Appeninn Holding

APPENINN HOLDING PLC.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INTERNATIONAL FINANCIAL REPORTING
ACCORDING TO STANDARDS
31 DECEMBER 2023

WITH A COMPARATIVE PERIOD ENDING ON 31 DECEMBER 2022

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Consolidated Statement of Financial Position	Notes	31.12.2023	31.12.2022
Assets		**EUR**	**EUR**
Investment properties	18	184.588.000	108.080.799
Fixed assets	19	27.411	27.613
Deferred tax assets	20	-	45.454
Participation in associates	21	7.590	-
Receivables beyond one year	22	454.774	196.078
Total non-current assets		**185.077.775**	**108.349.944**
Trade receivables	23	2.845.019	556.820
Other current receivables	24	969.502	418.693
Short-term loans	25	-	151.318
Prepayments	26	1.419.345	281.592
Income tax receivables	27	16.712	8.675
Assets held for sale	28	-	24.621.386
Cash and cash equivalents	29	20.362.775	55.312.730
Total current assets		**25.613.353**	**81.351.214**
Total assets		**210.691.128**	**189.701.158**

Consolidated Statement of Financial Position	**Notes**	**31.12.2023**	**31.12.2022**
Liabilities and equity		**EUR**	**EUR**
Equity			
Share capital	30	15.217.006	15.217.006
Treasury shares repurchased	31	(1.171)	(1.171)
Capital reserve	32	25.645.230	25.645.230
Translation reserve	33	(12.529.413)	(16.238.045)
Retained earnings	34	82.729.235	59.962.450
Equity attributable to parent		**111.060.887**	**84.585.470**
Non-controlling interests	35	-	(1.334.558)
Total equity		**111.060.887**	**83.250.912**
Long-term bank loans and lease liabilities	36	34.263.546	24.780.123
Deferred income	36	1.777.689	-
Bond debts	37	52.563.100	50.283.324
Deposits paid by tenants	38	2.785.574	1.300.579
Deferred tax liabilities	40	-	6.087.261
Total long-term liabilities		**91.389.909**	**82.451.287**
Short-term bank loans and lease liabilities	36	2.308.058	1.331.856
Other current liabilities	41	725.052	151.045
Short-term related liabilities	39	-	28.456
Liabilities to suppliers	42	1.218.472	968.687
Tax and duty obligations	43	449.320	187.235
Liabilities directly linked to sales		-	20.816.898
Income tax liabilities	27	542.399	128.387
Accruals	44	2.997.031	386.395
Total current liabilities		**8.240.332**	**23.998.959**
Total liabilities		**99.630.241**	**106.450.246**
Total equity and liabilities		**210.691.128**	**189.701.158**

The notes on pages 10 to 84 form an integral part of the consolidated accounts

Consolidated statement of comprehensive income	Notes	for the financial year ending 31.12.2023 EUR	for the financial year ending 31.12.2022 (*amended) EUR
Continuing activity			
Income from the rental of investment property	3	19.487.935	8.039.395
Direct costs of letting a property	4	(7.486.555)	(2.422.283)
Gross margin		**12.001.380**	**5.617.112**
Administrative costs	5	(828.466)	(707.615)
Expenditure on staff	6	(275.326)	(315.720)
Other income/(expenses)	7	156.468	(3.185)
Gain (loss) on sale of investments	8	-	75.394
Gains on sale of investment property	9	357.593	-
Fair value result on investment property	10	1.973.024	9.288.938
Profit before tax, interest and depreciation		**13.384.673**	**13.954.924**
Depreciation and amortisation	11	(6.267)	(63.866)
Other (expense)/income from financial operations	12	1.615.571	(2.023.078)
Balance of interestincome and (expense)	13	(227.964)	1.580.736
Lease interest	13	(12.905)	(40.443)
Profit before tax		**14.753.108**	**13.408.273**
Income taxes	14	5.182.288	(1.622.674)
Profit after tax from continuing operations		**19.935.396**	**11.785.599**
Profit after tax from discontinued operations	**15**	**2.831.389**	**2.139.965**
Total profit after tax		**22.766.785**	**13.925.564**
Other comprehensive income			
Other comprehensive income to be recognised in the consolidated income statement in the following period:			
Exchange rate differences arising on currency translation	33	1.261.665	(3.189.697)
Exchange difference on disposal of subsidiary	15	169.340	931.249
Other comprehensive income not reversed in the consolidated income statement in the following period:			
Exchange rate differences arising on currency translation	33	2.277.627	(3.848.428)
Other comprehensive income for the year, net of tax		**3.708.632**	**(6.106.876)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**26.475.417**	**7.818.688**
Profit after tax from continuing operations:			
Non-controlling interests		-	-
Attributable to owners of the Company		19.935.396	11.785.599
From the after-tax results of discontinuing operations:			
Non-controlling interests		-	(1.681.500)
Attributable to owners of the Company		2.831.389	3.821.465
Other comprehensive income:			
Non-controlling interests		-	34.112
Attributable to owners of the Company		3.708.632	(6.140.988)
Total comprehensive income:			
Non-controlling interests		-	(1.647.388)
Attributable to owners of the Company		26.475.417	9.466.076
Basic earnings per share in EUR cents	16	**48,06**	**32,95***
Diluted earnings per share in EUR cents	16	**48,06**	**32,95***
Basic EPS for continuing operations in EUR cents	16	**42,08**	**24,88***
Diluted EPS for continuing operations in EUR cents	16	**42,08**	**24,88***

The notes on pages 10 to 84 form an integral part of the consolidated accounts

Consolidated Changes in Equity (in EUR)	Notes	Share capital	Capital reserve	Treasury shares	Translation reserve	Retained earnings	Attributable to owners of the parent company	Non-controlling interests	Total equity
On 1 January 2022		**15.217.006**	**25.645.230**	**(1.171)**	**(11.151.490)**	**44.355.386**	**74.064.961**	**112.307**	**74.177.268**
Reclassification					123.184		123.184	(123.184)	-
Total comprehensive income for the year									
Profit after tax for the year	34					**15.607.064**	**15.607.064**	**(1.681.500)**	**13.925.564**
Other comprehensive income					**(6.140.988)**		**(6.140.988)**	**34.112**	**(6.106.876)**
Transactions with non-controlling interests		**0**	**0**	**0**	**931.249**	**0**	**931.249**	**323.707**	**1.254.956**
Selling a subsidiary - Dreamland	35				(151.901)		(151.901)	1.146.955	995.054
Selling a subsidiary - Promot	35				1.013.170		1.013.170	(823.248)	189.922
Sale of a subsidiary - Operator	35				69.980		69.980		69.980
Balance at 31 December 2022		**15.217.006**	**25.645.230**	**(1.171)**	**(16.238.045)**	**59.962.450**	**84.585.470**	**(1.334.558)**	**83.250.912**
On 1 January 2023		**15.217.006**	**25.645.230**	**(1.171)**	**(16.238.045)**	**59.962.450**	**84.585.470**	**(1.334.558)**	**83.250.912**
Total comprehensive income for the year									
Profit after tax for the year	34					**22.766.785**	**22.766.785**		**22.766.785**
Other comprehensive income					**3.708.632**		**3.708.632**		**3.708.632**
Transactions with non-controlling interests		**0**	**0**	**0**	**0**	**0**	**0**	**1.334.558**	**1.334.558**
Sale of a subsidiary - Solum-Invest	35							1.334.558	1.334.558
Balance at 31 December 2023		**15.217.006**	**25.645.230**	**(1.171)**	**(12.529.413)**	**82.729.235**	**111.060.887**	**-**	**111.060.887**

The notes on pages 10 to 84 form an integral part of the consolidated accounts

Consolidated Cash Flow Statement	Notes	for the financial year ending 31.12.2023 EUR	for the financial year ending 31.12.2022 EUR
Profit before tax - from continuing operations		**14.753.108**	**13.408.273**
Profit before tax - from discontinued operations		**2.831.389**	**2.390.368**
Fair value result on investment property	10	(1.973.024)	(9.288.938)
Result on the sale of investment property	9	(357.593)	0
Depreciation	11	6.267	63.866
(Profit)/loss on sales of subsidiaries	8	(2.831.389)	(75.394)
Interest revenue	13	(3.093.841)	(4.777.330)
Interest expenditure	13	2.985.604	2.702.585
Change in receivables and other current assets	23-25,28	726.093	16.702.161
Changes in accrued income and prepaid expenses	26	(1.137.753)	(204.096)
Changes in liabilities and accruals	39-44	(809.304)	9.185.357
Change in tenant deposits	38	316.286	13.852
Income tax paid	14	(1.144.950)	(67.133)
Net cash flow from operating activities		**10.270.893**	**30.053.571**
Capital expenditure on investment property	18	(2.057.252)	(361.852)
Purchases of tangible fixed assets	19	(8.712)	0
Change in loans granted	25	151.318	0
Interest received	13	3.093.841	4.777.330
Proceeds from the sale of shares	2.4.	6.571.066	5.418.843
Acquisition of shareholding	2.4.	(53.577.954)	0
Acquisition of investment property	18	0	0
Proceeds from the sale of real estate	9	1.760.000	0
Net cash flow (used in) from investing activities		**(44.067.693)**	**9.834.321**
Proceeds from borrowings	36	0	0
Loan repayments	36	(1.876.183)	(623.096)
Interest paid	13	(2.985.604)	(2.702.585)
Net cash flow used in financing activities		**(4.861.787)**	**(3.325.681)**
Effect of exchange rate changes:	**33**	**3.708.632**	**(6.106.876)**
Change in cash and cash equivalents	**29**	**(34.949.955)**	**30.455.335**
Cash balances:			
Cash at the beginning of the year	29	55.312.730	24.857.395
Cash and cash equivalents at the end of the year	29	20.362.775	55.312.730

The notes on pages 10 to 84 form an integral part of the consolidated accounts

1. General section

1.1 Presentation of the company

Appeninn Holding Asset Management Plc ("the Company") was established on 1 December 2009. On 7 December 2009, the Company was registered with the Court of Registration under Cg. 01-10-046538. On 19 May 2011, Rotux Zrt. (registration number 01-10-045553) was merged into Appeninn Plc.

Appeninn Holding Asset Management Plc. is one of Hungary's fastest growing real estate investment and asset management companies. The company is continuously expanding its real estate portfolio in the "A" class office and retail property markets in Hungary and the Central and Eastern European region through acquisitions and own developments. Founded in 2009 and listed on the Budapest Stock Exchange in 2010, the company has a nearly fully occupied portfolio of "B" class office and retail properties.

The Group's registered office is 1022 Budapest, Bég street 3-5. The primary country of operation is Hungary.

Shareholders of the Company holding more than 5% on 31 December 2023:

Owner name	**Number of shares**		**Shareholding(%)**
Avellino Zrt.	11.369.141		24%
Sequor Holding Zrt.	11.297.291		23,84%
OTP Real Estate Investment Fund	2.410.372		5,09%
Own share	1.848		0,0039%
Free float	22.292.767		47,0661%
Total:	**47.371.419**		**100.00%**

Holders of more than 5% of the Company's shares on 31 December 2022:

Owner name	**Number of shares**		**Shareholding(%)**
Avellino Zrt.	11.369.141		24%
Sequor Holding Zrt.	11.297.291		23,84%
OTP Real Estate Investment Fund	2.410.372		5,09%
Own share	1.848		0,0039%
Free float	22.292.767		47,0661%
Total:	**47.371.419**		**100,00%**

Transformation into a regulated real estate investment company

The Company was registered as a Regulated Real Estate Investment Holding on 12 January 2024, with effect from 1 January 2024, by the Metropolitan Court of Budapest.

In the future, as a Regulated Real Estate Investment Company (REIT), the Company will be exempt from paying corporate tax and local business tax.

The Company aims to comply with the conditions set out in Act CII of 2011 on Regulated Real Estate Investment Companies and to continue as a regulated real estate investment company in the future. The Company will take all necessary measures to comply with all legal requirements in order to obtain the status of a regulated real estate investment company and to submit the application to the National Tax and Customs Administration as a basis for registration as a regulated real estate investment company.

1.2 Basis of preparation of the balance sheet

i) Acceptance and declaration of compliance with International Financial Reporting Standards

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements were approved by the Board of Directors on 4 April 2024. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The figures presented in the Group's consolidated financial statements are expressed in euro (EUR). All amounts are rounded to the nearest euro.

iii) Basis of preparation of the accounts

The consolidated financial statements have been prepared in accordance with the standards and IFRIC interpretations in force for the year ending 31 December 2023.

The financial year is the same as the calendar year.

iv) Basis of assessment

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accounting policies used. Estimates and related assumptions are based on historical experience and a number of other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimating the carrying amounts of assets and liabilities that are not readily determinable from other sources. Actual results may differ from these estimates.

Estimates and baseline assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.

2. Accounting policy

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. Accounting policies have been consistently applied to the periods presented in these consolidated financial statements. The significant accounting policies applied in the preparation of the financial statements are as follows:

2.1 Significant accounting policies

2.1.1 The basis for consolidation

Subsidiaries
The consolidated financial statements include Appeninn Plc and the subsidiaries under its control. Control generally exists when the Group directly or indirectly owns more than 50% of the voting rights of a company and benefits from its activities through influence over the financial and operating activities of that company.

The Group exercises control over an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the power to affect those returns through its influence over the investee.
Accordingly, the Group exercises control over the investee if, and only if, the investor has all of the following:
(a) power over the recipient of the investment;
(b) exposure to or rights to variable returns arising from its participation in the investee; and
(c) the ability to use its power over the recipient of an investment to influence the amount of returns to the investor.

The acquisition method of accounting is applied to the acquired shares, based on the acquisition-date fair value of assets and liabilities at the acquisition date, i.e. the date on which control is obtained. The cost of acquisition is the sum of the consideration and the non-controlling interest in the acquired business. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of the transaction or up to the date of the transaction, as appropriate.

Transactions, balances and results between the companies included in the consolidation, as well as unrealised results, are eliminated. In preparing the consolidated financial statements, the Company records similar transactions and events using uniform accounting principles.

The share of equity and profit or loss attributable to non-controlling interests is shown as a separate line in the balance sheet and profit and loss account. In respect of business combinations, non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the net assets of the acquiree. The choice of valuation method is made individually for each business combination. Following the acquisition, the non-controlling interest is the amount initially recognised, adjusted for the changes in the equity of the acquiree attributable to the non-controlling interest. Non-controlling interests also benefit from total comprehensive income for the period even if this results in a negative balance of their interest.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are accounted for as a capital transaction. The Group's interests and those of non-controlling interests are adjusted to reflect changes in their interests in subsidiaries. The adjustment to the non-controlling interest and the difference between the consideration received or paid is recognised in equity as attributable to equity holders of the company.

Business combination or asset purchase
The Group considers the following in determining whether to account for the acquired business as a business combination or an asset acquisition:

- Perform a concentration test: the Group can optionally perform a so-called fair value concentration test. If the test is positive, the group of activities and assets is not a business and no further valuation is required. The test is positive if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.
- If the result of the fair value concentration test is negative, or if the entity chooses not to perform the test, the entity shall perform the assessment set out in IFRS 3 paragraphs B8-B12D to determine whether the transaction is a business combination.
- It is a business combination if the acquired activities and assets include inputs and processes that together contribute to the creation of outputs. An acquired process is considered substantive if it is critical to the continued production of outputs, and the inputs acquired include an organised workforce that has the knowledge, experience or significantly contributes to the continued production of outputs and is unique or rare, i.e. cannot be replaced without significant cost or effort to continue operations.

Accounting for the purchase of assets
The Group recognises the individually identifiable assets acquired (including assets that meet the definition and recognition criteria for intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The Group's cost, which includes costs directly attributable to the transaction, is allocated between the individually identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition to arrive at their individual transaction values. The fair value of the contingent purchase price at the date of purchase and the direct costs of the transaction are included in cost. After the allocation, the initial measurement requirements of the applicable IFRSs are applied to each individually identifiable asset acquired and liability assumed. The Group accounts for any difference between the amount at initial measurement of the assets or liabilities and their individual transaction values determined on the basis of the allocation by applying the applicable requirements. Such a

transaction or event does not give rise to goodwill or negative goodwill. If an asset would therefore be overvalued, the difference is charged to profit or loss. Deferred tax is not recognised on the acquisition of an asset.

2.1.2 **Reporting currency and foreign currency balances**

In view of the content and circumstances of the underlying economic events, the functional currency of the parent company and of all Hungarian members of the Group is the forint, and the functional currency of the Polish companies is the euro. The presentation currency of the consolidated financial statements is - by choice - the euro.

Based on the economic events and circumstances specific to the Group's activities, the functional currency is the forint and the euro, and the presentation currency is the euro. As a result, the figures in the consolidated financial statements are presented in euros, except where other information is given. For the 2023 annual accounts, the following Hungarian Central Bank HUF - EUR exchange rates have been used for the translation of the non-euro accounting data of the group members with respect to the balance sheet date:

Exchange rate type	31 December 2023	31 December 2022	31 December 2021
Closing	382,78	400,25	369
Average	381,95	391,33	358,52
Closing and average difference	0,83	8,92	10,48

Foreign exchange transactions denominated in currencies other than HUF or EUR are initially recorded at the exchange rate prevailing on the date of execution of such transactions. Receivables and payables in currencies other than HUF are translated into HUF at the exchange rate prevailing at the balance sheet date. The resulting exchange differences are recognised in the income statement under financial income or expenses.

The Group revalues its foreign currency assets and liabilities at the balance sheet date using the exchange rates published by the Hungarian Central Bank. Foreign exchange gains and losses arising on remeasurement are recognised net in the income statement for the year under other income/expenses from financial operations.

Transactions in currencies other than the forint are accounted for by applying to the amount in the different currency the exchange rate between the reporting currency and the different currency at the date of the transaction. In the statement of comprehensive income, exchange differences arising on the settlement of monetary items, on initial recognition during the period or arising from the use of an exchange rate different from that used in the previous financial statements are recognised as financial income or expense in the period in which they arise. Monetary assets and liabilities denominated in different currencies are translated at the exchange rates prevailing at the end of the reporting period. Items measured at fair value in a different currency are translated at the exchange rate at the date when the fair value was determined. Exchange differences are recognised as income or expense from financial operations.

The companies' assets and liabilities denominated in forint functional currency are translated into euro at the exchange rate prevailing at the balance sheet date (presentation currency). The figures in the statement of comprehensive income are translated at the average exchange rate during the reporting period. Individual equity figures are translated at historical exchange rates. Exchange differences arising from the translation of the individual companies' accounts into euro are shown in the Translation reserve (Equity) and are eliminated against profit or loss in the event of the disposal or partial disposal (sale, liquidation, discontinuance, repayment of capital) of a subsidiary.

2.1.3 **Revenues**

Revenue from sales transactions is recognised when the conditions of the contracts are met. Sales revenue excludes value added tax. All income and expenses are recognised in the appropriate period on a matching basis.

Revenue is recognised in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of those benefits can be measured reliably. Revenue is recognised when control of the goods and services is transferred to the buyer.

Performance obligations
When entering into a contract, the Group must identify which goods or services it has promised to provide to the customer, i.e. what performance obligations it has assumed. The Group recognises revenue when it has satisfied its performance obligations by delivering the promised goods or rendering the promised services. Delivery is deemed to have occurred when the customer has obtained control of the asset (service), which is evidenced by:

- The Group has a pre-existing right to receive the consideration for the asset,
- Title has passed to the buyer,
- The Group has physically transferred the asset,
- The buyer has significant risk and profit potential from owning the asset,
- The buyer has accepted the asset.

Transaction price determination
When the contract is settled, the Group must recognise the revenue associated with the settlement, which is the transaction price assigned to the settlement obligations. The transaction price is the amount that the Group expects to receive in exchange for the sale of goods and services. The amounts of variable consideration (rebates, discounts) are also taken into account in determining the transaction price. The variable consideration is estimated using an expected value that the Group weights by probability factors.

The main elements of the Group's revenue are:

- Rental income from real estate: the Company's main source of income, which is mostly recognised monthly by the Company to its tenants, based on the contractually agreed rental rate, in accordance with IFRS 16.

- Management fees: the Company invoices tenants in addition to the rent. Operating fees include cleaning and security costs, management fees and overheads, in accordance with IFRS 15.

Rental income from property leases: rental income is derived from operating leases and is recognised as income on a straight-line basis over the lease term in accordance with IFRS 16. The Group generates its property sales revenue by leasing office and retail properties. Revenue is recognised on a time proportion basis from the date the right to collect rentals is established when the properties are occupied.

Operating fees: the Group has two types of contracts and recognises revenue accordingly in accordance with IFRS 15:

- The Group acts as agent for some of its leases. In this case, the operating charges to the tenants are clearly identifiable and the overheads are invoiced directly to the tenants through the Group. The Group recognises the costs and the related income on a net basis in property rental income, as the Group acts as agent in these transactions.
- For its other leases, the Group acts as principal. In these cases, the Group invoices its tenants for operating fees on the basis of the flat rates set out in the contracts. A separate operating fee is charged to cover these operating costs, where the Group controls the services. The Group gross accounts for these transactions in the financial statements as it acts as principal in these cases.

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

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

2.1.4 **Other income and expenditure**

The Group recognises in other income the consideration for sales that cannot be classified as revenue, typically sales not related to the core business (such as sales of property, plant and equipment) and any revenue that cannot be considered as financial income or as an item that increases other comprehensive income or is not classified in other comprehensive income.
The Group includes here gains on the sale of tangible fixed assets, grants and indemnities received and miscellaneous other income.

Other expenses comprise expenses that are indirectly related to operations and are not financial expenses or do not reduce other comprehensive income. The Group includes, among other things, the amount of fines, the impact of claims and damages, interest on late payments, the expense for provisions for other expenses, losses on the sale of tangible fixed assets, taxes, levies and contributions settled with the local government, and miscellaneous other expenses.

The Group recognises other income and other expenses on a net basis in the statement of comprehensive income.

2.1.5 **Investment property**

Investment property is property held for rental purposes and/or for capital appreciation (including investment property under development). Investment property is initially measured at cost, including transaction costs. After inclusion, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are recognised in profit or loss for the period in the income statement under the line result from fair value measurement of investment property producing income.

If the investment property is put to its own use, it is reclassified as property, plant and equipment. Investment property is derecognised on sale or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale. The gain or loss arising on derecognition of the property (measured as the difference between the sales consideration and the carrying amount of the asset) is included in the result on disposal of investment property in the period in which the property is derecognised.

The Group classifies property as an asset held for sale after a decision to sell, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable within one year. Investment property classified as held for sale is carried at fair value even after reclassification.

The criteria used in determining fair value for investment property valuation are described in section 2.3.

2.1.6 **Financial assets**

The Group's consolidated statement of financial position includes the following financial assets: trade receivables, loans granted, cash and cash equivalents. Financial assets within the scope of IFRS 9 are classified into three measurement categories: financial assets at amortised cost on initial recognition, financial assets at fair value through other comprehensive income on initial recognition (FVOCI) and financial assets at fair value through profit or loss on initial recognition (FVTPL).

The Group's financial assets are classified at initial measurement according to their nature and purpose. To determine the category of a financial asset, it is first necessary to clarify whether the financial asset is a debt instrument or an equity investment. Investments in equity are measured at fair value through profit or loss; however, an enterprise may elect, on initial recognition, to measure investments in equity other than those held for trading at fair value through other comprehensive income. If the financial asset is a debt instrument, the following points should be considered in determining classification.

Amortised cost
Debt instruments shall be measured at amortised cost if they are held under a business model that is designed to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Fair value to other comprehensive income
Assets at fair value through other comprehensive income are financial assets that are held under a business model that achieves its objective by collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

Fair value to 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 were designated upon initial recognition as at fair value through profit or loss.
When the SPPI requirement is met, the Group assesses whether the cash flows arising from the contract are consistent with the underlying loan agreements in the denominated currency of the financial asset.

To assess whether contractual cash flows include only principal and interest, the Group examines the contractual terms of the financial instrument. The assessment also considers whether the financial instrument contains contractual terms that would cause the amount or timing of the contractual cash flows to change such that the financial instrument no longer meets the SPPI requirement.

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

All equity instruments are measured at fair value in the balance sheet and the effect of changes in fair value is recognised directly in profit or loss, except for equity instruments where the enterprise has elected the Other Comprehensive Income (FVOCI) option. The Group does not exercise the FVOCI option.

The Group offsets financial assets and financial liabilities and recognises a net amount in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.1.7 Impairment of receivables

Receivables are stated at nominal value less an appropriate allowance for estimated losses. The Group applies the simplified impairment model for the impairment of receivables. The simplified impairment model is a provisioning matrix that takes into account the past 2 years of non-payment experience rates and calculates impairment on a prospective basis. Further impairment is assessed (e.g. probability of insolvency or significant financial difficulties of the debtor) when there is an indication that the Group may not be able to collect the full amount due according to the original terms of the invoice. A written-off receivable is derecognised when it is considered uncollectible.
The following impairment matrix will be applied by the Group in 2023 for the recognition of impairment of receivables:

Days of late payment	Definition	Impairment percentage
0-180 days	The partner is reliable and there is no history of non-payment. All related parties are considered to be performing.	no impairment
180-360 days	Significant delay in the case of an external partner	50%
Delay over 360 days	Non-payment after 360 days	100%

2.1.8 Financial liabilities

The Group's consolidated statement of financial position includes the following financial liabilities: trade and other current payables, loans, borrowings, own-issue bonds, bank overdrafts. Their recognition and measurement in the financial statements is described in the relevant sections of the notes to the financial statements as follows:

The Group initially measures all financial liabilities at fair value. In the case of loans and bonds issued, transaction costs that are directly attributable to the acquisition of the financial liability are also taken into account.

Financial liabilities within the scope of IFRS 9 are classified into two measurement categories: those measured at amortised cost on initial recognition and those measured at fair value through profit or loss on initial recognition (FVTPL). The Group determines the classification of each financial liability on acquisition. The Group has not made use of FVTPL measurement.

Loans and borrowings and bonds issued are stated at amortised cost using the effective interest method in the statement of financial position. Gains and losses on loans and borrowings and bonds are recognised in the statement of income through amortisation using the effective interest method and on derecognition of the financial liability. Repayments are recognised as a reduction of the financial liability, while interest written off is recognised as a financial expense in the profit and loss account.

2.1.9 Fair value

Fair value measurement refers to an asset or liability. In determining fair value, the Group 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 measurement date. The unit of account for the asset or liability shall be determined in accordance with the IFRS that requires or permits fair value measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether that price is observable directly or estimated using other valuation techniques.

IFRS 13 'Fair value measurements' requires companies to classify fair value measurements according to a fair value hierarchy that reflects the significance of the inputs used in the measurements.

Fair value hierarchy

Financial instruments measured 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 measuring fair value:

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

Of the financial assets, the Group measures 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 measured at amortised cost.

2.1.10 Related parties

A company or person is related if it is a subsidiary, associate, joint venture, a key management personnel of a subsidiary or parent company, has control, joint control or significant influence over the Group, a close relative of any of the above individuals, a company controlled or jointly controlled by the individual or his close relative, and a company over which significant influence is exercised by individuals and their close relatives who control or jointly control the Group.

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

In preparing its financial statements for each balance sheet date, the Group identifies related parties and reviews this information on an ongoing basis. It identifies the receivables and payables from identified related parties in its records and discloses them in the notes to the financial statements.

2.1.11 **Income taxes**

The rate of income tax is based on the tax liability determined under the Corporate and Dividend Tax Act and the Local Business Tax Act, adjusted by the deferred tax. The Group has identified corporate tax, local business tax and innovation levy as income taxes based on a taxable profit. The corporate tax liability includes current and deferred tax elements.

The corporate income tax is based on the income of the regulated real estate investment pre-company, regulated real estate investment company and regulated real estate investment project company as defined in Article 15 of Act LXXXI of 1996 on Corporate Income Tax and Dividend Tax, and in the case of a member of a real estate investment company, on the income defined in Article 15/A.

The tax liability for the current year is determined on the basis of the taxable profit for the current year. The taxable profit differs from the profit before tax shown in the consolidated accounts because of non-taxable gains and losses and items that are included in the taxable profit of other years. The Group's current tax liability is determined using the tax rate that has been enacted or substantively enacted (where enactment is equivalent to the enactment date) at the balance sheet date. Deferred tax is calculated using the liability method.

Deferred tax arises when there is a timing difference between the recognition of an item in the annual accounts and the recognition of an item under the Tax Act. Deferred tax assets and liabilities are measured using the tax rates applicable to taxable income for the years in which the timing differences are expected to reverse. The amount of the deferred tax liability and asset reflects the Group's estimate at the balance sheet date of how the tax assets and liabilities will be recovered or settled. Deferred tax is measured at the tax rate expected to apply in the future.

A deferred tax asset is recognised for deductible temporary differences, tax loss carry forwards and tax losses only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

At each balance sheet date, the Group recognises deferred tax assets not recognised in the balance sheet and the carrying amount of recognised tax assets. It recognises the portion of receivables not previously recognised in the balance sheet that is expected to be recoverable through a reduction in future income taxes. Conversely, the Group reduces its deferred tax asset to the extent that no taxable profit is expected to be available to recover the amount.

Current and deferred tax is charged directly to equity when it relates to items that were also charged to equity in the same or a different period.

Deferred tax assets and liabilities can be offset when a company has a legally enforceable right to set off its current tax assets and liabilities against each other and the Group intends to settle these assets and liabilities on a net basis.

2.1.12 **Leasing**

Group as 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 Group'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.
The estimate of the lease term at the inception date is for the period for which the Group is reasonably certain to continue 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 possible reasonable and justifiable lease term shall always be used in case of doubt. The determination of the lease term is essentially a matter of management judgement and the Group generally uses asset-level estimates or assumptions (particularly for options and indefinite term arrangements).

The starting date of the lease is the date on which the lessor makes a specific asset (e.g. the leased property, machinery or equipment) available to the lessee for use. The commencement date is the date on which the lease term commences and the lease obligation and right to use the asset are recognised. In determining whether a lessee is reasonably certain whether to exercise its option to extend the lease or not to exercise its option to terminate the 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 to use a specific asset during the lease term.

A modification of a lease is a change in the scope of the lease or 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 the extension or shortening of the contractual lease term). A modification may result only from a change in the lease 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 two 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 any appropriate adjustment to the specific price, according to the terms of the specific contract. 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 the lease is modified, the revised lease payments are always discounted using a revised discount rate.

At the Group's option, the right-of-use asset is presented as a separate line item in the consolidated statement of financial position.

Group as lessor

Finance lease
A finance lease is a transaction that transfers substantially all the risks and rewards of 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 substance (i.e. as if the underlying asset were sold by the lessor to the lessee). In the case of a finance lease, 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 underlying asset. It is usually 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 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 lessor and lessee ("the head lease") remains in force. The Group, as an intermediate lessor, classifies subleases as finance or operating leases in a manner similar to that for any other lease, in accordance with IFRS 16.61. At the inception of the sublease, if the Group 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

In the case of subleases, there are no specific provisions governing the disclosure of subleases in the balance sheet and income statement. The Group applies the disclosure rules that apply to other finance and operating leases. The Group 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 income 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 head and a sublease are two separate contracts, accounted for under the lessee and lessor models respectively. The general disclosure rules apply to both head and subleases and to lessors of finance or operating subleases.

The Group has real estate leases.

2.1.13 **Earnings per share (EPS)**

The return per share is determined by taking into account the Group's profit attributable to equity holders of the parent company and the average number of shares less the average number of treasury shares repurchased during the period.

Diluted earnings per share are calculated in a similar way as earnings per share. However, the calculation takes into account all dilutive shares outstanding by multiplying the dividends and earnings on ordinary shares distributable by the dividends and earnings on convertible shares that are eligible for inclusion in the period, adjusted for additional income and expenses arising on conversion, - the weighted average number of shares outstanding by the weighted average number of additional shares that would be outstanding if all the convertible shares were converted.

2.1.14 **Deposits paid by tenants**

Deposits received from tenants are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Tenants' deposits related to leases with an expiry date beyond one year are included in non-current liabilities, and the remaining tenants' deposits are included in other liabilities in the consolidated statement of financial position.

2.1.15 **Off-balance sheet items**

Off-balance-sheet liabilities are not included in the statement of financial position and statement of comprehensive income that form part of the consolidated financial statements, unless they are contingent liabilities acquired in business combinations. They are presented in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Off-balance-sheet receivables are not included in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

2.1.16 **Treasury shares repurchased**

The repurchased treasury shares are deducted from equity. The difference between the nominal value and the cost value is recognised directly in the profit and loss reserve.

2.1.17 Dividend

Dividends are recognised in the year in which they are approved by the shareholders.

2.1.18 Result of financial operations

Financial result includes interest and dividend income recognised using the effective interest method, negative goodwill, interest and other financial expenses recognised using the effective interest method, gains and losses on the fair valuation of financial instruments, and realised and unrealised exchange differences.

2.1.19 Events after reporting period

Events after the end of the reporting period that provide additional information about the Group's circumstances at the end of the reporting period (adjusting items) have been presented in the financial statements. Events after the reporting period that do not change the amounts reported in the financial statements are disclosed in the notes to the financial statements when material.

2.1.20 Discontinued operation

A discontinuing operation is a part of an enterprise that has already been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of the operation, or that is part of a coordinated plan to dispose of a separate major line of business or geographical area of the operation, or that is a subsidiary acquired exclusively for resale.

The Group presents in the statement of comprehensive income as a combined total of the amount of the gain or loss on the disposal of discontinuing operations and the gain or loss on the disposal of discontinuing operations (or the reclassification of assets and liabilities of discontinuing operations as held for sale). It also presents separately, as a single figure, other comprehensive income relating to discontinued operations.

Accordingly, if there is activity to be discontinued, the statement of comprehensive income is effectively divided into two parts, as continuing operations (line by line) and discontinued operations (single amount).

The classification (reclassification) must be made for all periods presented, including previous financial years when the activity was not considered to have ceased.

The Group does not separate out the income and expenses between discontinued operations and continuing operations, for comparability purposes, continuing operations include those costs that will continue to be part of continuing operations in future periods, including those relating to external parties.

2.2 Changes in accounting policies

The Group has prepared its financial statements in accordance with the provisions of all standards and interpretations in force for the year ending 31 December 2023.

Existing interpretations of standards relevant to the preparation of the Group's consolidated financial statements and new standards adopted by the Group:

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2023. The amendments provide guidance on the application of materiality judgements in accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose accounting policies that are 'significant' with the requirement to disclose accounting policies that are 'material'. The IFRS Practice Statement also provides guidance and illustrative examples to assist in applying the concept of materiality when making decisions about accounting policy disclosures.
The Group has assessed the disclosure of accounting policies and prepared its consolidated financial statements for the year under review accordingly.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Accounting Estimates (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the beginning of that period. The amendments introduce a new concept of accounting estimates, defined as monetary amounts in the financial statements that are subject to measurement uncertainty if they do not result from the correction of a prior period error. The amendments also clarify what changes in accounting estimates mean and how they differ from changes in accounting policies and corrections of errors.
The amendments had no material impact on the Group's consolidated financial statements.

IAS 12 Income taxes: treatment of deferred tax assets and liabilities arising from a single transaction (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2023. The amendments narrow the scope of the initial recognition exception in IAS 12 and specify how groups should account for deferred tax relating to assets and liabilities arising from a single transaction, such as leases and decommissioning liabilities. The amendments clarify that, to the extent that payments to settle a liability are deductible for tax purposes, it is a matter of judgement, in light of the relevant tax legislation, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that give rise to the same taxable and deductible temporary differences on initial recognition. It applies only when the recognition of a lease receivable and a lease liability (or a decommissioning liability and a

decommissioning asset component) results in taxable and deductible temporary differences that are not equal.
The amendments had no impact on the Group's consolidated financial statements.

IAS 12 Income Taxes: International Tax Reform - Second Pillar Model Rules (Amendments)

The amendments will take effect immediately upon issuance, but certain disclosure requirements will take effect at a later date. The Organisation for Economic Co-operation and Development (OECD) published the second pillar model rules in December 2021, which ensure that large multinational companies are subject to a minimum tax rate of 15%. On 23 May 2023, the International Accounting Standards Board (IASB) issued the amendments to International Tax Reform - Second Pillar Model Rules - IAS 12. The amendments introduce a mandatory transitional exemption from the accounting for deferred taxes arising from the jurisdictional application of the second pillar model rules and impose disclosure requirements on the entities concerned regarding their potential exposure to second pillar income taxes. The amendments require the disclosure, in periods when the second pillar legislation is (substantially) enacted but not yet effective, of known or reasonably estimable information that helps users of financial statements understand an entity's exposure to second pillar income taxes. To meet these requirements, an entity shall disclose qualitative and quantitative information about its exposure to second-pillar income taxes at the end of the reporting period. Disclosure of the income tax expense related to the second pillar and disclosure for periods before the enactment of the legislation is required for annual reporting periods beginning on or after January 1, 2023, but is not required for interim periods ending on or before December 31, 2023. Given the size of the Group, it is not subject to the minimum tax rules and is not expected to have an impact.

Standards issued but not yet in force and not subject to early application

1) Standards/amendments not yet in force but adopted by the EU

IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted or retrospective application required in accordance with IAS 8. The amendments clarify the principles in IAS 1 for classifying liabilities as current or non-current. The amendments clarify the reporting of the right to defer settlement, the requirement that this right must exist at the end of the reporting period, that management's intention does not affect current or non-current classification, that a counterparty's options that may result in settlement by the entity's own equity instruments being transferred do not affect current or non-current classification. The amendments also specify that only those covenants that the entity is required to meet on or before the reporting date affect the classification of a liability. Additional disclosures are also required for long-term liabilities arising from loan agreements that are subject to a covenant that must be fulfilled within twelve months after the reporting period.

Management has assessed the expected impact of applying the standard and it is not significant.

IFRS 16 Leases: lease obligations in leaseback transactions (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2024, with early application permitted. The amendments aim to improve the requirements that a seller-lessee applies in measuring a lease liability in a leaseback transaction under IFRS 16, but do not change the accounting for leases that are not related to leaseback transactions. A vendor-lessee shall define 'lease payments' or 'revised lease payments' so that the vendor-lessee does not recognise the portion of the gain or loss that relates to the right of use that it retains. The application of those requirements does not prevent a vendor lessee from recognising in profit or loss the gain or loss on the partial or total termination of a lease. A vendor lessee shall apply the amendment retrospectively, in accordance with IAS 8, to leaseback arrangements entered into after the date of initial application, which is the beginning of the reporting period in which the entity first applies IFRS 16.
Management has assessed the potential application of the standard and it is not expected to have an impact on the consolidated financial statements.

2) Standards/amendments not yet in force and not adopted by the EU

IAS 7 Statement of Cash Flows and IFRS 7 Disclosure of Financial Instruments - Supplier Financing Arrangements (Amendments)

The amendments will apply from the financial year starting on or after 1 January 2024, with early application permitted. The amendments add to the requirements already in IFRSs and require an entity to disclose the terms of a vendor financing arrangement. In addition, entities shall disclose, at the beginning and end of the reporting period, the carrying amount of the financial liabilities of a vendor financing arrangement and the line items on which those liabilities are presented, and the carrying amount and line items of financial liabilities for which the financiers have settled the corresponding vendor payables. Entities shall also disclose the type and effect of any non-monetary changes in the carrying amount of financial liabilities arising from vendor financing arrangements that prevent comparability of the carrying amount of financial liabilities. The amendments also require an entity to disclose, at the beginning and end of the reporting period, the maturity of financial liabilities to financiers and of similar trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.
Management has assessed the potential application of the standard and it is not expected to have an impact on the consolidated financial statements.

IAS 21 The Effect of Changes in Foreign Exchange Rates: Non-convertibility (Amendments)

The amendments are effective from the financial year starting on or after 1 January 2025, with early application permitted. The amendments specify how an entity should assess whether a currency is convertible and determine the spot exchange rate in the absence of convertibility. A currency is regarded as convertible into another currency if the entity is able to obtain access to the other currency within a time frame that permits a normal administrative delay through a market or exchange mechanism in which an exchange transaction creates enforceable rights and obligations. If a currency cannot be exchanged for another currency, the entity shall estimate the spot exchange rate at the measurement date. The objective of an entity in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would occur between market participants under prevailing economic conditions at the measurement date. The amendments note that an entity may use an unadjusted observable rate or another estimation technique. The amendments have not yet been adopted by the EU.

Management has assessed the potential application of the standard and it is not expected to have an impact on the consolidated financial statements.

2.3 Significant accounting estimates and assumptions

The application of the accounting policies described in point 2.1 requires the use of estimates and assumptions in determining the amounts of certain assets and liabilities at a given date that cannot be clearly identified from other sources. The estimation process involves judgements and relevant factors based on the latest information available. These significant estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses in the financial statements and the disclosure of contingent assets and liabilities in the notes to the financial statements. Actual results may differ from those estimates.

The estimates are continuously updated. Changes in accounting estimates should be taken into account in the period of the change if the change affects only that period, or in the period of the change and future periods if the change affects both periods.

The main areas of estimation uncertainty and critical accounting judgements that have the most significant effect on the amounts recognised in the consolidated financial statements are:

2.3.1 **Classification of properties**

Properties owned by the Group are classified as investment properties and development properties on acquisition as follows:

- They are classified as investment properties, which are typically acquired by the Group with the intention of benefiting from the rental and capital appreciation of the property. These properties (typically office buildings, commercial buildings, warehouses and factory buildings) are not used by the Company for its own purposes.

- Properties that the Group intends to invest in, develop and sell in the near future are classified as held for development.
- Property, plant and equipment includes property used by the Group for its own purposes.

The Group reclassifies investment property when there is a change in use. It classifies property held for its own use as property, plant and equipment. For mixed-use property, the Group accounts for the components separately where possible. If separation is not possible, the Group classifies the property as investment property only if the portion used for other purposes is insignificant.

The Group classifies as inventories properties on which it is commencing development with a view to a subsequent sale. The Group classifies property as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is highly probable within one year. Investment property classified as held for sale is carried at fair value even after reclassification.

2.3.2 **Fair value of investment property**

The determination of the fair value of investment property is based to a significant extent on estimates and assumptions, and therefore the actual value may differ significantly from the value resulting from the estimate. The fair value of investment property is determined based on the Group's own valuations and valuations performed by independent valuers. The valuation principles and parameters used are disclosed in note 10.

IFRS 13 'Fair value measurement' establishes a fair value hierarchy to enhance consistency and comparability of fair value measurement and related disclosures. The hierarchy categorises inputs to valuation techniques used to measure 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 measurement 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 measurement date under existing market conditions. All investment properties are classified within Level 3 of the fair value hierarchy.

2.3.3 **Asset deals**

During 2023, the Group acquired several subsidiaries, Tidaholm Properties Ltd, Kantrum Property Ltd and Dounby SP Z.o.o. Based on the Group's assumptions and estimates based on the concentration tests performed, the Group has accounted for the acquired interests as asset acquisitions rather than business combinations.

2.4 Changes in the companies included in the scope of consolidation

The Group holds shares (voting and ownership rights) in the following subsidiaries:

Name of subsidiary	Parent company	Ownership and voting rights 2023	2022	Address
Appeninn BLT Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn E-Office Asset Management Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn Project-EGRV Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn Project-MSKC Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn Property Asset Management Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn-Bp 1047 Zrt.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appen-Retail Ltd.	Appeninn Property Asset Management Ltd.	100%	100%	1022 Budapest, Bég street 3-5.
Bertex Real Estate Distributor Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Curlington Property Development Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Felhévíz-Appen Ltd.	Appeninn Property Asset Management Ltd.	100%	100%	1022 Budapest, Bég street 3-5.
Sectura Property Management Ltd.	Szent László téri Service House Ltd.	100%	100%	1022 Budapest, Bég street 3-5.
Szent László téri Service House Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Alagút Investment Ltd.	Appeninn E-Office Asset Management Ltd.	100%	100%	1022 Budapest, Bég street 3-5.
Solum-Invest Ltd.	Appeninn Plc.	-	51%	8230 Balatonfüred, Zákonyi Ferenc street 8.
Tidaholm Properties Ltd.	Appeninn Plc.	100%	-	1022 Budapest, Bég street 3-5.
Kantrum Property Ltd.	Appeninn Plc.	100%	-	1022 Budapest, Bég street 3-5.
Dounby SP. Z.O.O.	Appeninn Plc.	100%	-	Ul. Ilzecka 26, Warsaw, Mazowieckie,
Leveron doo Beograd	Appeninn Project-EGRV Ltd.	100%	100%	Belgrade, Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070
Imanpa doo Beograd	Appeninn Project-EGRV Ltd.	100%	100%	Belgrade, Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070

The Group has majority control in its subsidiaries.

The Group holds shares (voting and ownership rights) in the following associated companies:

Name of the associated company	Parent company	Ownership and voting rights 2023	2022	Address
Wisniowy Management Sp. Z.o.o.	Dounby SP. Z.O.O.	50%	-	Ul. Ilzecka 26, Warsaw, Mazowieckie,

Changes in the members of the Group in **2023:**

- In 2023, the Group sold its 51% stake in Solum-Invest Ltd,
- In 2023, 100% of the shares of Tidaholm Properties Ltd. were acquired,
- In 2023, the 100% share of Kantrum Property Ltd. was acquired,
- In 2023, 100% of the shares of Dounby SP. Z.O.O. and 50% of the shares of its associated company Wisniowy Management Sp. Z.o.o. were acquired.

Changes in the members of the Group in **2022:**

- In 2022, the Group sold Dreamland Holding Zrt. and its subsidiaries (DLHG Invest Ltd., Szántód Balaland Family Ltd., Tokaj Csurgó Völgy Ltd., Tokaj Kelep Zrt., SZRH Ltd., TATK Ltd., Visegrád Lepence Völgy Strandfürdő Ltd.),
- PRO-MOT Hungária Ltd. was sold in 2022,
- In 2022, Appeninn Üzemeltető Zrt.
- Hellnarik Hospitality Ltd. was sold in 2022.
- In 2022, the companies Leveron doo Beograd and Imanpa doo Beograd were established

On 1 January 2024, Appen-Retail Ltd. and Felhévíz-Appen Ltd. merged into Appeninn Property Zrt.

2.4.1 Acquisitions and disposals of investments in 2023

Acquisition of Tidaholm Properties Ltd.

On 28 February 2023, the Group acquired 100% of the shares of Tidaholm Properties Ltd. A significant property was acquired in the acquired company, however, there are no existing management functions and related processes, therefore the Group has assessed the transaction and identified it as an asset purchase, which was measured by performing a concentration test.

Information related to the acquisition of Tidaholm Properties Ltd:

Data in EUR	Fair value at the date of acquisition
Assets	
Investment properties	27.322.714
Cash and cash equivalents	1.160.495
Other assets	1.356.725
Total assets	**29.839.935**
Liabilities	
Loans and financial liabilities	12.286.895
Other liabilities	821.365
Total liabilities	**13.108.260**
Fair value of identifiable net assets	**16.731.675**
Non-controlling interest	-
Gain on acquisition (allocated to assets and liabilities based on their relative weight)	6.754.150
Purchase price of a share of the business	4.284.671
Amount used to redeem the loan	5.692.854
Purchase consideration	**9.977.525**

EUR 4,296,845 of the gain related to the acquisition of the stake in Tidaholm Properties Ltd. was allocated to investment properties, resulting in a cost of investment properties of EUR 23,025,869. Of the amount of the gain, EUR 1,932,271 has been recognised as deferred income and will be released over the life of the loan. The remaining amount of EUR 525,034 has been allocated to other assets and other liabilities at the time of acquisition based on their relative weight.

Acquisition of Kantrum Property Ltd.

On 28 February 2023, the Group acquired 100% of the shares of Kantrum Property Ltd. A significant property was acquired in the acquired company, however, there are no existing management functions and related processes, therefore the Group has assessed the transaction and identified it as an asset purchase, which was measured by performing a concentration test.

Information related to the acquisition of Kantrum Properties Ltd:

Data in EUR	Fair value at the date of acquisition
Assets	
Investment properties	10.900.237
Cash and cash equivalents	99.470
Other assets	332.551
Total assets	**11.332.257**
Liabilities	
Other liabilities	369.181
Total liabilities	**369.181**
Fair value of identifiable net assets	**10.963.076**
Non-controlling interest	-
Gain on acquisition (allocated to assets and liabilities based on their relative weight)	9.050
Purchase price of a share of the business	**2.872**
Amount used to redeem the loan	**10.951.154**
Purchase consideration	**10.954.026**

Acquisition of Dounby SP Z.o.o.

On 10 March 2023, the Group acquired 100% of the shares of Dounby SP Z.o.o. A significant property was acquired in the acquired company, however, there are no existing management functions and related processes, therefore the Group has assessed the transaction and identified it as an asset purchase, which was measured by performing a concentration test.

Information related to the acquisition of Dounby SP Z.o.o:

Data in EUR	Fair value at the date of acquisition
Assets	
Investment properties	35.543.066
Cash and cash equivalents	2.206.805
Other assets	1.687.783
Total assets	**39.437.654**
Liabilities	
Other liabilities	2.712.422
Total liabilities	**2.712.422**
Fair value of identifiable net assets	**36.725.232**
Non-controlling interest	-
Gain on acquisition (allocated to assets and liabilities based on their relative weight)	-
Consideration for the purchase of a share (plus acquisition costs)	**482.814**
Amount used to redeem the loan	**36.242.418**
Purchase consideration	**36.725.232**

Sale of Solum-Invest Ltd.

In January 2023, the Group sold Solum-Invest Ltd. The sale price of the 51% stake in Solum-Invest Ltd. was EUR 1,309,072.

Information related to the sale of Solum-Invest Ltd:

	Data in EUR
Sale price	1.309.072
Receivables sold	5.261.994
Carrying amount of identifiable net assets at the date of sale (loss)	(2.535.827)
Derecognition of translation reserve related to subsidiary	169.340
Derecognition of non-controlling interest	(1.373.190)
Result of sales	***2.831.389***

With the sale of Solum-Invest Ltd, the Group's net cash flow was EUR 1,309,005, and Solum-Invest Ltd had cash of EUR 67 at the time of the sale of Solum-Invest Ltd. In addition to the consideration for the stake, the receivable from Solum-Invest Ltd. was settled in the amount of EUR 5,261,994.

2.4.2 **Share sales in 2022**

Sale of Dreamland Holding Zrt. and its subsidiaries

In the first half of 2022, the Group sold Dreamland Holding Zrt and its subsidiaries. Dreamland Holding Zrt. The sale price for the 75% stake in Dreamland Holding was EUR 3,911,474.

Information related to the sale of Dreamland Holding Zrt. and its subsidiaries:

	Data in EUR
Sale price	3.911.474
Carrying amount of identifiable net assets at the date of sale (loss)	4.587.818
Derecognition of translation reserve related to subsidiary	151.901
Derecognition of non-controlling interest	(1.146.955)
Derecognition of goodwill	(3.944.477)
Result of sales	***3.559.761***

With the sale of Dreamland Holding Zrt. and its subsidiaries, the Group's net cash flow was EUR -211,609, and at the time of the sale of the Dreamland Group, the Dreamland Group had cash and cash equivalents of EUR 4,123,083.

Sale of PRO-MOT Hungária Ltd.

In the first half of 2022, the Group sold its stake in PRO-MOT Hungária Ltd. The sale price of the 74.99% stake was EUR 6,328,605.

Information related to the sale of PRO-MOT Hungária Ltd:

	Data in EUR
Sale price	6.328.605
Book value of identifiable net assets at the date of sale	(3.291.675)
Derecognition of translation reserve related to subsidiary	(1.013.170)
Derecognition of non-controlling interest	823.248
Result of sales	***2.847.008***

With the sale of PRO-MOT Hungária Ltd., the Group's net cash flow was EUR 5,902,764, and PRO-MOT Hungária Ltd. had cash and cash equivalents of EUR 425,840 at the time of the sale of PRO-MOT Hungária Ltd.

Sale of Appeninn Üzemeltető Zrt.

In the first half of 2022, the Group sold Appeninn Üzemeltető Zrt. Appeninn Üzemeltető Zrt. was sold for EUR 40,328.

Information related to the sale of Appeninn Üzemeltető Zrt:

	Data in EUR
Sale price	40.328
Book value of identifiable net assets at the date of sale	(592.753)
Derecognition of translation reserve related to subsidiary	(69.980)
Result of sales	***(622.405)***

The net cash value of Appeninn Üzemeltető Zrt. for the Group is -272.312 EUR, on the sale of Appeninn Üzemeltető Zrt. Appeninnomin Ltd. had cash and cash equivalents of EUR 312,640.

Sale of Hellnarik Hospitality Ltd.

In the first half of 2022, the Group sold its minority stake in Hellnarik Hospitality Ltd. The selling price of the 24% stake in Hellnarik Hospitality Ltd. was EUR 112,437.

Information related to the sale of the stake in Hellnarik Hospitality Ltd:

	Data in EUR
Sale price	112.437
Minority interest value	37.043
Result of sales	***75.493***

Notes to the Consolidated Comprehensive Income Statement

3. Revenues from property rental

The Group generates its real estate sales revenues from the rental of office, logistics and commercial properties and related management services. The Group's properties are characterised by short inter-tenant vacancy periods and a high quality, solvent tenant portfolio due to the good positioning of the properties.

Revenue was generated from the following activities:

Data in EUR	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Proceeds from letting office space	12.297.745	3.404.520
Logistics property for rent	2.750.964	2.954.359
Leasing of commercial property	4.439.227	1.680.516
Total	**19.487.935**	**8.039.395**

The Company has no contractual assets or contractual liabilities. Revenue from contracts with customers for which revenue is recognised on a recurring basis amounted to EUR 18,912,843 in 2023 and EUR 7,378,194 in 2022, while revenue from operations amounted to EUR 575,092 in 2023 and EUR 661,201 in 2022. A significant contribution to the significant increase in revenue was made by the revenue of newly acquired companies in 2023.

The future minimum rental income for fixed-term leases is as follows at 31 December 2023:

Data in EUR	Financial year ending 31.12.2023	Financial year ending 31.12.2022
Within a year	14.373.388	5.506.949
Within 1-5 years	28.925.801	11.954.116
Over 5 years	15.120.404	10.982.299
Total	**58.419.593**	**28.443.364**

Presentation of revenues as a geographical breakdown:

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Hungary	12.430.098	8.039.395
Poland	7.057.837	-
Total	**19.487.935**	**8.039.395**

4. Direct costs of letting a property

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Property management fees	(5.480.736)	(2.025.641)
Building tax, land tax	(865.392)	(326.456)
Repair and maintenance	(703.231)	(38.244)
Property insurance costs	(88.354)	(20.355)
Guarding, protection	(235.298)	(11.587)
Other operating costs	(113.544)	-
Total	**(7.486.555)**	**(2.422.283)**

Operating costs increased significantly compared to the previous year with the addition of new subsidiaries, which were almost EUR 4 million higher than in the previous year.

5. Administrative costs

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Accounting service, audit fees	(261.773)	(189.303)
Bank charges	(52.122)	(24.740)
Lawyer, legal fees	(68.343)	(168.559)
Business consulting, PR	(64.644)	(112.768)
Property valuations and appraisals	(102.549)	(47.555)
Stock exchange fees for a public limited company	(20.039)	(18.037)
Information technology service	(20.955)	(15.143)
Telephone costs Internet charges	(14.347)	(742)
Public charges, fees	(3.481)	(1.860)
Office supplies, material costs	(1.808)	(2.391)
Other expenses	(218.404)	(126.516)
Total	**(828.466)**	**(707.615)**

6. Expenditure on staff

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Salaries and wages	(233.826)	(269.484)
Payroll taxes	(31.981)	(37.012)
Other personal allowances	(9.519)	(9.224)
Total	**(275.326)**	**(315.720)**

Headcount data	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Average statistical number of employees (Main)	**8,0**	**16,0**
Closing number (persons)	**8,0**	**16,0**
Of which:		
Appeninn Asset Management Holding Plc.	8	9
Solum-Invest Ltd.	-	7

In 2023, with the sale of Solum-Invest Ltd, the Group's headcount will be reduced to 8.

7. Other operating expenses and income

The Group presents its other income, i.e. income other than from the rental and operation of real estate, as other income (expense). Where an item was of a significant value or type in the profit or loss for the period, which was the main determinant of the overall profit or loss for the period, that item (or items) is presented separately in the main statement. Items not included elsewhere or not excluded from other types of income are presented under this heading.

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Other revenue		
Default interest received	39.587	0
Reversal of impairment	26	22.372
Damage-related revenue	9.123	15.448
Liability write-off	48.794	-
Tidaholm Revenue related to the acquisition of assets	523.603	-
Other revenue	23.150	7.526
	644.283	**45.346**
Other expenses		
Fines, penalties	(100.508)	(779)
Bad debt, impairment	(161.085)	(45.453)
Other expenses (success fees, intermediary fees)	(226.222)	(2.299)
	(487.815)	**(48.531)**
Total other income/(expenditure)	**156.468**	**(3.185)**

8. Gain (loss) on sale of investments

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Hellnarik Hospitality Ltd. - 24% stake	-	75.394
Total	**-**	**75.394**

A detailed description of the sale of shares is given in section 2.4.2.

9. Gains on sale of investment property

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Sale price of investment property	1.760.000	-
Derecognition of fair value of investment property	(1.402.407)	-
Total	**357.593**	**-**

The Group sold one of its SPAR properties in 2023, on which it recognised a gain of EUR 357,593.

10. Fair value result on investment property

The fair values of the Group's assets are assessed annually. Based on the fair value measurements, the Group recognises all changes in profit or loss. For rights to purchase properties, if they are below fair value and the holder has paid the owner the purchase consideration, the lower of the fair value and the price for the right to purchase is recognised in the Group's balance sheet.

The Group has a fair value measurement of its properties prepared each year. The value determined by an independent valuer is consistent with the values reported in the financial statements. The appraisal used for the valuation of investment properties was prepared for all properties by the independent expert appointed to perform the valuation in 2023 by CBRE Ltd. (Bajcsy-Zsilinszky út 78. 1055 Budapest) and CBRE Poland, and in 2014-2022 by Jones Lang LaSalle Ltd. (Széchenyi tér 7-8., 1051 Budapest, hereinafter referred to as JLL Ltd.), except for the right-of-use assets included in investment properties. Both property valuation companies are reputable and have appropriate professional qualifications and recent experience in the area and category of investment property to be valued. The analysis prepared by the property appraisers is as follows:

- the valuation methods used and their application are consistent with approaches commonly used in national and international practice
- the rents charged are in line with current market rents
- the rates reported in the investor "yield expectations" - Capitalisation Rates and Discount Rates for each property are consistent with publicly published data for each property type on investment transactions over the past 12 months.

Evaluation methods 2023:
The valuation has been prepared in accordance with the 2023 edition of the RICS (Royal Institution of Chartered Surveyors) Valuation Standards. In view of the way in which the properties are used, a method based on the calculation of yields (the so-called "Hardcore and Top slice" method) has been chosen for the valuation of the properties, with the market comparison method being used as a control method. The methodology divides the annual income from the property into 2 or more groups based on the assumed risks associated with

each group. Thus, it typically distinguishes between the part of the income that is sustainable over the long term in line with market rents ('hardcore') and the part that is unlikely to be sustainable over the long term ('top slice'). The 'hardcore' income part is capitalised in the methodology with an all-risk-yield, while the income parts above this are capitalised with a higher risk-yield until the end of their term. Potential increases in rents and inflation risk are also implicitly taken into account by applying the all-risk-yield. The gross capital value is thus the sum of the hardcore and top slice capitalised returns. After deduction of transaction costs and any investment costs incurred for the property, the net capital value is the market value of the property.

The assumptions used in the yield-based valuations in 2023 were average rent, market rent, occupancy and discount rate. These values are based on market observations, adjusted for the local situation of the property. Because of these corrections, all variables used are classified as 'level 3'.

The valuation methodology used was in line with the valuation techniques described in IFRS 13.

Properties in the portfolio with non-primary income-producing characteristics were valued using a comparative method.

Evaluation methods 2022:
Valuations are made using the income approach (discounted cash flow method) and the comparative (market) method. The income approach method is based on the estimation of the cash flows from the property over the period. The present value of the cash flows from the property is determined by applying a discount rate based on the market, reflecting the investors' expectations of the return. The cash flow for the period is the income excluding unused space less costs associated with the operation and maintenance of the property. The sum of the cash flows for the period and the residual value at the end of the valuation period discounted to present value is the fair value of the property.

The assumptions used in the valuations based on the market method approach in 2022 were average rent, market rent, occupancy, exit yield and discount rate. These values are based on market observations, adjusted for the local situation of the property. Because of these corrections, all variables used are classified as "level 3".

The valuation methodology used was in line with the valuation techniques described in IFRS 13.

Discount rates range from 7.65% to 10.25% for office properties and from 8.50% to 10.00% for industrial properties. Prime exit yield for offices: 5.50%, for industrial: 6.00%.
Among the inputs used in the DCF calculation, the most significant influence on the market value of a given property is provided by the exit yield and discount rate variables, in addition to inflation, costs and market rent for the sensitivity analysis. An increase in exit yield and discount rate will decrease the value, while a change in the opposite direction will increase the value. For inflation, international forecasts have been used and for costs a significant

increase has been forecast. For market rents, we have used the prevailing market rents for a given property.

In the present case, a conservative approach has been taken in defining these variables, except for the optimistic and pessimistic scenarios.

The assessment included the determination of spot market prices, which were reported as "Comparative" prices.

Revaluation in 2023

Data in EUR	Fair value increase	Fair value decrease
1149 Budapest, Várna u. 12-14.		(547.000)
1047 Budapest, Schweidel street 3.		(290.000)
1023 Budapest, Bég u. 3-5.		(2.037.000)
1022 Budapest, Bég u. 4. (Törökvész u. 30.)		(480.000)
1094 Budapest, Páva street 8.		(2.342.000)
1015 Budapest, Hattyú street 14.		(5.790.000)
1118 Budapest, Kelenhegyi út 43.	452.000	
1133 Budapest, Visegrádi u. 110-112.		(650.000)
17 SPAR store		(2.211.576)
6000 Kecskemét, Kiskőrösi street 30.		(450.000)
1082 Budapest, Üllői út 48.		(1.440.000)
1147 Budapest, Egyenes u. 4.	23.000	
1105 Budapest, Bánya street 20. (Szent László tér)		(435.000)
1023 Budapest, Felhévízi street 24.		(430.000)
1139 Budapest, Frangepán u. 19.		(220.000)
1105 Budapest, Bánya street E building (Szent László tér)		(85.000)
3525 Miskolc, Szűcs Sámuel street 5.		(1.160.000)
1013 Budapest, Pauler street 2.		(590.000)
8000 Zalaegerszeg, Balatoni út 5-7.	3.926.015	
8900 Székesfehérvár, Szent Flórián krt. 11.	1.752.939	
8000 Nagykanizsa, Táborhely u. 4.	5.629.876	
Wisniowy Business Park	13.983.695	
Total changes in fair value	**25.767.525**	**(19.157.576)**
Total exchange rate changes accounted in other comprehensive income (gain)		**(4.636.925)**
Total changes in fair value in income statement		**1.973.024**

Revaluation in 2022

Data in EUR	Fair value increase	Fair value decrease
1149 Budapest, Várna u. 12-14.		(200.000)
1047 Budapest, Schweidel street 3.		(300.000)
1023 Budapest, Bég u. 3-5.	689.281	
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	448.729	
1094 Budapest, Páva street 8.	88.268	
1015 Budapest, Hattyú street 14.	206.245	
1118 Budapest, Kelenhegyi út 43.		(493.233)
1133 Budapest, Visegrádi u. 110-112.		(201.014)
18 SPAR store	879.335	
6000 Kecskemét, Kiskőrösi street 30.		(1.400.000)
1082 Budapest, Üllői út 48.	1.900.000	
Pasaréti right of use asset	25.022	
1147 Budapest, Egyenes u. 4.		(49.188)
1105 Budapest, Bánya street 20. (Szent László tér)		(300.000)
1139 Budapest, Frangepán u. 19.		(620.274)
1105 Budapest, Bánya street E building (Szent László tér)		(80.000)
1013 Budapest, Pauler street 2.	100.000	
Total changes in fair value	**4.336.880**	**(3.643.709)**
Total exchange rate changes accounted in other comprehensive income (loss)		**8.595.767**
Total changes in fair value in income statement		**9.288.938**

Serial number		Type	2023 Comparative price	DCF model value	Reporting day value	Evaluation method	Rents EUR/m2/month	Discount rate	Mortgage
1	1149 Budapest, Várna u. 12-14.	office-plant	1 760 000	1 453 000	1 453 000	DCF method	2,63	9,00%	exist
2	1047 Schweidel utca 3.	warehouse	2 210 000	1 330 000	2 210 000	comparative	1,38	9,00%	exist
3	1023 Budapest, Bég u. 3-5.	office	7 350 000	9 263 000	9 263 000	DCF method	14,29	8,25%	exist
4	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	office	3 010 000	3 420 000	3 420 000	DCF method	4,18	8,25%	exist
5	1094 Budapest, Páva u. 8.	office	2 858 000	2 851 000	2 858 000	comparative	7,69	9,00%	exist
6	1015 Budapest, Hattyú utca 14.	office	9 210 000	8 710 000	8 710 000	DCF method	11,64	8,50%	exist
7	1118 Budapest, Kelenhegyi út 43.	office-tenant	3 801 000	5 152 000	5 152 000	DCF method	7,96 és 16,67	7%-8%	exist
8	1133 Budapest, Visegrádi u. 110-112.	office	3 360 000	4 250 000	4 250 000	DCF method	6,79	8,75%	exist
9	17 SPAR üzlet	commercial	20 715 000	19 669 000	19 669 000	direct capitalisation	5-13,07	7,5%-9,25%	exist
10	6000 Kecskemét, Kiskőrösi utca 30.	place of business	2 350 000	1 674 000	2 350 000	comparative	0,86	9,00%	exist
11	1082 Budapest, Üllői út 48.	office	18 610 000	20 860 000	20 860 000	DCF method	14,87	7,75%	no
12	1147 Budapest, Egyenes u. 4.	workshoup	790 000	723 000	723 000	DCF method	1,39	9,00%	exist
13	1105 Budapest, Bánya utca 20.	miscalleneous	2 190 000	1 665 000	1 665 000	DCF method	0,12	9,75%	no
14	1023 Budapest, Felhévízi u. 24.	office	1 070 000	677 000	1 070 000	comparative		9,00%	exist
15	1139 Budapest, Frangepán u. 19.	office	2 690 000	2 280 000	2 280 000	DCF method		10,00%	exist
16	1105 Budapest, Bánya utca E épület	office	260 000	175 000	175 000	DCF method		10,25%	no
17	3525 Miskolc, Szűcs Sámuel u. 5.	casino	1 080 000	1 440 000	1 440 000	DCF method	19,11	9,00%	exist
18	1013 Budapest, Pauler utca 2.	office	1 120 000	1 210 000	1 210 000	DCF method	16,92	8,25%	exist
19	8000 Zalaegerszeg, Balatoni út 5-7.	commercial	17 110 000	15 250 000	15 250 000	DCF method	8,96	9,00%	exist
20	8900 Székesfehérvár, Szent Flórián krt. 11.	commercial	13 510 000	13 460 000	13 510 000	comparative	11,2	8,75%	exist
21	8000 Nagykanizsa, Táborhely u. 4.	commercial	20 100 000	17 200 000	17 200 000	DCF method	9,55	9,53%	no
22	Wisniowy Business Park	commercial	49 870 000	49 870 000	49 870 000	DCF method	12-15	10,00%	exist
					184 588 000				

Comparative data for 2022:

			2022				Model variable mean values in DCF model					
Serial Number		type	Comparative price	DCF model value	Reporting day value	Evaluation method	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
1	1149 Budapest, Várna u. 12-14.	office-plant	2 300 000	2 000 000	2 000 000	DCF model	8,50%	office: 8.5, warehouse: 4.5	1 900 000	2 100 000	9,00%	exist
2	1047 Budapest, Schweidel utca 3.	warehouse	3 000 000	2 500 000	2 500 000	DCF model	8,00%	warehouse: 4.25	2 375 000	2 625 000	8,50%	exist
3	1023 Budapest, Bég u. 3-5.	office	11 000 000	11 300 000	11 300 000	DCF model	7,65%	office: 10, retail: 14, warehouse: 6	10 735 000	11 865 000	7,90%	exist
4	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	office	3 800 000	3 900 000	3 900 000	DCF model	7,65%	office: 12, warehouse: 7	3 705 000	4 095 000	7,90%	exist
5	1094 Budapest, Páva utca 8.	office	6 300 000	5 200 000	5 200 000	DCF model	8,50%	office: 9.5, warehouse: 6	4 940 000	5 460 000	8,75%	exist
6	1015 Budapest, Hattyú utca 14.	office	15 600 000	14 500 000	14 500 000	DCF model	7,40%	office: 13.5, warehouse: 7	13 775 000	15 225 000	7,65%	no
7	1118 Budapest, Kelenhegyi út 43.	office-tenant	5 000 000	4 700 000	4 700 000	DCF model	7,00%	office: 10, apartment 14	4 465 000	4 935 000	7,40%	exist
8	1133 Budapest, Visegrád u. 110-112.	office	5 700 000	4 900 000	4 900 000	DCF model	7,50%	office: 10	4 655 000	5 145 000	8,00%	exist
9	17 SPAR shop *	commercial	19 640 000	21 950 000	21 950 000	direct capitalisation			20 852 500	23 047 500	7.5%-9,5%	exist
10	6000 Kecskemét, Kiskőrösi utca 30.	place of business	2 800 000	2 800 000	2 800 000	DCF model	11,50%	office: 4, warehouse: 2	2 660 000	2 940 000	12,00%	exist
11	1082 Budapest, Üllői út 48.	office	22 800 000	22 300 000	22 300 000	DCF model	8,15%	office: 13	21 185 000	23 415 000	8,65%	none
12	Pasaréti right to use asset	office	570 799	570 799	570 799	DCF model			542 259	599 339		
13	1147 Budapest, Egyenes u. 4.	workshop	1 000 000	700 000	700 000	DCF model	9,00%	warehouse: 4.5	665 000	735 000	9,50%	exist
14	1105 Budapest, Bánya utca 20.	miscellaneous	2 800 000	2 100 000	2 100 000	DCF model	8,75%	office: 4, warehouse: 3.5	1 995 000	2 205 000	9,00%	none
15	1023 Budapest, Felhévízi u. 24.	office	1 500 000	1 400 000	1 500 000	comparative	8,00%	office: 11	1 330 000	1 470 000	8,50%	exist
16	1139 Budapest, Frangepán u. 19.	office	3 300 000	2 500 000	2 500 000	DCF model	8,50%	office: 7	2 375 000	2 625 000	9,00%	exist
17	1105 Budapest, Bánya utca E building	office	360 000	260 000	260 000	DCF model	9,75%	office: 6.5	247 000	273 000	10,25%	none
18	3525 Miskolc, Szűcs Sámuel u. 5.	casino	1 700 000	2 600 000	2 600 000	DCF model	7,00%	18	2 470 000	2 730 000	7,50%	none
19	1013 Budapest, Pauler utca 2.	office	1 740 000	1 800 000	1 800 000	DCF model	7,90%	office:15	1 653 000	1 827 000	8,40%	exist
					108 080 799							

11. Depreciation and amortisation

data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Depreciation of tangible fixed assets	(6.267)	(63.866)
Total	**(6.267)**	**(63.866)**

The depreciation of small assets was EUR 5,155 in 2022 and EUR 6,021 in 2023.

12. Other expenditure and income on financial operations

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Exchange rate gains	5.412.215	1.334.829
Exchange rate loss	(3.796.644)	(3.357.907)
Total	**1.615.571**	**(2.023.078)**

13. Balance of interest income and expense

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Interest income		
Interest on deposits and interest-bearing deposits	3.070.744	3.382.219
Other interest income	23.068	866.069
	3.093.812	**4.248.288**
Interest expenditure		
Interest on bank loans	(1.504.252)	(893.599)
Interest on own issue bonds	(1.817.524)	(1.773.952)
	(3.321.776)	**(2.667.551)**
Balance of interest income and interest expense	**(227.964)**	**1.580.736**

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Leasing rates	(12.905)	(40.443)
Leasing rates	**(12.905)**	**(40.443)**

14. Income taxes

Income tax related income and (expenses) consist of:

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Corporation tax	(924.206)	81.270
Deferred tax	6.331.283	(1.555.712)
Local business tax	(224.789)	(148.232)
Total	**5.182.288**	**(1.622.674)**

The reconciliation of the tax was as follows:

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Profit before tax from continuing operations	14.753.108	13.408.273
Tax liability calculated at the current tax rate 9%	(1.327.780)	(1.206.744)
Local business tax	(224.789)	(148.232)
Change in losses not recognised as deferred tax assets	0	(373.180)
Expected tax rate decrease (evolution of the REIT)	6.734.857	-
Permanent differences	-	105.482
Total income taxes	**5.182.288**	**(1.622.674)**
Effective tax rate	**0%**	**12,04%**

As of 31 December 2022, the unrecognised loss from loss carryforwards of Appeninn E-Office Zrt. as a deferred tax asset amounted to EUR 373,180. In 2023, due to the conversion to REIT, the entire balance of deferred tax assets and liabilities has been reversed as the company is expected to be subject to a 0% tax rate.

Applied tax rates	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Local business tax	2%	2%
Corporation tax	9%	9%

15. Result of discontinuing activity

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Result on the sale of Solum-Invest Ltd.	2.831.389	-
Activities to be discontinued (see below)	-	2.139.965
Total	**2.831.389**	**2.139.965**

During 2022, the Group sold its subsidiaries in the tourism segment, Dreamland Holding Zrt. and its subsidiaries, and PRO-MOT Hungária Ltd. In December 2022, the Group also decided to sell Solum-Invest Ltd. In 2022, Appeninn Üzemeltető Zrt.

During 2023, the results for the period within the group of the companies sold and to be sold were combined in the line "Result from discontinued operations" and the result from the sale of the companies sold was also classified here.

Total comprehensive Income Statement 2022	Profit of tourism companies for the year before sales	Operating company's result for the year until sale	Eliminations and reclassifications	Profit for the year of discontinued companies until disposal
	EUR	EUR	EUR	EUR
Income from the rental of investment property	665.370	1.039.896	(519.780)	1.185.486
Direct costs of letting a property	(272.933)	(202.200)	519.780	44.647
Gross margin	**392.437**	**837.696**	**-**	**1.230.133**
Administrative costs	(326.314)	(70.331)		(396.645)
Expenditure on staff	(272.296)	(272.842)		(545.138)
Other income/(expenses)	(13.560)	1.096		(12.464)
Revaluation of investment property	(3.685.211)	0		(3.685.211)
Profit before tax, interest and depreciation	**(3.904.944)**	**495.618**	**-**	**(3.409.326)**
Depreciation and amortisation	(47.265)	(17.620)		(64.885)
Other (expense)/income from financial operations	(2.707)	(290)		(2.997)
Balance of interest income and expense	(415.905)	(1.690)		(417.595)
Profit before tax	**(4.370.819)**	**476.017**	**-**	**(3.894.802)**
Income taxes	264.815	(14.412)		250.403
Profit after tax from discontinued operations	**(4.106.004)**	**461.605**	**-**	**(3.644.399)**
Profit on sale of subsidiaries				**5.784.364**
Total profit or loss for the year			**-**	**2.139.965**
From the results of a discontinuing activity:				
Non-controlling interests				(1.681.500)
Attributable to owners of the Company				3.821.465

16. Earnings per share

The calculation of basic earnings per share should take into account the after-tax profit distributable to shareholders and the average annual number of ordinary shares in issue, excluding treasury shares.

	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022 (amended)
Profit after tax attributable to owners of the Company (EUR)	22.766.785	15.607.064
Weighted average number of ordinary shares in issue (number)	47.369.571	47.369.571
Earnings per share (basic) (in EUR cents)	**48,06**	**32,95**

Continuing activity:

	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022 (amended)
Profit from continuing operations attributable to owners of the Company (EUR)	19.935.395	11.785.599
Weighted average number of ordinary shares in issue (number)	47.369.571	47.369.571
Earnings per share from continuing operations (basic) (in EUR cents)	**42,08**	**24,88**

There are no factors in either 2022 or 2023 that would dilute earnings per share.

In 2022, the Group incorrectly calculated the EPS margin on total comprehensive income instead of earnings attributable to the parent company and did not present earnings per share from continuing operations.

	for the financial year ending 31.12.2022 (originally published)	for the financial year ending 31.12.2022 (amended)
Earnings per share (basic) (in EUR cents)	**29,40**	**32,95**

17. Net asset value per share

	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Net asset value (equity)	111.060.885	84.585.470
Number of ordinary shares on record date (number)	47.369.571	47.369.571
Net asset value per share (EUR)	**2,34**	**1,79**

Notes to the Consolidated Financial Statements

18. Investment properties

Changes in the opening and closing values of the Group's investment properties were as follows (see also note 10):

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Opening value	**108.080.799**	**185.662.961**
annual changes:		
Reclassification as held for sale:	**0**	**(13.710.000)**
1 SPAR store	0	(1.340.000)
Port and hotel Balatonfüred (Solum)	0	(12.370.000)
Property derecognised on the sale of a subsidiary	**0**	**(67.542.961)**
8171 Balatonvilágos, Aligai út 1.	0	(12.730.000)
Lepence, Visegrád Beach Baths	0	(900.000)
Grand Hotel Tokaj, Tokaj Csurgó Valley	0	(16.300.000)
Active Tourism Centre, Tokaj Csurgó Valley	0	(1.400.000)
BALALAND Family Hotel & Resort and Family Park, Sántód	0	(34.300.000)
Tavern and Tavern Rév Szántód	0	(1.050.000)
Tokaj Cellar	0	(862.961)
Assets reclassified during the period	**(570.799)**	**545.777**
Pasaréti right of use asset	(570.799)	545.777
Property acquired during the period	**69.460.120**	**0**
8000 Zalaegerszeg, Balatoni út 5-7.	11.268.808	0
8900 Székesfehérvár, Szent Flórián krt. 11.	11.757.060	0
8000 Nagykanizsa, Táborhely u. 4.	10.891.187	0
Wisniowy Business Park	35.543.065	0
Change in fair value	**7.617.880**	**3.125.022**
Of which:		
Capitalisations	2.045.738	6.976.633
Incentives to rent	(1.037.808)	-
Fair value increase	25.767.525	4.336.880
Fair value decrease	(19.157.576)	(8.188.491)
Total changes	***76.507.201***	***(77.582.162)***
Closing value	**184.588.000**	**108.080.799**

The effect of the increase and decrease in market prices related to continuing operations is recognised in the comprehensive income, of which a gain of EUR 4.636.925 in 2023 and a loss of EUR 8,595,767 in 2022.

In 2022, the effect of the increase and decrease in market price related to the discontinued operation will be recognised in total comprehensive income, of which a loss of EUR 869,699 has been recognised in other comprehensive income and a loss of EUR 3,675,083 in profit or loss.

A breakdown of the change in the property portfolio by property compared to 31 December 2023 and 31 December 2022 is presented in the following tables:

	31 December 2022	**Acquisition and reclassification**	**Reactivate**	**Incentive**	**Market price increase**	**Market price decrease**	**31 December 2023**
1149 Budapest, Várna u. 12-14.	2.000.000					(547.000)	1.453.000
1047 Schweidel street 3.	2.500.000					(290.000)	2.210.000
1023 Budapest, Bég u. 3-5.	11.300.000					(2.037.000)	9.263.000
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3.900.000					(480.000)	3.420.000
1094 Budapest, Páva u. 8.	5.200.000					(2.342.000)	2.858.000
1015 Budapest, Hattyú street 14.	14.500.000					(5.790.000)	8.710.000
1118 Budapest, Kelenhegyi út 43.	4.700.000				452.000		5.152.000
1133 Budapest, Visegrádi u. 110-112.	4.900.000					(650.000)	4.250.000
17 SPAR store	21.950.000		502.225	(571.649)		(2.211.576)	19.669.000
6000 Kecskemét, Kiskőrösi street 30.	2.800.000					(450.000)	2.350.000
1082 Budapest, Üllői út 48.	22.300.000					(1.440.000)	20.860.000
Rental property on Pasaréti road	570.799	(570.799)					-
1147 Budapest, Egyenes u. 4.	700.000				23.000		723.000
1105 Budapest, Bánya street 20.	2.100.000					(435.000)	1.665.000
1023 Budapest, Felhévízi u. 24.	1.500.000					(430.000)	1.070.000
1139 Budapest, Frangepán u. 19.	2.500.000					(220.000	2.280.000
1105 Budapest, Bánya street	260.000					(85.000)	175.000
3525 Miskolc, Szűcs Sámuel u. 5.	2.600.000					(1.160.000)	1.440.000
1013 Budapest, Pauler street 2.	1.800.000					(590.000)	1.210.000
8000 Zalaegerszeg, Balatoni út 5-7.	-	11.268.808	55.177		3.926.015		15.250.000
8900 Székesfehérvár, Szent Flórián krt. 11.	-	11.757.061			1.752.939		13.510.000
8000 Nagykanizsa, Táborhely u. 4.	-	10.891.187	678.937		5.629.876		17.200.000
Wisniowy Business Park	-	35.543.065	809.399	(466.159)	13.983.695		49.870.000
Total	**108.080.799**	**68.889.322**	**2.045.738**	**(1.037.808)**	**25.767.525**	**(19.157.576)**	**184.588.000**

A breakdown of the change in the property portfolio by property compared to 31 December 2022 and 31 December 2021 is presented in the following tables:

	31 December 2021	**Acquisition and reclassification**	**Reactivate**	**Sale**	**Market price increase**	**Market price decrease**	**31 December 2022**
1149 Budapest, Várna u. 12-14.	2.200.000					(200.000)	2.000.000
1047 Schweidel street 3.	2.800.000					(300.000)	2.500.000
1023 Budapest, Bég u. 3-5.	10.600.000		10.719		689.281		11.300.000
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3.400.000		51.271		448.729		3.900.000
1094 Budapest, Páva u. 8.	5.100.000		11.732		88.268		5.200.000
1015 Budapest, Hattyú street 14.	14.200.000		93.755		206.245		14.500.000
1118 Budapest, Kelenhegyi út 43.	5.100.000		93.233			(493.233)	4.700.000
1133 Budapest, Visegrádi u. 110-112.	5.100.000		1.014			(201.014)	4.900.000
18 SPAR store	22.380.000	(1.340.000)	30.665		879.335		21.950.000
6000 Kecskemét, Kiskőrösi street 30.	4.200.000					(1.400.000)	2.800.000
1082 Budapest, Üllői út 48.	20.400.000				1.900.000		22.300.000
Pasaréti right of use asset	-	545.777			25.022		570.799
1147 Budapest, Egyenes u. 4.	700.000		49.188			(49.188)	700.000
1105 Budapest, Bánya street 20.	2.400.000					(300.000)	2.100.000
1023 Budapest, Felhévízi u. 24.	1.500.000						1.500.000
1139 Budapest, Frangepán u. 19.	3.100.000		20.274			(620.274)	2.500.000
1105 Budapest, Bánya street E building	340.000					(80.000)	260.000
3525 Miskolc, Szűcs Sámuel u. 5.	2.600.000						2.600.000
8171 Balatonvilágos, Aligai út 1.	12.730.000			(12.730.000)			-
1013 Budapest, Pauler street 2.	1.700.000				100.000		1.800.000
Lepence, Visegrad Beach Baths	900.000			(900.000)			-
Port and Hotel Balatonfüred	10.300.000	(12.370.000)	6.614.782			(4.544.782)	-
Grand Hotel Tokaj, Tokaj Csurgó Valley	16.300.000			(16.300.000)			-
Active Tourism Centre, Tokaj Csurgó Valley	1.400.000			(1.400.000)			-
BALALAND Family Hotel & Resort and Familypark, Sántód	34.300.000			(34.300.000)			-
Tavern and Tavern Row Sándor	1.050.000			(1.050.000)			-
Tokaj Cellar	862.961			(862.961)			-
Total	**185.662.961**	**(13.164.223)**	**6.976.633**	**(67.542.961)**	**4.336.880**	**(8.188.491)**	**108.080.799**

19. Tangible fixed assets

Under tangible fixed assets, the Group includes office equipment purchased by the Group for its own activities.

Data in EUR	**Total**
Gross value	
31 December 2021	**410.311**
Increase and reclassification	
Decrease and reclassification	(334.549)
31 December 2022	**75.762**
Increase and reclassification	8.249
Decrease and reclassification	
31 December 2023	**84.011**
Accumulated depreciation	
31 December 2021	**187.276**
Annual charge	8.410
Decrease	(147.537)
31 December 2022	**48.149**
Annual charge	8.451
Decrease	
31 December 2023	**56.600**
Net book value	
31 December 2021	**223.035**
31 December 2022	**27.613**
31 December 2023	**27.411**

The gross value of the assets written down to zero at 31 December 2023 and 2022 was EUR 15,762. No impairment has been recognised for tangible fixed assets. The Group has no intangible assets.

20. Deferred tax assets

In calculating deferred tax, the Group compares the tax base with the carrying amount of assets and liabilities. If the difference is a temporary difference, i.e. the difference will reverse in the foreseeable future, a deferred tax liability or asset is recognised, as appropriate. When an asset is recognised, the Group assesses the recovery separately.

The use of the tax loss carry-forwards is subject to the rule in force in the year in which they were generated, with FIFO order of use. The deadline for using the balance of loss carry-forwards generated before 2015 is 31 December 2030.

In 2023, the Group will be registered in the REIT scope, so it will not be able to claim the temporary differences in the corporate tax base in the future. Accordingly, deferred tax assets and deferred tax liabilities have been derecognised.

Balance of loss provisions by company Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Deferred tax asset base from loss carry-forwards	-	9.041.514
Amount of deferred tax assets from loss carry-forwards	-	813.736
Of which recognised in the balance sheet as a reduction of deferred tax liability	**-**	**768.282**
Of which recognised as deferred tax assets	**-**	**45.454**

As of 31 December 2022, EUR 373,180 of the loss carry-forwards of Appeninn E-Office Zrt. have not been taken up under future tax plans. The total loss carryforwards amount to EUR 13,187,958 as of 31 December 2022. In 2023 all deferred tax assets and deferred tax liabilities have been reversed as the expected tax liability is zero due to the Group becoming a REIT. In 2023 none of the loss carryforwards have been recognised as deferred tax assets as the Group has become a REIT and accordingly no future tax payments are expected in the companies with loss carryforwards, therefore no loss carryforwards are utilised.

21. Participations in associates

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
50% stake in Wisniowy Management Sp. Z.o.o.	7.590	-
Total	**7.590**	**-**

22. Receivables beyond one year

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Restricted funds - Hungary	454.774	196.078
Total	**454.774**	**196.078**

23. Trade receivables

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Gross value of trade receivables	2.934.516	600.265
Opening balance for impairment	(43.445)	(40.554)
Impairment recognised in the period	(46.052)	(45.453)
Impairment losses recognised in the period	-	22.732
Impairment of derecognised subsidiary	-	19.830
Closing balance of impairments	(89.497)	(43.445)
Total net trade receivables	**2.845.019**	**556.820**

The Group has performed the customer impairment using the expected loss model. The expected losses were calculated as an average of the experience of the last two years.

24. Other current receivables

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Balance of tax receivables (VAT, local taxes)	331.849	197.870
Advances granted	239.792	106.847
Lease receivables	307.353	-
Other	90.508	113.976
Total	**969.502**	**418.693**

25. Short-term loans

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Mikepércsi út 132 Ltd.	-	59.396
Other loans granted	-	173.698
Swan House Community	-	5.614
Impairment of short-term receivables	-	(87.390)
Total	**-**	**151.318**

26. Prepayments

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Accrual of unbilled rental income receivable	1.296.117	230.434
Accrual of invoiced costs not included in the current period	123.228	51.158
Total	**1.419.345**	**281.592**

The significant increase is mainly due to the accrual of rent for new companies accrued in 2023.

27. Income tax assets and liabilities

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Income tax receivables	16.712	8.675
Income tax liabilities	542.399	128.387

28. Assets held for sale and liabilities directly linked to sales

There were no assets and liabilities held for sale at 31 December 2023.

The category "assets held for sale" includes assets (typically real estate and closely related other assets) that are not required for the Group's continuing operations, are held for sale and are highly probable to be sold within 12 months, and which are ready for sale in their present condition. These assets are carried at the lower of carrying amount and fair value less costs to sell. For these assets, depreciation ceases when the asset is classified as held for sale.

If, at the date of classification as an asset held for sale, the determined fair value of the tangible or intangible asset is lower than its carrying amount, the difference is recognised as an impairment loss in the income statement.

As at 31 December 2022, the assets and liabilities of Solum-Invest Ltd (as a disposal group) and the property held for sale of SPAR properties are included here. Solum-Invest Ltd. was sold in 2023 for a sales price of EUR 1,249,219. Assets held for sale and directly related liabilities are presented in the table below:

	Solum-Invest Ltd.	SPAR real estate	Total
Investment properties	12.370.000	1.340.000	13.710.000
Right to use an asset	1.408.363		1.408.363
Deferred tax assets	368.783		368.783
Trade receivables	4.059		4.059
Other current receivables	127.797		127.797
Accrued income and prepaid expenses	15.820		15.820
Cash and cash equivalents	8.919.868		8.919.868
Goodwill	66.696		66.696
Total assets held for sale	**23.281.386**	**1.340.000**	**24.621.386**

	Solum-Invest Ltd.	SPAR real estate	Total
Long-term bank loans and leasing liabilities	2.804.906		2.804.906
Other current liabilities	15.335.390		15.335.390
Liabilities to suppliers	2.277.633		2.277.633
Corporate tax liabilities	49.809		49.809
Accruals and deferred income	349.160		349.160
Total liabilities directly linked to sales	**20.816.898**	**-**	**20.816.898**

29. Cash and cash equivalents

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Petty cash HUF	992	593
Bank account money HUF	419.823	873.974
Bank account money EUR and PLN	1.005.540	989.486
Short-term bank deposit	18.936.420	53.448.677
Total	**20.362.775**	**55.312.730**

A short-term bank deposit is a deposit with a maturity of 1 month. The Group has no undrawn credit facilities as at 31 December 2023 and 31 December 2022. See also note 54.

The Group's cash and cash equivalents increased significantly in 2022 as a result of the sale of shares. The cash generated from the sales was placed in term deposits in 2022. The Group's cash and cash equivalents decreased significantly by 2023 due to payments for newly acquired subsidiaries. The Group holds its cash in banks with a B1 (Moody's) credit rating.

30. Share capital

The shares of Appeninn Holding Asset Management Plc. were listed on the Budapest Stock Exchange on 2 July 2010 in public trading .

Appeninn Plc share data	
face value	100
currency	HUF
ISIN code	HU0000102132
Stock exchange:	Budapest Stock Exchange Ltd. share section
Listing date:	2 July 2010.
share register management	Appeninn Plc. Board of Directors, 1022 Budapest, Bég street 3-5.
Number of shares outstanding at 31.12.2023 (number)	47.371.419
Number of shares outstanding 31.12.2022 (number)	47.371.419

Share capital	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Ordinary shares issued and paid by holders at par value:		
Opening value at 1 January (EUR)	**15.217.006**	**15.217.006**
Closing share capital at 31 December (EUR):	**15.217.006**	**15.217.006**
Number of shares issued with a nominal value of HUF 100 (pcs):		
Opening value (pieces)	47.371.419	47.371.419
Issues (pieces)	-	-
Closing value (pieces)	47.371.419	47.371.419
Presentation currency conversions:		
HUF-EUR exchange rates:		
Average calculated market value of the opening share capital:	311,32	311,32
Issue	-	-
Average closing share capital price	311,32	311,32
Value of share capital in the currency in which the company is registered (thousand HUF)		
Opening value on 1 January:	4.737.142	4.737.142
Issue	-	-
Closing value at 31 December:	4.737.142	4.737.142

The Company's share capital is HUF 4,737,142 thousand, consisting of 47,371,419 shares with a nominal value of HUF 100 each.

31. Treasury shares repurchased

	for the financial year ending 31.12.2023		for the financial year ending 31.12.2022	
	EUR	Piece	EUR	Piece
Opening value	1.171	1.848	1.171	1.848
Purchase of own shares				
Sale of own shares				
Closing value	**1.171**	**1.848**	**1.171**	**1.848**

32. Capital reserve

Data in EUR	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Additional equity issue opening value	25.645.230	25.645.230
Closing value	**25.645.230**	**25.645.230**

33. Translation reserve

Data in EUR	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Opening value	**(16.238.045)**	**(11.151.490)**
annual changes:		
Other comprehensive income for the year	3.708.632	(6.140.988)
Reclassification	-	123.184
Divestments related to the sale of subsidiaries	-	931.249
Closing value	**(12.529.413)**	**(16.238.045)**

34. Retained earnings

Data in EUR	**for the financial year ending 31.12.2023**	**for the financial year ending 31.12.2022**
Opening value	**59.962.450**	**44.355.386**
annual changes:		
Result for the year	22.766.785	15.607.064
Transaction with non-controlling interest while retaining control	0	0
Closing value	**82.729.235**	**59.962.450**

35. Non-controlling interest

The balance of the non-controlling interest will be linked to Solum-Invest Ltd in 2022.

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Opening value	**(1.334.558)**	**112.307**
annual changes:		
Acquisition of new subsidiaries		-
Reclassification		(123.184)
Profit for the current year		(1.681.500)
Other income for the year		34.112
Sale of subsidiaries	1.334.558	323.707
Closing value	**-**	**(1.334.558)**

36. Long and short-term loans and leases

Leasing

Data in EUR	Minimum value of lease payments		Present value of lease payments	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Due within one year	271.749	269.861	266.730	258.845
Due in two to five years	45.292	314.838	45.235	311.954
Due after five years	0	0		0
	317.041	**584.699**	**311.965**	**570.799**
Financing cost	(5.076)	(13.900)		
Present value	**311.965**	**570.799**	**311.965**	**570.799**
Presented as a liability in the balance sheet:				
Short-term lease liabilities			266.730	258.845
Long-term lease liabilities			45.235	311.954
			311.965	**570.799**

The lease obligation matures on 16 March 2025, denominated in euros. The related asset has been derecognised for subleasing. The Company recognizes interest expense on the lease obligations using the effective interest method.

Long and short-term loans

In 2023, Tidaholm Properties Ltd. was acquired. In the purchase price allocation related to the acquisition, deferred income of EUR 1,932,271 was allocated to the amount of the loan as the difference between the initial fair value of the loan and the allocated specific transaction value, which will be released to the profit and loss over the life of the loan.

Details of the loans are presented in the table below:

Funders	Primary debtor company	31.12.2023 Maturity within one year EUR	Maturity beyond 31.12.2023 EUR	31.12.2022 Maturity within one year EUR	Maturity beyond 31.12.2022 EUR	Financing currency	Interest margin	Original Expiry date	Mortgages, guarantees
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt.	42.808	462.781	38.241	500.979	EUR	1 month EURIBOR + 3.5%	2033.04.30.	Lien on real estate in 1st rank; Prohibition on alienation and encumbrance; Lien on receivables on proceeds from the use of the collateral property; Collection right on debtor's bank accounts with other banks; Pledge agreement to create a lien on receivables; Bailment on rental income; 3-month DSRA on blocked account; - Exclusive account turnover
MFB-Erste syndicated loan	Appeninn E-Office Zrt.	1.065.634	22.902.127	1.034.770	23.967.190	EUR	Fixed 2.95% until 15.09.2029, then 3 months EURIBOR + 2.65% (at least 2% per year)	2041.06.15.	Mortgage on real estate; Right to purchase real estate; Security interest; Pledge on real estate; Mortgage on rights and claims; Appeninn Plc guarantee; Security interest on rental income; DSRA blocked account replenishment; - Exclusive account turnover
Takarékbank Zrt.	Tidaholm Properties Ltd.	932.886	10.853.403	-	-	HUF	2,5%	2035.08.18.	Mortgage on real estate; Right to purchase real estate; Security interest; Pledge on real estate; Mortgage on rights and claims; Appeninn Plc guarantee; Security interest on rental income; DSRA blocked account replenishment; - Exclusive account turnover
Total bank loans		**2.041.328**	**34.218.311**	**1.073.011**	**24.468.169**				
Total lease liabilities		266.730	45.235	258.845	311.954				
Total balance sheet value		**2.308.058**	**34.263.546**	**1.331.856**	**24.780.123**				

Deferred income - based on purchase price allocation - Tidaholm Properties Ltd.	Tidaholm Properties Ltd.	-	1.777.689	-	-	HUF	2,5%	2035.08.18.	

37. Own issued debt securities

On 22 November 2019, the Company issued EUR 60,510,710 (eFt 20,000,000) HUF bonds through the Growth Bond Programme launched by the National Bank of Hungary, which were subscribed for an additional EUR 327,100 (108,113 thousand HUF) at a foreign exchange gain. 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 is payable in one lump sum of 20,000,000 thousand HUF. Interest on the bond is payable at a fixed rate of 3.5% per annum. The bond is recorded at amortized cost with an effective interest rate of 3.459%.

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Bond debt	52.249.334	49.968.770
Bond premium	313.766	314.554
Total bond liabilities	**52.563.100**	**50.283.324**

38. Deposits paid by tenants

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Open at	1.300.579	1.286.727
New rental event	413.144	84.412
Purchased liabilities with new subsidiaries	1.168.709	
Decreases on termination of tenancy	(96.858)	(70.560)
Closing value	**2.785.574**	**1.300.579**

The increase was mainly due to the amount of deposits made by tenants in newly acquired subsidiaries in 2023.

39. Long- and short-term liabilities to related parties

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
	EUR	EUR
Dividend liability	-	28.456
Total consolidated current liabilities	**-**	**28.456**

40. Deferred tax assets and liabilities

The evolution of the Group's deferred tax liabilities is presented in a table. The main components of the deferred tax liability are as follows:

- Difference between the fair value measurement of investment properties (difference between profit and cost as interpreted in accordance with tax law (cost depreciated for tax purposes))
- For tangible fixed assets, the difference between the cost depreciated in accordance with tax law and the book value depreciated in accordance with accounting policy.
- Impairment losses recognised on trade receivables from customers.
- In retained earnings, the amount taken into account from the negative tax base established in previous years under the tax law to the extent that the company's profits - balance sheet items - are covered, taking into account that the tax law allows up to 50% of the profits to be set off against previous losses.

			2022			
Deferred tax liabilities	**Accounting balance EUR**	**Balance after tax EUR**	**Accounting balance EUR**	**Balance after tax EUR**	**Deferred tax base**	**Deferred tax**
Investment properties			108.080.799	33.189.120	(74.891.679)	(6.740.251)
Accrued losses receivable			-	9.041.514	9.041.514	813.736
Other assets and liabilities					(1.281.022)	(115.292)
Total net deferred tax position						**(6.041.807)**
Deferred tax asset in balance sheet						**45.454**
Deferred tax liability in balance sheet						**6.087.261**
Net deferred tax position						**(6.041.807)**
Change in deferred tax balance						**(1.325.650)**
Of which:						
Accounted for in the result						(1.555.712)
With the entry of a new subsidiary						-
By selling a subsidiary						(96.311)
Exchange rate changes						326.373

As a result of the Company's conversion to a REIT, previously recorded deferred tax assets and deferred tax liabilities have been removed from the balance sheet to profit or loss.

41. Other current liabilities

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Salaries and wages	-	7.295
Arrears of purchase price	612.061	0
Untaken holidays	5.213	0
Other current liabilities	107.778	143.750
Closing value	**725.052**	**151.045**

The amount of current liabilities increased significantly compared to the previous year due to the outstanding purchase price arrears of subsidiaries acquired in the year under review.

42. Trade payables

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Liabilities to suppliers	**1.218.472**	**968.687**
According to the due date:		
0-30 days	1.109.514	845.855
31-60 days	2.240	14.108
61-90 days	42.405	5.808
91-180 days	-	40.750
181-360 days	32.339	0
361- days	31.974	62.166
Closing value	**1.218.472**	**968.687**

Trade payables increased significantly compared to the previous year due to trade payables of subsidiaries acquired in the year.

43. Tax and duty liabilities

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
VAT liability	182.712	131.128
Building tax liability	2.146	0
Wage-related taxes and contributions	2.968	4.870
Other taxes, duties and charges	261.494	51.237
Closing value	**449.320**	**187.235**

44. Accruals and deferred income

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Accrual of costs and expenses	1.651.645	18.158
Deferred income	1.345.386	368.237
Closing value	**2.997.031**	**386.395**

The amount of accrued expenses and deferred income increased significantly compared to the previous year due to the accrued expenses and deferred income of the subsidiaries acquired in the year under review.

45. Transactions with related parties

Transactions with consolidated companies have been filtered out.

Transactions with related parties not included in consolidation are disclosed in the notes to the relevant balance sheet lines.

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Dividend liability	0	28.457
Total liabilities	**0**	**28.457**
In-Management Services Ltd.	783.160	0
Mall Management Beta Ltd.	654.458	0
Illés and Partners law firm	35.084	40.020
Total expenditure	**1.472.702**	**40.020**

Remuneration of key managers

The members of the Board of Directors received a remuneration of 200 thousand HUF/person in both 2022 and 2023. The Company has no contracts with the executive officers that would create future obligations for the Company by changing their contracts.

	2023 (kHUF/year/person)	2022 (kHUF/year/person)
Fees of members of the Board of Directors (5 persons)	2.400	2.400
Audit Committee members' fees (3 persons)	-	-

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

Benefits for key senior and middle management

Data in EUR	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
Wages and other wage-type payments	97.958	190.950

46. Segment information

The information provided to the Group's chief operating decision maker, the Board of Directors of the Company, for the purpose of allocating resources and measuring segment performance focuses on the services provided. The Group's reportable segments under IFRS 8 are:

- Office rental service
- Logistics, industrial and
- commercial property rental services

Consolidated income statement by segment for 2023

for the financial year ending 31.12.2023	**Office rental**	**Logistics property for rent**	**Retail**	**Items not included in a segment**	**Total**
EUR					
Income from the rental of investment property	12.297.745	2.750.964	4.439.227	0	19.487.935
Direct costs of letting a property	(6.262.078)	(357.193)	(867.285)	0	(7.486.555)
Gross margin	**6.035.667**	**2.393.771**	**3.571.942**	**0**	**12.001.380**
General costs and income	8.071.353	(6.980.487)	7.084.359	(2.592.110)	5.583.116
Profit before tax	**14.107.020**	**(4.586.716)**	**10.656.301**	**(2.592.110)**	**17.584.496**
Income taxes	4.024.917	1.240.935	(164.070)	80.506	5.182.288
Result for the year	**18.131.937**	**(3.345.781)**	**10.492.231**	**(2.511.603)**	**22.766.784**

Consolidated income statement by segment for 2022

for the financial year ending 31.12.2022	Office rental	Logistics property for rent	Retail	Items not included in a segment	Total
EUR					
Income from the rental of investment property	3.404.520	2.954.360	1.680.516	(0)	8.039.395
Direct costs of letting a property	(2.087.001)	(335.281)		(0)	(2.422.283)
Gross margin	**1.317.519**	**2.619.079**	**1.680.516**	**(1)**	**5.617.112**
General costs and income	6.106.089	3.938.671		(2.253.599)	7.791.161
Profit before tax	**7.423.607**	**6.557.750**	**1.680.516**	**(2.253.599)**	**13.408.273**
Income taxes	(1.026.765)	(442.702)	(151.246)	(1.960)	(1.622.674)
Result for the year	**6.396.842**	**6.115.048**	**1.529.269**	**(2.255.560)**	**11.785.599**

47. Financial instruments

Financial instruments include trade receivables, loans granted and cash and cash equivalents, as well as loans, borrowings and trade payables.

31 December 2023.	Book value	Fair value
Financial assets		
Carried at amortised cost		
loans and receivables		
Trade receivables	2.845.019	2.845.019
Cash and cash equivalents	20.362.775	20.362.775
Financial liabilities		
Carried at amortised cost		
Liabilities		
Long-term loans	34.263.546	30.852.899
Bond liability	50.283.324	36.747.756
Short-term loans and borrowings	2.308.058	2.308.058
Trade payables	1.218.472	1.218.472

31 December 2022.	Book value	Fair value
Financial instruments		
Carried at amortised cost		
loans and receivables		
Trade receivables	556.820	556.820
Short-term loans	151.318	151.318
Cash and cash equivalents	55.312.730	55.312.730
Financial liabilities		
Carried at amortised cost		
Liabilities		
Long-term loans	24.780.123	24.780.123
Bond liability	50.283.324	33.373.992
Short-term loans and borrowings	1.331.856	1.331.856
Liabilities to related parties	28.457	28.457
Trade payables	968.687	968.687

The fair value of financial instruments measured at amortised cost approximates their carrying amount in both years, except for the bond liability. The fair value was determined in both years at fair value corresponding to level 3.

48. Risk management

The Group's financial assets include cash and cash equivalents, loans, trade and other receivables and other assets, excluding taxes. The Group's financial liabilities include loans and borrowings, trade and other payables, excluding taxes and gains and losses arising from the remeasurement of financial liabilities at fair value.

The Group is exposed to the following financial risks:

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

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

The Group's risk management policy is designed to identify and investigate the risks faced by the Group, to set up appropriate controls and to monitor the risks. The risk management policy and system will be reviewed to reflect changing market conditions and the Group's activities.

48.1 Capital Markets

It is the Group's policy to maintain a level of capital sufficient to maintain investor and creditor confidence in the future and to support the future development of the Group.

The Group's capital structure consists of net debt and the Group's equity (the latter includes subscribed capital, reserves and non-controlling interests).

In managing capital, the Group seeks to ensure that the Group can continue its activities while maximising the return to shareholders by optimally balancing debt and equity and maintaining an optimal capital structure to reduce the cost of capital. The Group also monitors whether the capital structure of its subsidiaries complies with local legal requirements.

48.2 Credit risk

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

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Group's maximum exposure to credit risk at 31 December 2022 and 31 December 2023.

Maximum claim exposure	for the financial year ending 31.12.2023	for the financial year ending 31.12.2022
	EUR	EUR
Trade receivables	2.845.019	556.820
Other current receivables	662.149	418.693
Short-term loans	0	151.318
Prepayments	1.419.345	281.592
Cash and cash equivalents	20.362.775	55.312.730
	25.289.288	**56.721.153**

The Group's exposure to credit risk has decreased compared to the previous year, and the credit risk of financial instruments has not increased significantly since initial recognition, and the Group classifies financial instruments as low credit risk. See also note 47.

48.3 Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and the prices of investments in investment funds, will affect the Group's results or the value of its investments in financial instruments. The objective of market risk management is to manage and control exposures to market risk within acceptable limits while optimising profit.

48.4 Foreign exchange risk

The Group has determined that its results are materially dependent on a key variable of a financial nature, foreign exchange risk, and has performed a sensitivity analysis for this key variable.

As the Group's functional currencies are HUF and EUR, the currency risk arose from EUR-based loans and liabilities. E-Office Zrt.'s foreign currency investment loans are denominated in EUR.

The sensitivity of the Company's balance sheet to changes in EUR- HUF is presented based on the amount of exposure. The EUR value underlying the change in the 2022 balance sheet was EUR 85.8 million and the EUR value underlying the change in the 2023 balance sheet was EUR 162.7 million. The analysis was performed for a shift of 0.5-1%. The Company's exposure to a 1% shift in the foreign currency translation rate is EUR 858 thousand in 2022 and EUR 1,627 thousand in 2023.

48.5 Business risk

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

The Group's management is constantly monitoring the impact of the Russian-Ukrainian war, and the rising inflation is tracked by rents, so the indirect impact does not pose a significant risk to the Group.

48.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they fall due, both under normal and stressed conditions, without incurring unacceptable losses or risking the Group's reputation.

On 2 March 2023, Scope Ratings GmbH (hereinafter "Scope") published a report on the monitoring of the Company and its bonds "APPENINN 2029/I" issued under the Hungarian Central Bank's Growth Bond Programme. In the announcement, Scope assigned the Issuer a B rating and its bonds a B- rating. If the rating of the bond falls below "B+", the Company will be obliged to repay the nominal value of the bonds plus accrued interest.

The maturity structure of financial liabilities contracted and actually payable (undiscounted) is summarised in the table below for 31 December 2022 and 2023:

31.12.2023	due within 1 year	Due in 2-5 years	Overdue after 5 years	Total
Financial instruments				
Trade receivables	2.845.019			2.845.019
Amounts receivable after one year		454.774		454.774
Other current receivables	969.502			969.502
Cash equivalents	20.362.775			20.362.775
Financial assets	24.177.296	454.774	0	24.632.070
Financial liabilities				
Loans and leases	3.253.105	16.561.057	34.869.384	54.683.547
Bond debt	1.828.727	7.314.907	54.078.061	63.221.695
Deposits paid by tenants		2.785.574		2.785.574
Other current liabilities	725.052			725.052
Liabilities to suppliers	1.218.472			1.218.472
Accruals	2.997.031			2.997.031
Financial liabilities	10.022.387	26.661.538	88.947.445	125.631.370

See also note 54.

31.12.2022	due within 1 year	Due in 2-5 years	Overdue after 5 years	Total
Financial instruments				
Trade receivables	556.820			556.820
Amounts receivable after one year	0	196.078		196.078
Other current receivables	418.693			418.693
Related party receivables	0			0
Short-term loans	151.318			151.318
Cash equivalents	55.312.730			55.312.730
Financial assets	56.439.560	196.078		56.635.639
Financial liabilities				
Loans and leases	1.331.856	5.209.279	19.570.844	26.111.979
Bond debt	1.748.907	6.995.628	53.781.114	62.525.649
Deposits paid by tenants		1.300.579		1.300.579
Related party liabilities	28.457			28.457
Other current liabilities	151.046			151.046
Liabilities to suppliers	968.687			968.687
Accruals	386.395			386.395
Financial liabilities	4.615.348	13.505.486	73.351.958	91.472.492

49. Changes in liabilities related to financing activities

	1 January 2023	Cash flows	Exchange rate changes and reclassification	Inclusion of a subsidiary	31 December 2023
Short-term bank loans and lease liabilities	1.331.856	(2.943.092)	2.986.408	932.886	2.308.058
Bank loans and lease liabilities long	24.780.123		(1.369.980)	10.853.403	34.263.546
Bond debts	50.283.324	(1.832.701)	4.112.477		52.563.100
Total	**76.395.303**	**(4.775.793)**	**5.728.905**	**11.786.289**	**89.134.704**

	1 January 2022	Cash flows	Exchange rate changes and reclassification	Exclusion of a subsidiary	31 December 2022
Short-term bank loans and lease liabilities	932.373	(1.536.916)	1.936.399		1.331.856
Bank loans and lease liabilities long	48.007.602		(1.022.579)	(22.204.900)	24.780.123
Bond debts	54.557.445	(1.788.765)	(2.485.356)		50.283.324
Total	**103.497.420**	**(3.325.681)**	**(1.571.536)**	**(22.204.900)**	**76.395.303**

50. Contingent liabilities

The Group has not recognised any other contingent liabilities as at 31 December 2023.

51. Events after the balance sheet date

By its Order No. Cg. 01-10-046538/174, the Commercial Court of the Metropolitan Court of Budapest registered the Company as a regulated real estate investment holding company (hereinafter referred to as "REIT"). The date of registration of the SZIE is 1 January 2024, i.e. the Company is entitled to and is subject to the rights and obligations provided for by law in relation to the SZIE from that date.

On 4 March 2024, the Company announced a mandate to sell properties owned by the Company's subsidiaries and to find potential buyers:

- Office premises and associated garage parking spaces located at 24 Felhévízi street, Budapest II. district;
- Farm building and adjacent land plot located at Schweidel József street 3./Attila street 146, Budapest, District IV;
- Office and service building located in Budapest IX. district, Páva street 8./Lilom street 11;

- Business, industrial and commercial building complex located at 20 Bánya street, Budapest X. district;
- Office building located at 19 Frangepán street, Budapest XIII. district;
- Budapest XIV. district, Egyenes street 4. located factory building and related land plot;
- Office, commercial and warehouse buildings located at 12-14 Várna Street, Budapest XIV. district.

The Company will decide on the actual sale or rejection of the properties in the light of the offers received.

Management has not identified any significant impact or risk that would affect the valuation of assets or liabilities or have a material effect on operations. Furthermore, it has not identified any effects that would materially affect, or cause material uncertainty about, the Company's ability to continue as a going concern or its assessment of its ability to continue as a going concern at the date of the financial statements for the same period. Management has not identified any events or risks related to the Russian-Ukrainian war that would have a material effect on the valuation of assets or liabilities or the ability to continue as a going concern or the applicability of this principle. Management continuously monitors the potential impact of inflationary increases and as a result, leases are indexed annually to the rate of inflation determined.

There were no other material events after the reporting date.

52. Information on the preparation of the consolidated accounts

The consolidated financial statements for the financial year ended 31 December 2023, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, have been prepared on the basis of the individual accounting data i under the Hungarian Accounting Act. The name and registration number of the accountant responsible for the Hungarian accounting service is Éva Kecskeméthy (registration number 192714).

The Group has engaged an IFRS-registered accounting expert to ensure that the financial statements prepared in accordance with the Hungarian Accounting Act comply with IFRS standards. Ildikó Rózsa (registration number: 207258) is personally responsible for the preparation of the IFRS financial statements. The engagement of the IFRS reporting expert was limited to the identification of differences between Hungarian accounting standards and IFRS standards and the preparation of consolidated financial statements in accordance with the IFRS standards adopted by the EU.

53. Audit of consolidated accounts, auditor's fees

The company and the auditor responsible for auditing the Group are elected by the General Meeting of the Company. The auditor appointed by the General Meeting of the Group to audit the 2023 management accounts:

- Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság (auditor in person: János Varga) , registration number: 007319

Remuneration of the auditor:

- The audit fee for the standalone annual financial statements of Appeninn Plc prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in accordance with IFRS and the consolidated IFRS financial statements of Appeninn Plc is EUR 101.250 + VAT, the audit fee for the audit of the subsidiaries is EUR 50.850 + VAT.

Other assurance services, tax advisory services and non-audit services were provided to the Group by the auditors for an amount of EUR 5,500.

54. Authorisation of financial statements for issue

The Board of Directors of Appeninn Holding Asset Management Plc, at its meeting on 4 April 2024, approved the consolidated financial statements of the Group for the year 2023, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Group's Board of Directors has approved the issuance of these consolidated financial statements of the Group, but the Annual General Meeting of Shareholders, which is entitled to approve the financial statements, may accept or reject the financial statements.

Director entitled to represent the Group:
Szathmáriné Szűcs Györgyi Magdolna (1172 Budapest, Tura street 46.)

Budapest, 4 April 2024.

Chairman of the Board of Directors

Statements

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

Disclaimer - The Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Appeninn Holding Asset Management Plc and its consolidated entities, and of the position, development and performance of the consolidated entities, together with a description of the principal risks and uncertainties, to the best of our knowledge, based on the accounting principles used.

Budapest, 4 April 2024.

Chairman of the Board of Directors