 76% share in Hellnarik Hospitality Kft. was sold. The Company has not identified any significant risks in relation to its remaining stake in Hellnarik Hospitality Kft. The value of the divested business share was 139,234,- HUF in thousands and the sales price was 140,000,- HUF in thousands.

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., and 100% of the business shares in Sectura Ingatlankezelő Kft., thereof was a transaction withing the group.

Regarding the indirect holding of the Company is as follows:

Name of the subsidiary	Parent company	Capital ownership and voting ratio		Address
		2021	2020	
Appen-Retail Kft.	Appeninn Property Vagyonkezelő Zrt.	100%	100%	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1.
Felhévíz-Appen Kft.	Appeninn Property Vagyonkezelő Zrt.	100%	100%	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1.
PRO-MOT Hungária Kft.	Appeninn BLT Kft.	74,99%	74,99 %	1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1.
DLHG Invest Kft.	Dreamland Holding Zrt.	75%	75%	1022 Budapest, Bimbó út 7. fszt. A02..
Szántód Balaland Family Kft.	DLHG Invest Zrt.	75%	75%	1022 Budapest, Bimbó út 7. fszt. A02..
Tokaj Csurgó Völgy Kft.	DLHG Invest Zrt.	75%	75%	1022 Budapest, Bimbó út 7. fszt. A02..
SZRH Kft.	DLHG Invest Zrt.	75%	75%	1022 Budapest, Bimbó út 7. fszt. A02..
TATK Kft.	DLHG Invest Zrt.	75%	75%	1022 Budapest, Bimbó út 7. fszt. A02..
Visegrád Lepence Völgy Strandfürdő Kft.	DLHG Invest Zrt.	75%	75%	1022 Budapest, Bimbó út 7. fszt. A02..
Tokaj Kelep Zrt.	TATK Kft.	75%	-	1022 Budapest, Bimbó út 7. fszt. A02..

21. Trade receivables

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Gross value of trade receivables	24 976	39 704
Impairment	-	(4 512)
Net trade receivables in total	**24 976**	**35 192**

The Company employed the expected impairment for trade impairment. Expected losses have been calculated from the average of the last two years' experience.

22. Other short-term receivables

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Tax assets	4 548	5 394
Deposit	15 040	15 040
Receivables related to assignment	35 155	35 155
Short term part of financial leasing claims	54 586	52 288
Other	3 239	4 793
Total	**112 568**	**112 670**

23. Receivables through affiliated parties

Receivables through affiliated undertakings consist of invoiced holding fees, interest and capital claims, as well as of other receivables from subsidiaries.
The Company has acquired its liabilities to the previous owners of the acquired subsidiaries at a value below the registered value of the liability. The values presented are the differences between the historical value of the receivable and the values recorded on the liability of the obligor (subsidiary), which are the values recorded as historical value at the Company. In 2020, discount values were reversed due to their distributions.

(data in thousands of Hungarian Forints)	Trade, loan and interest receivables	
	For the business year ending as of 31 December 2021	for the business year ending on 31 December 2020
Appeninn-Bp 1047 Zrt.	44 831	89 167
Appeninn Property Vagyonkezelő Zrt.	114 351	41 077
Bertex Ingatlanforgalmazó Zrt.	-	2 577 006
Appeninn E-Office Plc.	3 908 780	3 611 061
Felhévíz-Appen Kft.	-1 913	-
APPEN-Retail Kft.	7 120	2 117
Sectura Ingatlankezelő Kft.	15 017	12 787
Szent László Téri Szolgáltató Ház Kft.	186 113	124 326
VCT78 Ingatlanhasznosító Kft.	-	-
Curlington Kft.	77 320	38 254
Hellnarik Hospitality Ingatlankezelő és Ingatlanforgalmazó Kft.	-	-
Appeninn Üzemeltető Plc	278 960	25 000
Appeninn Project-EGRV Kft.	2 371	63 500
Appeninn Project-MSKC Kft.	542 613	519 620
PRO-MOT Hungária Kft.	106 807	-
Appeninn BLT Kft.	6 084 715	5 833 933
Appeninn 105 Realty Project Kft.		-
Alagút Investment Kft.	5 476	5 292
Solumn-Invest Kft.	592 313	201 037
Dreamland Holding Zrt.	7 152 294	6 880 886
Affiliated receivables in total	**19 117 168**	**20 025 063**

During 2021, Bertex Zrt. sold one of its subsidiaries. The receivable from the sale was assigned to the Company. The cash flows from the assigned receivable were offset by the Company against the receivable from Bertex Zrt and the remaining amount is recognised as a liability to Bertex Zrt (see Note No. 37).

24. Short-term loans granted

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Mikepércsi út 132 Kft.	21 788	21 788
Impairment of Mikepércsi út 132 Kft.	(21 788)	(21 788)
Hellnarik loan granted	426 164	-
Hattyúház Társasház Közösség	2 247	2 247
Total	**428 411**	**2 247**

25. Accruals

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Receivables under accrued and deferred assets	4 119	74 227
Expenses under accrued and deferred assets	18 867	18 871
Total	**22 986**	**93 098**

26. Cash and cash equivalents

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Cash on hand	-	89
Bank account in HUF	244 105	388 439
Bank account in EUR	566 833	133 166
Fixed-term deposits of short-term	2 300 000	-
Total	**3 110 938**	**521 694**

The Company invests free cash in short-term investments to ensure profitability and liquidity. The maturity of the Company's term deposit is 1 month.
The Company has no undrawn credit line.

27. Issued Share 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 on 31 December 2021 (quantity)	47 371 419
Number of shares kept in trading on 31 December 2020 (quantity)	47 371 419

(data in thousands of Hungarian Forints)	For the business year ending on 31 December 2021	For the business year ending on 31 December 2021
Value of issued share capital		
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 share 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.

Based on the general meeting resolution of the Company of 11 April 2018, the Company decided to issue 6,478,874,- quantity of ordinary shares, which were registered by Fővárosi Törvényszék Cégbírósága (in English: Company Registry Court of Budapest-Capital Regional Court) on 09 May 2018.

On 11 April 2018, within the framework of a contribution contract, the Company and KONZUM II Ingatlan Befektetési Alap (in English: KONZUM II Real Estate Property Investment Fund) agreed that the Alap (in English: Fund) makes available to the Company, as non-monetary contribution, the real estate property registered under topographical lot number 36372 Budapest, located in kind in 1082 Budapest, Üllői út 48. As a result of the transaction, the Company increased its share capital and at the same time, through private placement, issued a total of 6,478,874,- quantity of dematerialized ordinary shares with a nominal value of 100,-HUF. With the acquisition of the “Ü48 Irodaház” (in English:Ü48 Office Building) with a floor area of 8,145 m2, the Company's real estate portfolio was expanded with another “A” category office building.

28. Repurchased Own Shares

	For the business year ending on 31 December 2021		for the business year ending on 31 December 2020	
	in thousands of Hungarian Forints	quantity	in thousands of Hungarian Forints	quantity
Opening value	1 114	1 848	1 114	1 848
Own share purchase	-	-	-	-
Transfer of own share for dividend payment	-	-	-	-
Own share sale	-	-	-	-
Closing value	**1 114**	**1 848**	**1 114**	**1 848**

29. Reserves

	For the business year ending on 31 December 2021			for the business year ending on 31 December 2020		
	in thousands of Hungarian Forints	quantity of issued shares (quantity)	Share premium (HUF/quantity)	in thousands of Hungarian Forints	quantity of issued shares (quantity)	Share premium (HUF/quantity)
Opening	**8 095 844**	**47 371 419**	**171**	**8 095 844**	**47 371 419**	**171**
Reclassification from accumulated profit reserve						
Closing balance on 31 December:	**8 095 844**	**47 371 419**	**171**	**8 095 844**	**47 371 419**	**171**

30. Retained earnings

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Opening balance	**4 559 932**	**3 747 026**
Profits in the current year	668 388	812 906
Alienation of own share	-	-
Closing value	**5 228 320**	**4 559 932**

Own equity equivalency table:

The equity reconciliation table below, in accordance with Section 114/B of Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as: the "Accountancy Act"), shows the reconciliation between the components of equity as determined in accordance with the provisions of Section 114/B (4)a) of the Accountancy Act and the components of equity in separate financial statements under EU IFRS. The reconciliation consists, on the one hand, of the allocation of the components of equity under EU IFRS to the components of equity under the Accountancy Act and, on the other hand, of the derivation of the differences between the two types of equity.

data in thousands of Hungarian Forints	**31 December 2021**
Issued share capital	4 737 142
Issued but unpaid capital	-
Repurchased own shares	(1 114)
Capital reserve	8 095 844
Reserves	
Accumulated profit reserve	5 228 320
Revaluation reserve	-
Distributable reserve	-
Profit after tax	-
Own equity pursuant to 114/B.(4) a) of IFRS	**18 060 192**
Issued share capital defined in the instrument of constitution to the extent that the thereof is classified for equity instrument	4 737 142
Issued share capital pursuant to 114/B. (4) b) of IFRS	**4 737 142**
Issued but unpaid capital pursuant to 114/B. (4) c)	**-**
Pursuant to IFRS the amount of items related to own equity which does not comply with the definition of issued share capital, issued but unpaid capital, accumulated profit reserve, revaluation reserve, current year's retained profit or loss or distributable reserve	8 095 844
Capital Reserve pursuant to 114/B. (4) d)	**8 095 844**
Pursuant to IFRS profit indicated in the annual financial statement, accumulated in the previous years and non-reimbursed for the owners	4 559 932
Accumulated profit reserve pursuant to 114/B. (4) e)	**4 559 932**
Distributable reserve pursuant to 114/B. (4) h)	**-**

In the phase of the profit regarding the comprehensive income statement or the separate profit and loss statement the profit in the current year	668 388
Current year profit/ loss pursuant to 114/B. (4) g)	**668 388**

Free accumulated profit reserve available for dividend payment	
IFRS accumulated profit reserve	5 228 320
Decreased: on account of fair value increase accounted in line with IAS 40 Investment Property standard – accrued – with the amount of unrealised profits	(4 311 332)
Increased: with the cumulative amount of the income taxes accounted pursuant to the related IAS 12 Income Taxes standard	388 020
Accumulated profit reserve available for dividend payment	**1 305 008**

31. Tenant Deposits

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Deposits of tenants	218 592	207 197
Total	**218 592**	**207 197**

The Company accounts the amount of the security deposit paid by the tenants for the thereof item.

32. Lease liabilities

On 16 March 2020, the Company entered into a property lease agreement, for which the related right-of-use asset and lease liability have been recognised in the balance sheet. The lease expires on 16 March 2025.

data in thousands of Hungarian Forints	for the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Minimum value of leasing fees payable		-
in 2021	-	98 534
in 2022	102 277	98 534
in 2023	102 277	98 534
in 2024	102 277	98 534
in 2025	17 046	16 422
Minimum lease fees in total	**323 877**	**410 558**
Lease interest	**(15 401)**	**(24 110)**
Present value of minimum leasing fees in total	**308 476**	**386 448**
Of which short-term liabilities	**92 050**	**88 176**
Of which long-term liabilities	**216 426**	**298 272**

The Company leases real estate for which the right-of-use asset is depreciated on a straight-line basis over the lease term. The Company recognizes interest expense on the lease using the effective interest method. The contracts do not contain extension or termination options.

The Company subleases part of the leased property. The related right-of-use asset has been derecognised, while the value of the lease liability continues to be recognised for the entire property.

The amount of short-term leases directly expensed in 2021 was 1,256,- HUF in thousands. The Company does not have any low value leasing contracts.

33. Self-issued Corporate Bonds Debts

On 22 November 2019, the Company issued bonds in the quantity of 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 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%.

34. Deferred Tax Liabilities

Upon calculating deferred tax, the Company 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 Company.

Appeninn Plc.'s tax receivable due to a negative tax base arose until 2030, which can be utilized until 2030 in accordance with the Corporate Tax Act.

The carrying amount of the accrued and deferred loss is 585,097,- thousands in Hungarian Forints as of 31 December 2020, and the thereof amount accounted 676,158,- thousands in Hungarian Forints as of 31 December 2020.

The deferred tax liabilities balance in the financial status statement on 31 December 2021 and 2020 consists of the following items:

(data in thousands of Hungarian Forints)	2021 Balance according to the report	2021 Balance according to taxation	2021 Deferred tax liabilities base	2021 Deferred tax liabilities	2020 Balance according to the report	2020 Balance according to taxation	2020 Deferred tax liabilities base	2020 Deferred tax liabilities
Revenue-generating investment properties	9 077 400	4 697 770	(4 379 630)	(394 166)	8 909 172	4 796 974	(4 112 198)	(370 098)
Other receivables, right to use assets	234 161	-	(234 161)	(21 075)	280 485	284 997	4 512	406
Receivables from accrued and deferred loss	-	585 097	585 097	47 746	-	676 158	676 158	60 855
Corporate bonds debt	20 131 697	20 074 795	56 902	5 121	20 147 849	20 074 795	73 054	6 575
Trade creditors and other accounts payable	1 578 418	1 363 064	215 354	19 382	47 836	153 331	(105 495)	(10 723)
Net deferred tax position in total								
Deferred tax receivables in the balance sheet				**72 249**				**67 836**
Deferred tax liabilities in the balance sheet				**415 241**				**378 365**
Net deferred tax position				**(342 992)**				**(310 529)**
Change in the deferred tax balance				**(32 463)**				**(48 987)**
Of which:								
Accounted for profit and loss				(32 463)				(48 987)

35. Short-term credits

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Short-term part of lease liability	92 050	88 176
Total	**92 050**	**88 176**

36. Other short-term liabilities

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Obligation for Building Cleaning Zrt. on account of historical value of receivables	-	11 411
Other	21 972	15 287
Total	**21 972**	**26 698**

37. Short-term liabilities through affiliated parties

(data in thousands of Hungarian Forints)	Trade creditors, loan, and interest liabilities	
	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Bertex Ingatlanforgalmazó Zrt.	1 237 801	20
Appeninn E-Office Plc.	5 812	13 187
Felhévíz-Appen Kft.	70 220	76 043
APPEN-Retail Kft.	-	14 497
Appeninn Üzemeltető Plc	-	3 022
Appeninn Credit Zrt.	457	457
Hellnarik Hospitality Kft.	-	142 406
Dividend debt	11 391	11 404
Short-term affiliated liabilities in total	**1 325 681**	**261 036**

38. Trade creditors and other accounts payable

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Liabilities for trade creditors	55 814	47 756
Closing value	**55 814**	**47 756**

39. Tax and duties liabilities

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
VAT payment obligation	53 550	30 611
Staff costs – contributions and taxes	13 653	9 964
Total	**67 203**	**40 575**

40. Accrued liabilities

data in thousands of Hungarian Forints	For the business year ending on 31 December 2021	for the business year ending on 31 December 2020
Accrued liabilities of costs and expenses	10 165	4 212
Total	**10 165**	**4 212**

41. Transactions with affiliated parties

Transactions with affiliated parties are disclosed in the notes to the relevant balance sheet items (see Notes No. 22, 36, 5, 12).

42. Remuneration of Key Executives

The General Meeting of the Company, held on 30 September 2020, in relation to the executive officers, uniformly defined the remuneration fee in the amount of 200,000,-HUF per month. The Company has no contracts with the executive officers that would create future obligations for the Company by changing their contracts.

	2021 (HUF in thousands/year/person)	2020 (HUF in thousands/year/person)
Honoraria of the members of the Board of Directors on assignment relationship (5 persons)	200	750
Honoraria of the members of the Audit Committee on assignment relationship (3 persons)	-	100

43. 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 2021	Notes	Evaluated at fair value through profit and loss	Evaluated at depreciated historical value	Evaluated at fair value through other comprehensive income
Financial assets				
Trade receivables	20		24 976	
Lease receivables	18		128 036	
Other short-term receivables	21		112 568	
Receivables through affiliated parties	22		19 117 168	
Short-term loans granted	23		428 411	
Cash equivalents	25		3 110 938	
Financial assets		-	***22 922 097***	-
Financial Liabilities				
Tenant deposits	30		218 592	
Lease liabilities	31		308 476	
Corporate bonds debt	32		20 131 697	
Affiliated liabilities	36		1 325 681	
Liabilities for trade creditors and other accounts	37		55 814	
Financial liabilities		-	***22 040 260***	-

31 December 2020		Evaluated at fair value through profit and loss	Evaluated at depreciated historical value	Evaluated at fair value through other comprehensive income
Financial assets				
Trade receivables	20		35 192	
Affiliated lease receivables	18		180 880	
Other short-term receivables	21		112 670	
Receivables through affiliated parties	22		20 025 063	
Short-term loans granted	23		2 247	
Cash equivalents	25		521 694	
Financial assets		-	***20 877 746***	-
Financial Liabilities				
Tenant deposits	30		207 197	
Lease liabilities	31		298 272	
Corporate bonds debt	32		20 147 849	
Affiliated liabilities	36		261 036	
Liabilities for trade creditors and other accounts	37		47 756	
Financial liabilities		-	***20 962 110***	-

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 performend at fair value equivalent to the 3rd level.

44. Risk management

The Company’s financial instruments include liquid assets, loans, trade and other receivables, and other assets – excluding taxes. The Company'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 Company is exposed to the following financial risks:

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

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

The purpose of the Company's risk management policy is to filter and investigate the risks faced by the Company 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 Company's activities.

44.1 Capital Management

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

The capital structure of the Company consists of net outside capital and the Company's own equity (the latter includes issued share capital and reserves).

In capital management, the Company seeks to ensure that Company and its subsidiaries 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 Company also monitors whether the capital structure of its subsidiary companies complies with local legal requirements.

44.2 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 Company. 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 Company's maximum exposure to credit risk as at 31 December 2020 and 31 December 2021.

Maximum exposure to receivables	**For the business year ending on 31 December 2021**	**for the business year ending on 31 December 2020**
Trade receivables	24 976	35 192
Other short-term receivables	112 568	112 670
Receivables through affiliated parties	19 117 168	20 025 063
Short-term loans granted	428 411	2 247
Cash and cash equivalents	3 110 938	521 694
	22 794 061	**20 696 866**

The Company has reviewed and credit risk has increased, however this is mainly due to increased cash and cash equivalents balances. The Company's exposure to credit risk has increased compared to the previous year, however the credit risk of financial instruments has not increased significantly since initial recognition and the Company classifies the financial instruments as low credit risk.

44.3 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 Company'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.

44.4 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 Company in the case of floating rate loans and liabilities arising from bond issues. The Company pays an average lending rate of 6.40% / 3.19% on its credits. An increase of 0.5% in the interest burden would mean an interest burden of 106,- million Hungarian Forints on the Company's member companies.

44.5 Foreign Exchange Risk

The Company 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.

The Company translated the HUF items used in the preparation of the financial statements at the following exchange rates. The Company 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 foreign currencies was EUR, the exchange rate exposure was quantified by changes in these currencies.

Foreign exchange risk is particularly important in the fair valuation of Income-Generating Investment Properties, as the valuation is based on EUR, so the value of real estate property based on EUR was taken into account in the analysis of foreign exchange risk:

Exchange rate type	31 December 2021	Change in EUR	Change in %	31 December 2020
Closing	369.00	3.87	1.06%	365.13
Average	358.52	7.35	2.09%	351.17
Difference between Closing and Average	10.48	-3.48	-24.91%	13.96

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%	365.31	-3.69		(105 393)
-0.50%	367 155	-1 845		(52 431)
31 December 2021 MNB	369.00		10 433 861	
+0.5%	370 845	1 845		51 910
+1%	372.69	3.69		103 306

44.6 Business Risk

The Company sets consistent, predictable and competitive rents for its tenants. Current rents are in line with the environment and quality of the real estate 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. The Company carries insurance on its leased assets. Business risk factors related to Covid-19 are discussed in Note No. 49.

44.7 Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company'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 Company's reputation.

Management believes that customer risk has not changed materially from prior periods.

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 2021 as follows:

31 December 2021	Due within 1 year	Due within 2-5 years	Due over 5 years	Total
Financial assets				
Trade receivables	24 976			**24 976**
Other short-term receivables	112 568			**112 568**
Receivables through affiliated parties	19 117 168			**19 117 168**
Short-term loans granted	428 411			**428 411**
Cash equivalents	3 110 938			**3 110 938**
Financial assets	***22 794 061***	-	-	***22 794 061***
Affiliated liabilities	1 325 681			**1 325 681**
Credits and lease transactions	102 277	221 600		**323 877**
Other short-term liabilities	21 972			**21 972**
Liabilities for trade creditors and other accounts	55 814			**55 814**
Self-issued corporate bonds debt	700 000	2 800 000	22 173 364	**25 673 364**
Tenant deposits		218 592		**218 592**
Financial liabilities	***2 205 744***	***3 240 192***	***22 173 364***	***27 619 300***

31 December 2020	Due within 1 year	Due within 2-5 years	Due over 5 years	Total
Financial assets				
Trade receivables	35 192			**35 192**
Other short-term receivables	60 382			**60 382**
Receivables through affiliated parties	20 025 063	180 880		**20 205 943**
Short-term loans granted	2 247			**2 247**
Accruals	93 098			**93 098**
Cash equivalents	521 694			**521 694**
Financial assets	***20 737 676***	***180 880***		***20 918 556***
Affiliated liabilities	261 026			**261 026**
Credits and lease transactions	88 176	298 272		**386 448**
Other short-term liabilities	26 698			**26 698**
Liabilities for trade creditors and other accounts	47 756			**47 756**
Self-issued corporate bonds debt			20 147 849	**20 147 849**
Tenant deposits		207 197		**207 197**
Accrued liabilities	4 212			**4 212**
Financial liabilities	***427 868***	***505 469***	***20 147 849***	***21 081 186***

45. Change of liabilities related to financing activity

	01 January 2021	Money flows	Exchange rate fluctuation	New lease transactions	Other move	Change of fair value	31 December 2021
Short-term lease liabilities	88 176	(88 176)			92 050		92 050
Long-term lease liability	298 272		10 204		(92 050)		216 426
Corporate bonds debt	20 147 849				(16 152)		20 131 697
	20 534 297	**(88 176)**	**10 204**	**-**	**(16 152)**	**-**	**20 440 173**

	01 January 2020	Money flows	Exchange rate fluctuation	New lease transactions	Other move	Change of fair value	31 DECEMBER 2020
Short-term lease liabilities	-			88 176			88 176
Long-term lease liability	-			298 272			298 272
Corporate bonds debt	20 142 052				5 797		20 147 849
Credits	1 657 318	(1 657 318)					-
	21 799 370	**(1 657 318)**	**-**	**386 448**	**5 797**	**-**	**20 534 297**

46. Contingent liabilities

Collateral for Credit Institution Liabilities of a Sold Member Company

Appeninn . as Plc. as the owner, formerly known as Appeninn Logisztika Zrt. (in English: Appeninn Logistics Plc.) (now called VÁR-Logisztika Zrt., in English: VÁR-Logistics Plc.), remained a party to the contract with the credit institution as guarantor and pledgee for Orgovány és Vidéke Takarékszövetkezet (in English: Orgovány and Regions Savings Cooperative) from 27 June 2013, even after the sale of Appeninn Logisztika Zrt. 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 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 HUF.

Collaterals provided to the investment supplier of subsidiaries

Appeninn E-Office Zrt., as a customer, established a contractual relationship on 1 December 2017. The subject of the order is the provision of the cooling / heating system of the real estate properties owned by Appeninn E-Office Zrt., the full-circle delivery and maintenance of the systems. The contract for the maintenance of individual systems tailored to the customer's buildings covers the entire technical and economic life period of the systems. The systems become the property of the customer upon the expiry of the maintenance contract and the customer is obliged to pay an exit price upon withdrawal from the contract. The obligation of Appeninn Plc. covers the entire obligation to the supplier without queuing, i.e. the annual fees and exit fees, and the transfer or termination of the contract when reselling the real estate property.

Appeninn E-Office Zrt. has undertaken a future payment obligation while maintaining the contract. The management of the parent company assessed the loss on the subsidiary's liabilities arising from the enforcement of the payment guarantee on the basis of the information available on 31 December 2021. The management of the company did not consider the thereof probable in view of the subsidiary's payment, cash flow and operating results, therefore the liability is presented in the balance sheet at zero value.

Collateral provided to credit institutions of subsidiaries

Appeninn Plc. has guaranteed the loans of its subsidiaries to financial institutions.

Credit details:

Financing partners	Primary tax company	31 December 2020 due within-the-year		31 December 2021 due over-the-year	
		EUR	HUF in thousands	EUR	thousand HUF
Magyar Takarékszövetkezeti Bank Zrt.	Szántód BalaLand Family Kft.	-	-	7 408 898	2 733 883
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt.	34 875	12 869	586 889	216 562
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn Property Vagyonkezelő Zrt.	29 008	10 704	487 480	179 880
Magyar Takarékszövetkezeti Bank Zrt.	Appen-Retail Kft.	66 244	24 444	1 129 984	416 964
Magyar Takarékszövetkezeti Bank Zrt.	Curlington Kft.	3 805	1 404	60 507	22 327
Magyar Takarékszövetkezeti Bank Zrt.	Felhévíz-Appen Kft.	3 805	1 404	127 748	47 139
MFB-Erste consortium credit	Appeninn E-Office Plc.	506 100	186 751	25 062 686	9 248 131
Magyar Takarékszövetkezeti Bank Zrt.	Tokaj Csurgó Völgy Kft.	-	-	3 509 684	1 295 073
Bank credits in total		**643 837**	**237 576**	**38 373 876**	**14 159 959**

47. Environmental impacts regarding the company's activities

The Plc. does not own any tangible assets directly serving the protection of the environment. Hazardous waste and environmentally harmful substances are not generated in the course of the Company's activities, so it does not have such a stock. We are not aware of any future liabilities related to environmental protection therefore no such provision was made in the current year and no such costs were incurred.

48. Segment reports

The Company does not report segment information in its separate financial statements as the Company as a whole is classified as one segment.

49. Events after the balance sheet day

On 17 March 2022, Appeninn BLT Kft. (in English: Appeninn BLT. Ltd.), a subsidiary of the Company, signed a share sale and purchase agreement with BAYER Property Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság In English: BAYER Property Real Estate Development Private Limited Company) (registered office: 2038 Sóskút, Bolyai János utca 15; company registration number: 13-10-041948) for the sale of 74.99% of the ordinary shares of PRO-MOT HUNGÁRIA Kft. (in English: PRO-MOT HUNGÁRIA Ltd.).

The Parties are planning to perform the closure of the transaction within four months following signing herein contract.

Due to the operational difficulties of Sberbank Magyarország Zrt. (in English: Sberbank Hungary Plc.), assignment agreements were concluded within the group to ensure the continued operation of the Companies belonging to Dreamland Group. Assignment contracts were concluded with Tokaj Csurgó Völgy Kft. (in English: Tokaj Csurgó Völgy Ltd.) (TCSV) for the bank account balances of the Companies belonging to the companies group not covered by the OBA (in English: National Deposit Insurance Fund) insurance. TCSV has a drawn down NHP (in English: Funding for Growth Scheme) credit line of HUF 1.922 billion HUF and thus a liability towards Sberbank.

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

50. Effects of COVID-19

The epidemic did not have a major impact on the operations of Appeninn Vagyonkezelő Holding Nyrt. and its subsidiaries in 2021. While 15-20 tenants experienced difficulties in 2020, some of which resulted in termination and others in temporary discounts, there were no tenant movements in 2021 due to COVID19.

In 2021, the post-COVID19 effects caused market difficulties to resume normal operations for one tenant. This tenant received a 3-month discount during 2021 Q3, which will be paid between 2021 Q4 and 2022 Q1. The said tenant has a lease of over 5 years in the subsidiary's property.

51. Information related to the compilation of the separate financial statement

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 at 31 December 2021, 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 Company has appointed an accounting expert with IFRS registration. Personally responsible for the preparation of the IFRS report is Rózsa Ildikó (registration number: 207258). 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 separate financial statement in accordance with the requirements of the IFRS adopted by the EU.

52. Auditing of the separate financial statement, 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 2021 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 separate IFRS report is 2,756,-HUF in thousands + VAT.

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

53. Authorization of financial statements for publication

At the meeting of the Board of Directors of Appeninn Vagyonkezelő Holding Nyrt. held on 8 April 2022, the Company approved the separate annual financial statement of 2021 prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Board of Directors of the Company has approved the issuance of these separate financial statements of the Company, but the Annual General Meeting of Owners, which is authorized to approve the financial statements, may request amendments prior to the adoption.

54. 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 Separate Annual Financial Statement, 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., describing the main risks and uncertainty factors.

Dated as of 8 April 2022 in Budapest

dr. Bihari Tamás
Chairperson of the Board of Directors