

## INDEPENDENT AUDITOR'S REPORT

On 11<sup>th</sup> January 2018 the Board of Directors of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (registered office: 1022 Budapest, Bég utca 3-5., registered in the Company Register of the Metropolitan Court of Budapest, company registration number: 01-10-046538; hereinafter: "Appeninn Nyrt." or the Company) took the decision about increasing of registered capital of the Company, the coverage of which will be provided in form of contribution in kind.

The registered capital will be increased by issuing new stocks in a private placement and by listing them on the stock exchange.

The contributing party is Konzum II. Ingatlanbefektetési Alap (Registration Nr.: 1211-14, managed by Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság; registered office: 1026 Budapest, Riadó utca 1-3.; company registration number: 01-10-045654; tax ID: 13960904-2-41; statistical ID: 13960904-6630-114-01) (hereinafter: „Konzum II. Ingatlanbefektetési Alap”)

According to the Contribution Agreement to be concluded on 11. April 2018 between Konzum II. Ingatlanbefektetési Alap, as the contributing party and Appeninn Nyrt., as the recipient of the contribution, Konzum II. Ingatlanbefektetési Alap will transfer the exclusive ownership rights of the property registered under topographical lot number 36372 in Budapest, District VIII, physically located at 1082 Budapest, Üllői út 48. (hereinafter: the "Property") to Appeninn Nyrt.

The amount of the proposed increase of registered capital is HUF 4 600 000 540 (by making contribution in kind). The subject and value of the contribution in-kind: properties and property rights owned exclusively by Konzum II. Ingatlanbefektetési Alap in a total value of HUF 4 600 000 540. The number and other characteristics of stocks to be provided in return for the non-cash, contribution in kind: a total of 6 478 874 pcs of dematerialized common stocks with nominal value of HUF 100; and issue (accountable) value of HUF 710 each (hereinafter: proposed New Stocks), which shall be subscribed by Konzum II. Ingatlanbefektetési Alap exclusively.

The total nominal value of proposed New Stocks is HUF 647 887 400, that is Six Hundred Forty-Seven Million Eight Hundred Eighty-Seven Thousand Four Hundred Hungarian Forints.

The total (accountable) issued value of proposed New Stocks HUF 4 600 000 540, that is Four Billion Six Hundred Million Five Hundred Forty Hungarian Forints.

Based on a preliminary commitment statement made by Appeninn Nyrt. in line with Section 3:296 (3) of Act V of 2013 on the Civil Code (the "Civil Code") Konzum II. Ingatlanbefektetési Alap was appointed as the party to receive the stocks to be issued during the proposed increase of registered capital.

Based on the foregoing, the Company has commissioned Interauditor to carry out the preliminary review of the value of the non-cash, contribution in kind as prescribed by the Articles of Association.

## 1 THE DESCRIPTION OF THE NON-CASH CONTRIBUTION

The contribution in kind consists of a property registered under topographical lot number 36372. in Budapest, District VIII, within city boundaries, physically located at 1082 Budapest, Üllői út 48. consisting of a plot of 1,967 m<sup>2</sup> and a U shaped nine-store building thereon (- 3 underground, ground floor, 6 stores). The total net useful floor space of the building is 8,145 m<sup>2</sup>.

## 2 THE VALUE AND VALUATION OF THE NON-CASH CONTRIBUTION AND THE DESCRIPTION OF THE METHOD OF VALUATION

In order to calculate the market value of the Property the Company hired an independent expert. John Lang Lasalle Kft. (hereinafter: Property Expert) used two methods to identify the property's value. In our capacity as auditors, we reviewed the methodology, boundary conditions and assumptions of the expert opinion.

The property expert used two approaches to identify the property's market value: the discounted cash flow method (by assessing the revenue that can be generated by renting the property) and the market comparison approach.

The discounted cash flow approach used the HUF / EUR exchange rate of the Central Bank of Hungary in effect on 09. January 2018. Regarding the renting office area 12.5 EUR/m<sup>2</sup> unit prices were used monthly. The costs that have to be covered by the revenue is estimated at 2% of the revenue. The discount rate applied is 8.50%. In our opinion, having regard to the low risk rate of the activity, this can be regarded as conservative and cautious.

By applying the above parameters and assumptions, the market value of the property under the discounted cash flow approach is:

15.400.000,- EUR (4.763.000.000,- HUF).

Under the market comparison approach five actual transactions or offers concerning 6 downtown or Váci street properties were considered. Most of them are new construction buildings, the parameters assessed included their location, size, technical state of repair, amenities, (quality) and available parking facilities. Based on the comparison the specific value of one square meter was quoted, based on which the market value of the Property was arrived at.

Following quantification and comparison, the specific value of the Property is EUR 2,296/m<sup>2</sup>. Accordingly, considering the entire area of the property the rounded value of the property under the market comparison approach is

18.700.000,- EUR (5.784.000.000,- HUF).

The Property Expert attached the 100% weight to the discounted cashflow approach and identified the market value of the Property as the results of the discounted cashflow approach, the market approach has been used for control purposes only.

The resulting market value of the contributed Property is

15.400.000,- EUR.

that is

Fifteen Million Four Hundred Thousand EUR.

Having regard to the EUR exchange rate in effect on 09. January 2018, the rounded market value of the property is

HUF 4 763 000 000

that is

Four Billion Seven Hundred Sixty-Three Million Hungarian Forints.

### 3. STATEMENT OF THE INDEPENDENT AUDITOR

Based on the above calculations we concluded that the result of the property valuation is in line with the preliminary value identified by the owner.

The above calculations confirm that the HUF 4 763 000 000 value of the non-cash, in-kind contribution established by the Property Expert and the HUF 4 600 000 540 value of the proposed New Stocks are in balance.

Budapest, 11. April 2018



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