Appeninn
Holding

APPENINN HOLDING NYRT.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS REPORTING STANDARDS
31 DECEMBER 2018

WITH A COMPARABLE PERIOD ENDING ON 31 DECEMBER 2017

Contents

Consolidated Balance Sheet

Assets	Notes	31.12.2018 EUR	31.12.2017 EUR
Income generating investment property	18	117,820,822	62,990,000
Tangible assets	19	278,421	72,147
Deferred tax assets	20	44,386	-
Total fixed assets		**118,143,629**	**63,062,147**
Inventories	21	161,738	-
Trade receivables	22	493,276	159,143
Other short-term receivables	23	3,302,286	161,607
Short-term loans and borrowings	24	6,988	7,090
Accruals and deferrals	25	59,302	71,260
Income tax assets		198,875	65,000
Cash and cash equivalents	26	2,968,906	8,757,651
Total current assets		**7,191,371**	**9,221,751**
Assets classified as held for sale	8	-	245,309
Total Assets		**125,335,000**	**72,529,207**
Capital and liabilities			
Subscribed capital	27	15,217,006	13,245,347
Treasury shares	28	(305,660)	-
Capital reserves	29	25,645,230	13,618,106
Accumulated profit	30	21,729,105	5,323,196
Capital allocated to shareholders		**62,285,681**	**32,186,649**
Non-controlling participations	30	-	-
Total capital and reserves		**62,285,681**	**32,186,649**
Liabilities from long term bank loans and leases	32	39,740,555	32,675,643
Deposits provided by the tenants	31	826,117	853,195
Other long-term liabilities vis-à-vis related parties	33	8,501,046	-
Deferred tax liabilities	34	4,331,140	1,918,136
Total long-term liabilities		**53,398,858**	**35,446,974**
Liabilities from short term bank loans and leases	32	7,655,033	1,702,008
Other current liabilities	35	158,814	1,714,939
Current liabilities vis-à-vis related parties	33	95,198	115,817
Accounts payable	36	405,002	194,213
Debts from issued corporate bonds	37	-	200,000
Tax liabilities, duties payable	38	747,850	497,502
Income tax liabilities		65,566	39,763
Deferred income and accrued expenses (Accrued and deferred liabilities)	39	522,998	431,342
Total current liabilities		**9,650,461**	**4,895,584**
Total Liabilities		**63,049,319**	**40,342,558**
Total capital and liabilities		**125,335,000**	**72,529,207**

The notes provided on pp. 8-70 constitute an integral part of the Consolidated Financial Statements.

Consolidated comprehensive income statement	Notes	For the financial year ending on 31.12.2018 EUR	For the financial year ending on 31.12.2017 EUR
Income from property leasing	3	7,006,255	4,933,089
Direct costs of property leasing	4	(2,802,833)	(1,420,286)
Direct collateral		**4,203,422**	**3,512,803**
Administrative expenses	5	(1,252,527)	(526,990)
Personnel costs	6	(719,054)	(81,359)
Other revenues/(expenses)	7	139,202	799,481
Profit (Loss) on sale of subsidiaries and investments	8	145,835	(1,018)
Profit/Loss on sale of investment properties	9	484,113	(535,868)
Revaluation of income-generating investment property	10	16,040,000	2,458,897
Improvements to real property (capital expenditure items)	11	(18,905)	(562,051)
Recognised losses realised on participations	12	-	(657,274)
Gross Operating profit (loss) (EBITDA)**		**19,022,086**	**4,406,621**
Depreciation and amortisation	19	(40,541)	(3,332)
Other (expenses on)/ income from financial operations	13	692,825	(19,677)
Balance of interest income and interest expense	14	(1,141,805)	(1,094,534)
Profit before taxation		**18,532,565**	**3,289,078**
Income taxes	15	(2,126,656)	(740,810)
Profit for the year		**16,405,909**	**2,548,268**
Other comprehensive income (profit/loss)			
Exchange rate differences upon currency conversion		-	-
Other comprehensive income less tax for the year		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,405,909**	**2,548,268**
Of the profit/loss:			
- allocated to non-controlling participations		-	-
- allocated to the Company's shareholders		16,405,909	2,548,268
Basic EPS in EUR cent	16	**36,53**	**6,53**
Diluted EPS in EUR cent	16	**36,53**	**6,53**

The notes provided on pp. 8-70 constitute an integral part of the Consolidated Financial Statements.

Changes in consolidated equity (data in EUR)	Subscribed capital	Reserves	Treasury shares Own Shares	Accumulated profit	Due to the shareholders of the parent company	Non-controlling interest	Total equity
Balance as at 1 January 2017	**12,893,071**	**11,229,685**	**(234,863)**	**4,319,450**	**28,207,343**	**148,095**	**28,355,438**
Reporting year's comprehensive income (profit/loss)							
Profit/Loss for the year	**-**	**-**	**-**	**2,548,268**	**2,548,268**	**-**	**2,548,268**
Transactions with the equity holders of the Company	**352,276**	**2,388,421**	**234,863**	**(1,544,522)**	**1,431,038**	**(148,095)**	**1,282,943**
Purchase of Treasury shares			(2,839,405)		(2,839,405)		(2,839,405)
Sale of Treasury shares			3,074,268	81,824	3,156,092		3,156,092
Loss on investments acquired from owners				(1,055,993)	(1,055,993)		(1,055,993)
Discounted derecognition of liabilities to owners				125,210	125,210		125,210
Acquisition of non-controlling participations				148,095	148,095	148/095	-
Dividends				(843,658)	(843,658)		(843,658)
Capital increase through share premium	352,276	2,388,421			2,740,697		2,740,697
Balance as at 31 December 2017	**13,245,347**	**13,618,106**	**-**	**5,323,196**	**32,186,649**	**-**	**32,186,649**
Balance as at 1 January 2018	**13,245,347**	**13,618,106**	**-**	**5,323,196**	**32,186,649**	**-**	**32,186,649**
Total comprehensive income (profit/loss)							
Profit/Loss for the year	**-**	**-**	**-**	**16,405,909**	**16,405,909**		**16,405,909**
Transactions with the equity holders of the Company	**1,971,659**	**12,027,124**	**(305,660)**	**-**	**13,693,123**	**-**	**13,693,123**
Purchase of Treasury shares			(305,713)		(305,713)		(305,713)
Sale of Treasury shares			53		53		53
Capital increase	1,971,659	12,027,124			13,998,783		13,998,783
Balance as at 31 December 2018	**15,217,006**	**25,645,230**	**(305,660)**	**21,729,105**	**62,285,681**	**-**	**62,285,681**

The notes provided on pp. 8-70 constitute an integral part of the Consolidated Financial Statements.

Consolidated cash flow statement	Notes	for the financial year ending on 31.12.2018 EUR	for the financial year ending on 31.12.2017 EUR
Profit/Loss before taxation		**18,532,565**	**3,289,078**
Revaluation of income-generating investment property	18	(16,040,000)	(2,458,897)
Non-realized end-of-year currency revaluation	13	(314,434)	(77,073)
Depreciation and amortization	19	40,541	3,332
Impairment loss on accounts receivable	22	-	205,716
Deferred taxes	15	(1,877,039)	-
Gain/Loss on disposal of subsidiaries	8	(484,113)	1,018
Interest income	14	69,873	(10,594)
Interest expense	14	1,071,932	1,105,128
Changes in receivables and other current assets	23	(3,653,073)	3,394,598
Changes in accrued and deferred assets	25	11,958	(24,886)
Changes in inventories	21	(161,738)	-
Changes in liabilities and accruals and deferrals	39	8,524,448	(352,756)
Changes in deposits by tenants	31	27,078	(5,670)
Income taxes paid	15	(249,617)	(740,810)
Net operating cash flows		**7,357,714**	**4,328,184**
Fulfilment of guarantee obligation for sale of participation	8	-	(1,018)
Capital investment expenses on properties	19	(18,905)	(562,051)
Purchase of tangible assets	19	(227,910)	(72,147)
Revaluation of investment properties	18	(24,340,822)	(5,009,038)
Realised income from sale on real property	9	1,408,117	9,820,683
Net investment cash flow		**(23,179,520)**	**4,176,429**
Dividend payments	30	-	(843,658)
Repayment of debts from issued bonds	37	(200,000)	(228,378)
Changes in loans given (received)	24	102	289,481
Increase in credit, leases and loans	32	12,702,026	3,378,114
Loan repayment	32	630,345	(2,716,550)
Purchase of Treasury shares	28	(115,243)	(2,839,405)
Sale of Treasury shares	28	16,970	3,156,092
Interest expense	14	(1,071,932)	10,594
Interest income	14	(69,873)	(1,105,128)
Net cash flows from financial activities		**11,892,395**	**(898,838)**
Changes in cash and cash equivalent	**26**	**(5,788,745)**	**7,605,775**
Liquid asset balances:			
Opening balance of liquid assets as at the beginning of the year	26	8,757,651	1,151,876
Closing balance of liquid assets as at year-end	26	2,968,906	8,757,651

The notes provided on pp. 8-70 constitute an integral part of the Consolidated Financial Statements.

1. General

1.1 Company profile

Appeninn Vagyonkezelő Holding Nyrt. (the "Company"or the "Group") was incorporated on 1 December 2009. The Company was registered by the Court of Registry under Cg. 01-10-046538 on 7 December 2009. On 19 May 2011, Rotux Zrt. (company registration number: 01-10-045553) merged into Appeninn Nyrt.

The Company's registered seat is at 1062 Budapest, Andrássy út 59.

Owners holding a share of over 5% each in the Company as at 31 December 2018:

Owner's name	Number of shares	Ownership share %
BDPST Zrt.	9,755,567	20.59%
KONZUM Nyrt.	8,860,027	18.70%
KONZUM II. Property Investment Fund	6,478,874	13.68%
OTP Property Investment Fund	2,420,372	5.11%
Own shares	409,705	0.87%
Public float	19,446,874	41.05%
Total	**47,371,419**	**100.00%**

1.2 Basis of the balance sheet

i) Approval and declaration on compliance with the International Financing Reporting Standards

The Board of Directors approved the consolidated financial statements on 23 March 2019. The consolidated financial statements were prepared in compliance with the International financial Accounting Standards, as announced and enacted in a regulation in the official journal of the European Union (EU). The IFRS consists of the standards and interpretations developed by the International Accounting Standards Board (IASB) and the International Financing Reporting Interpretations Committee (IFRIC).

All data in the consolidated financial statements of the Group are in euro (EUR). All amounts rounded to the nearest euro amount in the statements.

ii) Basis of the financial statements

The consolidated financial statements were prepared on the basis of the standards issued and effective until 31 December 2018 and according to the IFRIC interpretations.

The financial year is identical with the calendar year.

iii) Basis of measurement

The basis of measurement is historical cost.

While preparing the financial statements in compliance with IFRS the management must apply a professional judgement, estimates and assumptions, which have an impact on the applied accounting policy and on the amounts of assets and liabilities, revenues and expenses stated in the financial statements. The estimates and related assumptions are based on historical experience and numerous other factors, which may be deemed reasonable under the given circumstances and the result of which is the basis of the estimated book value of the assets and liabilities that cannot be defined clearly from other sources. The actual results may be different from these estimates.

The estimates and underlying assumptions are regularly reviewed. The modification of accounting estimates is presented in the period of the modification of the estimate when the modification relates only to the particular year or during the period of the modification and in the subsequent periods when the modification affects both the current and future years.

2. Accounting Policy

Below we present the major accounting policies that were applied by preparing the consolidated financial statements. The accounting policies were applied consistently for the periods covered by these consolidated financial statements. The most important accounting principles applied during the preparation of the financial statements were as follows:

2.1 Main components of the accounting policy

2.1.1 Basis of consolidation

Subsidiaries

The consolidated annual financial statements include Appeninn Nyrt. and the subsidiaries controlled by it. In general, control means that the Group holds, either directly or indirectly, more than 50% of the votes of the particular company and enjoys the advantages of its activities through an influence on its financial and operational activates.

The acquisition accounting method is applied to the acquired business shares. This method uses the values at the time of the acquisition based on the market values of the assets and liabilities at the time of the acquisition, i.e., when control is obtained. The cost of acquisition equals the total of the consideration plus the total non-controlling shares in the acquired business. The companies acquired or sold during the year are included in the consolidated financial statements from or to the date of the respective transaction.

Transactions, balances and profit as well as unrealised profit between the companies involved in the consolidation are excluded. During the preparation of the consolidated annual financial statements the similar transactions and events are recorded according to consistent accounting principles.

The equity and profit shares of non-controlling shareholders are presented in separate rows in the balance sheet and in the profit and loss account. In terms of business combinations, the non-controlling shares are presented either at fair value or as the value of the amount from the fair value of the net assets of the acquired company relating to the controlling shareholders. The valuation method is selected individually for each business combination. Following the acquisition, the share of the non-controlling shareholders equals the originally taken value, modified by the amount of changes in the equity of the acquired company relating to non-controlling shareholders. The non-controlling shareholders have a share of the interim total comprehensive income even if it leads to a negative balance of their shares.

All changes in the participations of the Group in subsidiaries that do not lead to the loss of control are recognised as capital transactions. The participation of the Group and non-controlling shareholders is modified to make sure that they reflect the changes in the participations held in the subsidiaries. The amount modifying the participation of non-controlling shareholders and the difference between the received or paid consideration is recognised in the equity as the shareholder value.

2.1.2 Reporting currency and FX balances

In view of the content and circumstances of the underlying business events the functional currency of the parent company and reporting currency of the Group is euro.

Initially, the foreign currency transactions not recorded in EUR were recorded at the exchange rate, valid on the date of execution of such transactions. Receivables and liabilities in currencies other than EUR were translated into HUF at the exchange rate prevailing as at balance sheet date. The resulting exchange rate differences are shown in the profit and loss account among the financial revenues or financial expenses.

The foreign currency-denominated assets and liabilities of the Group are revalued at the exchange rate published by the National Bank of Hungary at balance sheet date. Exchange rate losses/gains from revaluation are shown in “Other income from/expenses on financial transactions ” in the reporting year’s financial statement.

Transactions executed in currencies other than EUR are recognised in the functional currency, with the exchange rate of the reporting currency effective on the date of the transaction applied to the amount stated in a currency other than EUR. In the comprehensive income statement, the exchange rate differences that result from the use of an exchange rate other than the exchange rate applied during the settlement of the monetary items, at the initial presentation during the period or in the previous financial statements are stated either financial as revenues or as financial expenses during the period when they occurred. The monetary assets and liabilities defined in currencies other than EUR are translated at the exchange rate of the functional currency effective at the end of the reporting period. The items denominated in currencies other than EUR and measured at fair value are translated at the exchange rate effective at the time of the determination of the fair value. Exchange rate differences are presented in “Income from/expenses on financial transactions”.

The Group translates the HUF balance sheet data in the annual accounts prepared by the subsidiaries into EUR applied by Appeninn Nyrt. at the exchange rate prevailing as at the balance sheet date Data in the financial statements are translated at the exchange rate prevailing during the reporting period. Exchange rate differences arising from the translation of the data in the stand-alone statement of the individual companies into EUR are recognised as other financial revenues (expenses) through profit/loss in the profit/loss for the year.

2.1.3 Sales revenue

Revenues from sales are recorded when the respective conditions of the individual supply contracts are met. The net sales revenues are exclusive of the value added tax. All revenues and expenses are recognised in the respective period in compliance with the principle of matching.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This core principle is delivered in a five-step model framework:
- Identifying the contract(s) with a customer
- Identifying the performance obligations in the contract
- Determining the transaction price
- Allocating the transaction price to the performance obligations in the contract
- Recognising revenue when (or as) the entity satisfies a performance obligation.

Performance obligations
At the inception of the contract, the Group should identify the goods or services that have been promised to the customer, i.e. performance obligations. The Group may recognise revenue when it satisfies its performance obligations by delivering the promised goods and provided the promised services. Delivery means customers gaining control over assets (services), i.e. a point in time when

- the Group has an existing right to payment for the asset;
- the customer has legal title to the asset;
- the Group has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset;
- the customer has accepted the asset.

Determination of transaction price
When a contract is performed, the Group must recognise revenue from delivery, i.e. the transaction price allocated to the performance obligation. The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services. When determining the transaction price, it is important that the components of variable consideration (e.g. rebates and price concessions) should be taken into account. Where a contract contains elements of variable consideration, the Group will estimate the amount of

variable consideration to which it will be entitled under the contract by using probability weighting.

The Group availed itself of the possibility of simplified initial application, i.e. the contracts not performed before 1 January 2018 were recognised as if they had been recognised in accordance with IFRS 15 since their respective contract dates. The application of the new standards did not exert any significant impact on the Group's consolidated financial statements.

Lease fee income

The Group earns income from the sale of property by leasing office space and commercial property. The recognition of sales revenue is prorated from the date when the right of collecting lease fees starts to be exercised on account of property handed over for use. The Group collects lease fees in advance. The recognition of revenue is prorated independently of payment and billing. The financial statements present the recoverable lease fees due on the period covered by the financial statements.

Revenue from operating leasing

Income from the early termination of operating lease transactions is recognised when earned. Lease fees from operating leases is recognised with the straight line method over the term of the lease in question. Direct costs associated with initial negotiations and agreements related to operating leases are added to the carrying value of the leased asset and recognised with the straight line method over the term of the lease in question. Discounts to tenants are accrued and deferred in respect of the term of the lease agreement even if such is contrary to the relevant financial schedule.

Income from property operation

The Group is the owner of built-in equipment (mechanical installations). Mechanical equipment constitutes the controlled assets of the subsidiaries. It included as electricity supply, network supply connections, places of distribution, water network connections (kitchens, bathrooms), heating systems and boilers. The Group grants right of use in respect of the assets under its control, and tenants pay for the use of such assets on the basis of use. The Group treats the energy (gas, water and electricity) purchased for the equipment as services purchased for the equipment rather than materials sold independently. The Group does not sell any customer energy independently without such customer using the property. When operating property, the Group relies on the expertise, means and management system of its subsidiaries. Therefore, the Group treats income from operating property as its own income and performance. The Group bears the risk of the income from the recharging of the operating costs incurred not covering its operating costs, therefore, it is the original obligor of the transaction rather that its agent.
The Group recognises income from property operation costs when its costs from property operation are incurred.

Dividend and interest income

Dividends on investments are recognised when shareholders become entitled to disbursement (provided that it is probable that future economic benefits will flow to the Group, and the amount of the income can be reliably measured).

Income from other financial assets
Interest income from other financial assets is recognised when it is probable that future economic benefits will flow to the Group, and the amount of the income can be reliably measured. Interest income is accrued and deferred at the relevant effective interest rate in a prorated manner with the outstanding amount of the principal taken into account. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

2.1.4 Property, machines, equipment

The tangible assets are stated at historical cost less accumulated depreciation. Accumulated depreciation comprises the costs recognised as ordinary depreciation relating to the continuous use and operation of the asset as well as the costs of accelerated depreciation, recognised due to major damage to the asset occurring as a result of an unexpected extraordinary event.

The historical cost of tangible assets consists of the purchased cost of the asset or, in the case of a capital investment of the Company, the incurred material and wage-type expenses and other direct expenses. The interest recognised on the loan taken for the investment into the tangible asset increases the historical cost of the asset until it reaches a condition suitable for ordinary use.

The book value of tangible assets is reviewed periodically in order to conclude whether or not the book value is higher than the fair market value of the asset, in which case extraordinary depreciation must be recognised until the asset reaches its fair market value. The fair market value of the asset is either the sales price or the value in use of the asset, whichever is higher. The value in use is the discounted value of the future cash flows generated by the asset.

The discount rate contains the interest rate before corporate taxation, taking into account the time value of money and the impact of other risk factors associated with the asset. If no future cash flow can be assigned to the asset separately, then the cash flow of that unit must be used, of which the asset is a part. The impairment thus determined is presented in the profit and loss account.

The costs of repair and maintenance as well as replacement of spare parts of tangible assets are charged to the maintenance expenses. The value-added investments and refurbishment are capitalised. The historical cost and accumulated depreciation of assets sold, written down to zero or not in use are derecognised. Any possible profit or loss generated in that manner is part of the profit/loss of the current year.

The Group writes off the value of its assets with the straight-line method during the useful life of the assets. The life of assets by asset category is as follows:

Asset type	Useful life
Machinery and equipment	3-7 years
Leased plant and machinery	5 years
Office equipment and fittings	3-7 years

The useful lives and depreciation methods are reviewed at once a year based on the actual economic benefit provided by the particular asset. If required, the modification is accounted against the profit/loss of the current year.

2.1.5 Investment property

Investment property is property held to earn rentals or for capital appreciation (including investment property in the process of construction). Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property must be included as profit from/loss on the revaluation of income-generating investment property in net profit or loss for the period in which it arises.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as income or expense in the income statement for the year when the real property is derecognised.

2.1.6 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether or not a change triggering impairment has occurred in relation to any asset. If such a change occurred, the Group estimates the estimated recovery value of the asset. The estimated recovery value of an asset or cash-generating unit is either the fair value less the costs of sales or the value in use, whichever is higher. The Group recognises impairment against the profit if the estimated recovery value of the asset is lower than its book value. The Group prepares the required calculations based on adequately discounting the long-term future cash flow plans.

2.1.7 Intangible assets

The individually purchased intangible assets are entered into the books at purchase price, while intangible assets acquire during business combination are entered into the books at fair value at the time of their acquisition. The assets are entered into the books when the use of the asset provably results in the influx of future economic goods and its cost can therefore be clearly identify.

Following the initial recognition, the historical cost model applies to intangible assets. The lifetime of these assets is finite or cannot be defined. The assets of a finite lifecycle are depreciated with the straight-line method according to the best estimate for the lifetime. The depreciation period and the depreciation method are reviewed annually at the end of the financial year. The intangible assets produced by the Company less development costs are not capitalised, rather they are recognised in the profit/loss in the year when they are produced. The intangible assets are reviewed annually in terms of impairment on individual basis or at the level of the income generating unit.

The purchase costs of goods and software falling within the scope of trademarks, licences and industrial right protection are capitalised and written down with the straight-line method during their estimated useful life.

Rights and titles as well as software	3 years

2.1.8 Goodwill

Goodwill is the positive difference between the purchase value and fair value of the identifiable net assets of the acquired subsidiary, affiliate and joint venture on the date of acquisition. Goodwill is not depreciated but the Group reviews each year whether or not there are any signs indicating that the book value is unlikely to be recovered. The goodwill is stated at historical value less potential impairment.

2.1.9 Receivables

The receivables are stated in the financial statements and nominal value less impairment recognised for estimated losses. Based on the review of all outstanding receivables prevailing at the end of the year an estimate was made for the value of receivables.

2.1.10 Financial instruments

Financial assets covered by IFRS 9 are measured with one of the following three methods of measurement: - assets measured at amortised cost after their first recognition;
- financial assets measured at fair value through other comprehensive income (FVOCI);
- assets measured at fair value through profit or loss (FVPL).

Classification depends on the cash flow characteristics of the financial asset in question. In the case of the debt instruments that the Group intends to measure at amortised cost or at fair value through other comprehensive income, it has to test whether the cash flows of the financial instruments are solely for payments of principal and interest under IFRS 9 (SPPI). Principal is defined as being the fair value of the financial asset at initial recognition. Interest is defined narrowly as being compensation for the time value of money and credit risk although it can also include compensation for other lending risks such as liquidity, administrative costs and a profit margin.

When checking compliance with the SPPI requirements, the Groups checks whether cash flows from the contract are consistent with the basic lending arrangements.

In order to be able to establish whether contractual cash flows only contain principal and interest, the Group checks the contractual terms and conditions of the financial instrument. It also checks whether the contract contains contractual terms and conditions that make the amount or timing of the contractual cash flows change in a manner that prevents the financial instrument from meeting the SPPI criterion.

All other debt instruments must be measured at fair value through profit and loss (FVTPL).

All equity instruments must be measured at fair value in the balance sheet, and recognise the impact in the change in fair value directly in the profit and loss accounts except for the equity instruments in respect of which the entity uses the Other comprehensive income option (FVOCI). The Group did not avail itself of the FVOCI option.

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when the Company currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The adoption of IFRS 9 in the reporting year did not exert any significant impact on the Group's financial statements.

2.1.11 Financial liabilities

The Group's statements presenting its consolidated financial position contain the following liabilities: trade payables and other current liabilities, loans, credit and current account overdrafts. They are presented and measured in the respective parts of the notes to the financial statements as specified below:

The Group values each financial obligation at fair value at the time of the initial recognition. For loans the transactions costs are also taken into account that are directly associated with obtaining the financial obligation.

Financial assets covered by IFRS 9 are measured with either of the following two methods of measurement: at amortised cost after recognition, at fair value through profit or loss after recognition (FVPL). The Group defines the category of the financial liabilities when they are acquired.

The loans and borrowings appear in the statement reflecting the financial position at amortised cost, calculated with the effective interest method. The gains and losses on loans and borrowings are recognised in the statement of income in the course of amortisation calculated with the effective interest method and during the derecognition of the financial liability. The amortisation is recognised as a financial expense in the statement of income.

2.1.12 Provisions

The Group recognises provisions on its existing (legal or assumed) commitments resulting from historic events, which the Group is likely to have to settle and when the amount of the obligation can be reliably measured.

The amount recognised as provisions is the best estimate of the expense required on the balance sheet date to settle an existing obligation, taking into account the risks and uncertainties that characterise the obligation. If the provisions are calculated on the basis of the cash flow, likely to be required for the settlement of an existing obligation, the book value of the provisions equals the present value of those cash flows.

If another party is likely to reimburse the expenses required for the settlement of the provisions in part or in full, the receivable can be recognised as an asset when it is virtually certain that the reimbursement will be received, and the amount of the receivable can be measured reliably.

The existing obligations arising from detrimental contracts are recognised as provisions. The Group deems a contract detrimental when the unavoidable costs of the fulfilment of the obligations arising from it exceed the economic benefits likely to occur as a result of the contract.

Restructuring provisions are recognised when the Group has prepared a detailed or formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The restructuring provisions include the direct expenses incurred in relation to restructuring and which are necessary for restructuring and do not relate to the continuous activity of the business unit.

2.1.13 Corporate tax and income tax

The corporate tax rate is based on the act on corporate and dividend tax and the tax liability imposed in a local bylaw on local business tax and is modified by the deferred taxes. The Group decided to treat corporate tax and local business tax as income tax under its accounting policy. Corporate tax liability contains tax items for the year and deferred tax items.

Tax liability for the reporting year is calculated on the basis of taxable profit of the year. The taxable profit is different from the profit before taxation recognised in the consolidated financial statements due to gains and losses not included in the tax base and due to items that are recognised in the taxable profit of other years. The current tax liability of the Group is calculated on the basis of the tax rate effective or announced by the balance sheet date (provided that the announcement is equivalent to entry into force). The deferred tax is calculated with the liability method.

Deferred tax occurs when there is a time difference in the recognition of an item in the annual report and in the financial statements prepared according to the tax law. A deferred tax asset and liability is established by applying the tax rates to the taxable income of the years when the difference caused by the time difference is likely to be recovered. The deferred tax liability and tax asset reflects the Group's estimate for the method of realisation of tax assets and liabilities prevailing on the balance sheet date.

A deferred tax asset is included in the balance sheet with respect to deductible time differences, tax benefits allowed to be carried forward and tax losses when it is likely that the Group will realise profit in the course of its future operations against which the deferred tax asset can be settled.

On each balance sheet date the Group takes into account the deferred tax assets not recognised in the balance sheet and the book value of the recognised tax assets. It enters into the inventory those assets not yet recognised in the balance sheet which may be recovered as a reduction of its future profit tax. On the contrary, the Group reduced its deferred tax assets to such an extent that its recovery is unlikely to be funded from taxed profit.

The current and deferred tax is recognised directly against the equity when it relates to items which were also recognised against equity in the same or a different period, also including modifications in the opening value of reserves due to any change made in the accounting policy with retroactive effect.

The deferred tax assets and liabilities can be offset against each other when the company has a right granted by the law to offset its actual tax assets and liabilities relating to the same tax authority against each other and when the Group intends to account for those assets and liabilities on net basis.

2.1.14 Leasing

Financial leasing means that all risks and expenses relating to the possession of the asset are borne by the lessee according to the terms and conditions of the lease. A lease is classified as a finance lease if it meets the classification criteria described in the standard. All other leases are classified as operating leases.

In the case of financial leases, the assets leased by the Group are considered the assets of the Group and are recognised at market value as at acquisition. The liability to the lessor is recognised on the balance sheet as a financial lease liability. The expenses of the leasing which are differences between the fair value of the acquired assets and the total lease liabilities are recognised against to the profit during the entire term of the leasing to make sure that they represent a constant, periodically occurring expense in relation to the existing liability amount in the various period.

Such expenses result from the difference between the total liabilities and the market value of the leased asset at the rime of acquisition and are recognised in the profit and loss account either over the relevant leasing tenor, in order to facilitate the monitoring of the changes in the balance of the outstanding liability from time to time or in the individual reporting periods.

2.1.15 Earning per share (EPS)

The earning/share is established on the basis of the Group's profit and the shares less the temporary average portfolio of Treasury shares.

The diluted earning per share is calculated similarly to the earning per share. However, during the calculation all shares in distribution, suitable for dilution are taken into account, and the dividend that may be distributed on common shares is increased by the dividend and return on the convertible shares taken into account during the applicable period, modified by further income and expenses on conversion; the weighted average number of shares in distribution is increased by the weighted average number of further shares which would be in distribution if all convertible shares were converted. There were no transactions which would dilute the value of this EPS rate either in the year ending on 31 December 2017 or the one ending on 31 December 2018.

2.1.16 Deposits provided by the tenants

Deposit from tenants are recognised at fair value upon initial recognition. They were presented at amortised cost determined with the effective interest rate method in subsequent periods. Deposits from tenants for long-term lease agreements are presented as long-term liabilities. The remaining deposits from tenants are presented as other liabilities in the consolidated in the consolidated financial statements.

2.1.17 Off-balance sheet items

The off-balance sheet liabilities are not included in the balance sheet or profit and loss account that constitute parts of the consolidated financial statements unless they were acquired during business combinations. They are presented in the notes to the financial statements unless the possibility of outflow of sources representing economic benefits is remote and negligible. The off-balance sheet receivables are not included in the balance sheet or profit and loss account constituting parts of the consolidated annual financial statements but if the influx of economic benefits is likely, they are presented in the notes to the financial statements.

2.1.18 Treasury shares

The face value of the Treasury shares is deducted from the registered capital. Any difference between face value and historical cost is recognised directly in the retained earnings.

2.1.19 Dividends

The Company recognises dividend in the year when it is approved by the shareholders.

2.1.20 Profit/Loss on financial transactions

The financial profit/loss includes interest and dividend revenues and other financial expenses, the gains and losses of fair valuation of financial instruments and realised and unrealised exchange rate differences.

2.1.21 Events subsequent to the accounting reference date

The events occurring after the end of the reporting period that provide additional information about the conditions prevailing at the end of the Group's reporting period (amending items) are all presented in the report. Those events occurring after the reporting period that do not modify the data of the report are presented in the notes to the financial statements when they are important.

2.2 Changes in the Accounting Policy

The Group prepared its financial statements in compliance with the provisions of all standards and interpretations that entered into force on 31 December 2018.

The Group's accounting policy is consistent with the one used in previous years with the following exceptions:

a) *Before the publication of the report the following standards and interpretations had entered into force and been adopted by the Group upon their entry into force:*

IFRS 9: Financial instruments: Recognition and Measurement (effective from 1 January 2018)

The standard introduced new requirements for the classification, valuation and impairment of financial assets and financial liabilities. The application of the IFRS 9 standard is likely to have an impact on the classification and valuation of the Group's financial assets but is unlikely to affect the classification or valuation of financial liabilities. The new standard did not exert any significant impact on the Group's consolidated financial statements.

IFRS 15 Revenues from contracts with customers (effective from 1 January 2018)

The IASB issued a new standard on 28 May 2014 on the recognition of revenues from contract with customers. The application of the new revenue standard will be mandatory for companies using IFRS in the reporting periods starting on 1 January 2018 or later. The new standard will replace the currently effective regulations of IAS 18 Revenues and IAS 11 Investment contracts in the recognition of revenues. According to the new standard the companies will use a "five-step model" to define when and in what amount they should recognise the revenues. According to the model the revenues must be recognised to express the "promised" transfer of goods or services in the amount to which the company will be entitled to according to its expectations. The new standard did not exert any significant impact on the Group's consolidated financial statements.

b) *Before the publication of the report the following standards and interpretations had been issued, but not yet in force. The Groups is planning to adopt these standards upon their entry into force.*

IFRS 16 Leasing (effective from 1 January 2019)

The IASB issued a new standard on the recognition of leasing on 13 January 2016. The application of the new leasing standard will be mandatory for companies using IFRS in the reporting periods starting on 1 January 2019 or later. The new standard will replace the currently effective provisions of the IAS 17 leasing standard and will fundamentally change the previous recognition of operative leasing.

The Group assessed the impact of the modification on the report and found it insignificant.

c) *The standards and interpretations published by IASB and adopted by the EU, but not yet in force, and unlikely to influence the Company's financial statements:*
   - IFRIC 23 Uncertainty over Income Tax Treatments (Effective for annual periods beginning on or after 1 January 2019; certain temporary exemptions are permitted)
   - Modifications of IFRS 9: Prepayment Features with Negative Compensation (Effective after 1 January 2019 and full retrospective application of modifications is permitted. Earlier application is permitted.)

d) *The standards and interpretations published by IASB and not yet adopted by the EU, unlikely to influence the Company's financial statements:*
   - IFRS 17 Insurance contracts (Effective for annual reporting periods beginning on or after 1 January 2022 with comparable data restated);
   - Modifications of IAS 28: Long-term interests in associates and joint ventures (Effective after 1 January 2019 and full retrospective application of modifications is permitted. Earlier application is permitted.)
   - Modifications of IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IASB postponed the entry into force of these modifications for an indeterminate period of time; however, if an entity decides on the early adoption of the modifications, it will have to apply the modifications with retroactive force);
   - Modifications of IAS 19: Plan Amendment, Curtailment or Settlement (to be applied to modifications of schemes, limitations and deliveries that materialise at or after the beginning the first annual reporting period starting on or after 1 January 2019. Earlier adoption is permitted.);
   - Annual improvements to IFRS Standards 2015–2017 Cycle (published in December 2017) As a result of the IFRS Update Project, the modifications of the individual standards (IFRS 3, IFRS 11, IAS 12 and IAS 23) aim primarily at eliminating inconsistencies and clarify explanations. (to be applied to reporting periods starting on or after 1 January 2019).

In 2018 the Group applied all IFRS standards, modifications and interpretations that were effective on 1 January 2018 and were relevant for its operation.

2.3 Uncertainties

During the application of the accounting policy described in Section 2.1 estimates and assumptions must be applied for the establishment of the values of individual assets and liabilities at a particular time that cannot be clearly valued from other sources. The estimation process contains the decisions based on the last available information and relevant factors. These main estimates and assumptions affect the values of assets and liabilities, revenues and expenses recognised in the financial statements and the presentation of contingent assets and liabilities in the notes to the financial statement. The actual results may be different from the estimated data.

The estimates are regularly updated. If a change affects only the particular period, it should be taken into account during the period of the change occurring in the accounting estimates and if the change affects both periods, it must be taken into account in the period of the change as well as subsequent periods.

The main aspects of critical decisions adopted in terms of the uncertainties of estimates and accounting policy that have the greatest impact on the amounts presented in the consolidated financial statements are as follows:

2.3.1 Functional and reporting currency

Based on the economic events and circumstances characteristic of the Group's business activities, the settlement and reporting currency is EUR (euro). Therefore, all data in the consolidated annual accounts are provided in EUR, except otherwise indicated. In respect of the 2018 accounts, we applied the following HUF/EUR exchange rates quoted by the NBH as at the record date in order to translate the non-EUR accounting data of the members of the Group:

Exchange rate type	31 December 2018	31 December 2017	31 December 2016
Closing	321.51	310.14	311.02
Average	318.87	309.21	311.46
Closing – average difference	2.64	0.93	-0.44

2.3.2 Real property classification

The real properties owned by the Group are classified as investment property and property for development upon recognition as follows:

- Investment property is property (land and/or buildings) held to earn rentals or for capital appreciation. The Company does not utilise these properties (typically office buildings, warehouses and factory buildings) for its own purposes.
- Development properties are properties to be invested in, developed and sold by the Company in the near future.

2.3.3 Fair value of investment property

The determination of the fair value of investment property is largely based on estimates and assumptions, therefore, the actual value may differ significantly from the estimated value. The determination of the fair value of investment property is based on the Company's own appraisals and those by independent experts.

2.3.4 Depreciation and amortisation

Properties, machines and equipment and intangible assets are recognised at historical cost and are depreciated with the straight-line method during their useful life. The Group recognised depreciation and amortisation costs in the amount of the EUR 40,541 in the year ending on 31 December 2018 and EUR 3,332 in the year ending on 31 December 2017. The useful life of assets is defined on the basis of former experience relating to similar assets and estimated technological development as well as changes in the larger economic or industry factors. The estimated useful lives are reviewed annually.

2.4 Business combination details, enterprises involved in the consolidation

The Group has a share (voting and ownership rights) in the following subsidiaries:

Name of subsidiary	Parent company	Ownership and voting ratio		Address
		2018	2017	
Appeninn A59 Kft.	Appeninn Nyrt.	100%	0%	1062 Budapest, Andrássy út 59.
Appeninn BLT Kft.	Appeninn Nyrt.	100%	0%	1062 Budapest, Andrássy út 59.
Appeninn Credit Zrt.	Appeninn Nyrt.	0%	100%	1044 Budapest, Váci út 76-80.
Appeninn E-Office Vagyonkezelő Zrt.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn Hegyvidék Ingatlankezelő és Ingatlanforgalmazó Kft.	Curlington Ingatlanfejlesztési Kft.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn Project-BTBG Kft.	Appeninn Nyrt.	100%	0%	1062 Budapest, Andrássy út 59.
Appeninn Project-EGRV Kft.	Appeninn Nyrt.	100%	0%	1062 Budapest, Andrássy út 59.
Appeninn Project-MSKC Kft.	Appeninn Nyrt.	100%	0%	1062 Budapest, Andrássy út 59.
Appeninn Property Vagyonkezelő Zrt.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn Üzemeltető Zrt.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
Appeninn-Bp 1047 Zrt.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
Appen-Retail Kft.	Appeninn Property Vagyonkezelő Zrt.	100%	100%	1062 Budapest, Andrássy út 59.
Bertex Ingatlanforgalmazó Zrt.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
Curlington Ingatlanfejlesztési Kft.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
Felhévíz-Appen Kft.	Appeninn Property Vagyonkezelő Zrt.	100%	100%	1062 Budapest, Andrássy út 59.
Sectura Ingatlankezelő Kft.	Szent László téri Szolgáltatóház Kft.	100%	100%	1062 Budapest, Andrássy út 59.
Szent László téri Szolgáltatóház Kft.	Appeninn Nyrt.	100%	100%	1062 Budapest, Andrássy út 59.
VCT78 Ingatlanhasznosító Kft.	Szent László téri Szolgáltatóház Kft.	100%	100%	1062 Budapest, Andrássy út 59.

Changes in the members of the Group in 2018:

- The Company sold its share in Appeninn Credit Zrt.
- The Company established Appeninn Project K39 Kft. with its subscribed capital amounting to HUF 3,000,000 and sold it for HUF 3,000,000 on 14 December 2018.
- The Group purchased Appeninn A59 Kft. (formerly: Plaza House Ingatlanfejlesztési Kft).
- The Group established Appeninn Project-BTBG Kft., Appeninn Project-EGRV Kft., Appeninn Project-MSKC Kft. és Appeninn BLT Kft. in 2018.

Sale of Appeninn Credit Zrt.:

In 2018, it sold its 100% stake in Appeninn Credit Zrt. The assets of the company sold amounted to EUR 245,309 and the Company earned EUR 145 835 on the sale.

Appeninn Credit Zrt. Sale of 100% ownership share	EUR
Total net assets (on 100% ownership)	245,309
Proceeds from the sale of share	391,144
Realised profit (loss) on ownership share	**145,835**

Acquisition of Appeninn A59 Kft.:

The Group purchased the 100% stake of Appeninn A59 Kft. (formerly: Plaza House Ingatlanfejlesztési Kft) in 2018. The Company allocated the extra amount in the acquisition price to income generating properties.

data in EUR	Appeninn 59 Kft. (Plaza House Ingatlanfejlesztési Kft.)
Buyer	Appeninn Nyrt.
Ownership share transferred	100.00%
Consideration paid for share to seller	7,048,719
Of which:	
Income generating investment property	7,000,000
Trade receivables and other short-term receivables	40,366
Cash and cash equivalents	46,826
Current liabilities	(38,473)
Net asset value acquired through acquisitions	7,048,719
Assets (transferred) received in return for acquisition of ownership share, total	***(7,048,719)***
Goodwill/ (badwill) on share	*0*

Changes in the members of the Group in 2017:

- The Company sold VÁR – Logisztika Zrt. (formerly known as Appeninn Logisztika Zrt.).
- The Company acquired Appeninn E-Office Zrt.'s only share, Várna 12 Holding Zrt., Sectura Ingatlanközvetítő Zrt, VCT78 Ingatlanhasznosító Kft., and the 100% stake of APPENINN Hegyvidék Ingatlankezelő és Ingatlanforgalmazó Kft. The Company established APPEN-RETAIL Kft. in 2017.
- Várna 12 Holding Zrt. merged into Appeninn Property Zrt. (formerly: Appeninn Angel Zrt.).

Sale of Vár-Logisztika Zrt.

In 2017, the Company sold VÁR – Logisztika Zrt. (formerly known as Appeninn Logisztika Zr.). The table below shows the value, and price of the derecognised assets and the amount earned. The value of the real property owned by the company sold amounted to EUR 690,000. The sale also meant the derecognition of bank loans in the amount of EUR 277,000 from the Group's balance. The aggregate balance of the assets and liabilities transferred amounted to EUR 395,000.

Real property in company acquired/sold			**Nagykanizsa, Vár utca 12,**
Seller	Appeninn Vagyonkezelő Holding Nyrt,		Total
Buyer	XP-Banktechnika Kereskedelmi és Szolg, Zrt,	Lehn Consulting Ag,	
Date of execution of contract	14.11.2017		
Ownership share transferred	74%	26%	100%
Consideration paid for share and receivables to seller	293,416	103,179	396,595
Total net assets (on 100% ownership)			**395,733**
Of which:			
Income generating investment property			690,000
Trade receivables and other current receivables			19,814
Tax assets			4,907
Cash and cash equivalents			268
Bank loans			(277,781)
Other current liabilities			(1,419)
Deposits by tenants			(13,964)
Tax liabilities			(26,125)
Accounts payable			23
Total net asset value:			***(395,722)***
Assets (transferred) received in return for acquisition of ownership share, total			***396,595***
Profit (loss) on ownership share			***873***
Exchange rate difference			(1,891)
Impact on profit/loss for the year			**1,018**

Acquisition of Várna 12 Holding Zrt., Sectura Ingatlanközvetítő Zrt, VCT78 Ingatlanhasznosító Kft. and APPENINN Hegyvidék Ingatlankezelő és Ingatlanforgalmazó Kft.

On the basis of temporary valuations, losses on the companies acquired in 2017 were recognised in the amount of EUR 438 thousand. The net asset value of the acquired ownership shares exceeded the price of the shares (EUR 9.9) in the case of Várna 12. By contrast, net asset values remained below the respective purchase prices in the case of Sectura, Appeninn Hegyvidék and VCT78, therefore, losses had to be recognised (in the amount of EUR 447,000). The 2017 calculations related to the acquisition are shown in Annex 1.

3. Income from leased properties

The Group earns income from the sale of property and related operating services by leasing office space, logistic and commercial property. The properties of the Group are characterized by short vacant periods between tenancies, and due to the good positioning of the properties they carry a high quality. sufficiently solvent tenant portfolio.

Rentals from the real property at Andrássy út 105. provided as in-kind contribution in 2017, the one at Andrássy út 59. acquired in 2018 and the 18 commercial outlets rented by Spar are stated as part-year income in the income for the entire year.

The Group sold two investment properties (the real property in its entirety at Budapest Mérleg utca 4. and certain parts of the one at Budapest, Kelenhegyi út 43.) as well as a subsidiary (Appeninn Logisztika Zrt.), as a result of which the real property had also been removed from the Group's real property portfolio. The Company had not earned any income from these real properties since 2018 H1.

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Income from letting office space	2,561,330	3,971,989
Letting of logistics property	4,444,925	961,100
Total	**7,006,255**	**4,933,089**

4. Direct costs of property leasing

The direct costs of renting of real estate increased significantly in proportion to sales thanks to portfolio cleaning and an increase in the real property portfolio.

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Public utilities (electricity, water, gas/heating)	(1,229,499)	(752,633)
Property management	(1,042,791)	(369,790)
Building tax, land tax	(312,092)	(251,053)
Impairment (recognised) reversed on trade receivables	(14,051)	11,968
Repair, maintenance	(163,840)	(18,649)
Cost of property insurance	(24,685)	(10,983)
Security	(15,875)	(18,391)
Cost of other operation	-	(10,755)
Total	**(2,802,833)**	**(1,420,286)**

5. Administrative expenses

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Accounting and auditing fees	(223,517)	(170,718)
Bank charges	(93,768)	(56,182)
Lawyer and legal expenses	(354,159)	(80,914)
Business consultation, appraisal, PR	(147,085)	(52,964)
Stock exchange fees for publicly traded companies	(32,928)	(36,498)
IT services	(13,922)	(6,649)
Telephone bills, Internet charges	(11,546)	(4,763)
Authority fees and duties	(116,634)	(12,498)
Office supplies, cost of materials	(19,325)	(7,900)
Guarantee fees	-	(76,573)
Soil loading fee	(53,427)	-
Other costs	(186,216)	(21,331)
Total	**(1,252,527)**	**(526,990)**

Bank charges, legal and attorney fees represent a large portion. They are related to the transactions conducted in 2018 H1 and the refinancing of large amount bank loans.

6. Personnel costs

Since December 2017 property operation, which used to be outsourced, has been carried out by a company consolidated by the Group. Appeninn Üzemeltető Zrt. started operating with a staff of 16.

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Wage costs	(559,361)	(65,139)
Contributions	(125,829)	(15,341)
Other personnel-type benefits	(33,864)	(879)
Total	**(719,054)**	**(81,359)**

With effect from 1 December 2017, the Group's responsibility is the complex management and technical operation of entire real property portfolio. The launch of the new business line is planned to provide improved quality and more cost efficient and flexible operation for the Group's tenants.

Headcount data	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Average statistical headcount (number of persons)	**23.51**	**1.72**
Closing headcount	**24.00**	**19.35**
Of which:		
Appeninn Üzemeltető Zrt.	17.00	16.00
Appeninn Vagyonkezelő Holding Nyrt.	6.00	3.35
Appeninn E-Office Vagyonkezelő Zrt.	1.00	-

7. Other operating charges

The Group states its revenues other than revenues from real property leasing as other revenues (expenses). Exceptionally high revenues that affect the performance of the entire reporting period in terms of value or type are recorded separately in the main statements. Revenues not classified elsewhere and revenues not separated from other revenue types are presented here.

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Other income		
Default interest received	111,840	64,681
Derecognition of time-barred liabilities	-	202,865
Cancellation penalty	-	538,116
Income from indemnification	3,422	7,422
Release of unused provisions	44,707	77,447
Other income	1,582	100,394
	161,551	**990,925**
Other expenses		
Impairment recognised on other receivables	-	(175,164)
Default interest paid	-	(10,999)
Default penalty	(5,061)	(5,281)
Other expenses	(17,288)	-
	(22,349)	**(191,444)**
Other revenues/(expenses), total	**139,202**	**799,481**

The Group sold its own shares in 2016. Due to delays in payments for the shares, late payment penalty interest in the amount of EUR 65,000 was charged in 2017. One of the Group's contracted parties cancelled a contract unlawfully and, therefore, failed to meet the terms of the contract. As a result, it paid the Group EUR 538,000 in liquidated damages.

8. Profit from/Loss on the sale of subsidiaries, investments

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Vár-Logisztika Zrt.	-	(1,018)
Appeninn Credit Zrt.	145,835	-
Total	**145,835**	**(1,018)**

Business combinations were presented in section 2.4.

9. Sale of investment property

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Sales price of investment property	1,408,117	9,820,683
Derecognition of fair value of investment property	(924,004)	(10,100,000)
Commission paid on real property sales	-	(256,551)
Total	**484,113**	**(535,868)**

The Group sold its real property at 1121 Budapest, Menyét út 5. realising profit in the amount of EUR 484,115 in 2018.

In 2017, the Group sold two investment properties (the real property in its entirety at Budapest Mérleg utca 4. and certain parts of the one at Budapest, Kelenhegyi út 43.), and recognised losses in the amount of EUR 535,868 on the sale.

10. Revaluation of income-generating investment property

The fair value of the Group's assets is determined annually. Based on the results of fair value valuation, the Group charges each change to profit/loss. Regarding purchase rights on real properties, if they are lower than the fair value of the real properties and the buyer has paid the owner the fee charged for the purchase right, the Group states the lower of the fair value and the price of the purchase right in the balance sheet.

data in EUR	Increase in fair value	Decrease in fair value
1149 Budapest, Várna u. 12-14.	400,000	
1047 Schweidel utca 3.	200,000	
1023 Budapest, Bég u. 3-5.	1,300,000	
1022 Budapest, Bég u. 4. (Törökvész u. 30.)		(400,000)
1094 Budapest, Páva u. 8.	200,000	
1015 Budapest, Hattyú utca 14.	1,400,000	
1118 Budapest, Kelenhegyi út 43.	1,300,000	
1133 Budapest, Visegrádi u. 110-112.	200,000	
18 SPAR outlet	5,600,000	
6000 Kecskemét, Kiskőrösi utca 30.	400,000	
6000 Kecskemét, Kiskőrösi utca 30. (discounted value of call option)	600,000	
1062 Budapest, Andrássy út 105.	1,100,000	
1082 Budapest, Üllői út 48.	3,300,000	
2051 Biatorbágy, Tormásrét u. 2.	200,000	
1147 Budapest, Egyenes u. 4.		(200,000)
1105 Budapest, Bánya utca	200,000	
1023 Budapest, Felhévízi u. 24.	100,000	
1139 Budapest, Frangepán u. 19. 19.	100,000	
1105 Budapest, Bánya utca	40,000	
Total changes in fair value	**16,640,000**	**(600,000)**

Each year, the Group determines the fair value of the properties. In addition to the appraisal performed by the Group, an independent expert also reviewed the value of the real property portfolio. The value determined by the independent appraiser is consistent with the values in the financial statements. Jones Lang LaSalle Kft. (Széchenyi tér 7-8., 1051 Budapest, hereinafter: JLL Kft.) acted as independent appraiser for the Company between 2014 and 2018. In 2017, an expert opinion was provided in a manner that a desk top review of the market value of the real properties in the property portfolio of Robertson Hungary Kft. was performed. The review established that the analysis conducted by JLL Kft. was as follows:

- the appraiser's method and the application of the method were in conformity with the approach adopted in national and international practice.
- The mean values derived from the market price in the appraiser's report by JLL Kft. are identical to those determined by Robertson Hungary Kft. in respect of the individual real properties, and the values were all within the valuation band.

- The lease fees charged were in conformity with the current market fees.
- Investors' return expectations: the rates included in the appraiser's capitalised rate and discount rate are in conformity with the public data on transactions conducted in the individual real property types over the past 12 months.

Valuation principles:
The fair value of completed investment properties and those under construction, if the fair value of the latter can be determined reliably, is determined on the basis of market price-based appraisals. If the fair value of an investment property under construction cannot be determined reliably (due to a low level of completion, the unique character of the real property and/or the complete lack of market transactions), the carrying value is measured at cost less any potential impairment.

Methods of measurement:
Measurements are based on the income approach and discounted cash flow method. The method is based on periodic cash flows generated by real properties. The present value cash flows generated by real properties is determined at a market-based discount rate reflecting investors' return expectations. Periodic cash flows are incomeless costs related to the operation and maintenance of the property, with any unused space excluded. The fair value of the real property is the sum of periodic cash flows and residual value determined at the end of the period when estimates are made discounted to present value.

The valuation model used same variables in years 2017 and 2018: average rental fee, market fee, occupancy of the property, exit yield and discount rate. These values are current prices in the property market, which had to be adjusted due to the local differences of the properties. Due to such adjustments, all the variables used were classified as level 3.

Valuation methods remained unchanged in 2017 and 2018. The valuation method applied is consistent with the valuation techniques described in IFRS 13.

The valuation expressed on the face of the valuation the marketable comparable prices.

Testing sensitivity:
The DCF model variables used, and values resulted are presented in the previous table. Shifts in the variables of the model were tested. The aggregation of the variables of the DCF model leads to a terminal value. Another sensitive variable of the value of the model is the annual rental fee. The impact in a breakdown by real property of a minus 5% and a plus 5% shift in model variables on fair value valuation and fair values is presented on the basis of the matrix of the shifts in these two model variables.

Sequence number		type	2018				Changing mean values in the DCF model		Test for changes in the terminal value (-5%), Test for changes in rentals (-5%)	Test for changes in the terminal value (+5%) Test for changes in rentals (+5%)	Discount rate	Mortgage
			Comparable price	DCF model value	Record date value	Method of valuation	Terminal value	Rental EUR/m2/month,				
1	1149 Budapest, Várna u. 12-14.	office – factory	2,150,000	1,700,000	2,150,000	comparable	8.00%	office: 7.5 warehouse: 4	1,615,000	1,785,000	8.50%	yes
2	1047 Budapest, Schweidel utca 3.	warehouse	2,500,000	2,400,000	2,500,000	comparable	9.00%	warehouse: 3.3	2,280,000	2,520,000	9.25%	yes
3	1023 Budapest, Bég u. 3-5.	office	10,200,000	10,200,000	10,200,000	DCF model	7.25%	office: 12 warehouse: 6	9,690,000	10,710,000	7.50%	yes
4	1022 Budapest, Bég u. 4.	office	2,400,000	2,900,000	2,900,000	DCF model	7.25%	office: 11	2,755,000	3,045,000	7.50%	yes
5	1094 Budapest, Páva u. 8.	office	4,900,000	4,700,000	4,900,000	comparable	8.00%	office: 9.5 warehouse: 6	4,465,000	4,935,000	8.25%	yes
6	1015 Budapest, Hattyú utca 14.	office	15,800,000	15,900,000	15,900,000	DCF model	7.25%	office: 11.5 warehouse: 6	15,105,000	16,695,000	7.50%	none
7	1118 Budapest, Kelenhegyi út 43.	office - residential	7,400,000	6,600,000	7,400,000	comparable	12.50%	office: 12.5. residential: 14	6,270,000	6,930,000	8.00%	yes
8	1133 Budapest, Visegrádi u. 110-112.	office	4,900,000	5,300,000	5,300,000	DCF model	7.40%	office: 10. warehouse: 4.5	5,035,000	5,565,000	7.65%	yes
9	18 SPAR outlet	commercial	19,810,000	20,100,000	20,100,000	DCF model			19,095,000	21,105,000	8.75%-10%	yes
10	6000 Kecskemét, Kiskőrösi utca 30.	premises	2,600,000	3,500,000	3,500,000	DCF model	11.00%	office: 4. warehouse: 2	3,325,000	3,675,000	11.50%	yes
11	6000 Kecskemét, Kiskőrösi utca 30. (discounted value of call option)	premises	(250,000)		(250,000)	option discount			-	-		
12.	1062 Budapest, Andrássy út 105.	office	3,900,000	3,900,000	3,900,000	DCF model	7.00%	office: 14	3,705,000	4,095,000	7.50%	none
13	1082 Budapest, Üllői út 48.	office	18,700,000	16,200,000	18,700,000	comparable			15,390,000	17,010,000		yes
14	2051 Biatorbágy, Tormásrét u. 2.	industrial	1,100,000	1,100,000	1,100,000	DCF model	8.50%	office: 4	1,045,000	1,155,000	9.00%	yes
15	1147 Budapest, Egyenes u. 4.	workshop	900,000		900,000	comparable		warehouse: 4.75	-	-		yes
16	1105 Budapest, Bánya utca	mixed	2,000,000	2,100,000	2,100,000	DCF model	8.75%	office: 4. warehouse: 3.5	1,995,000	2,205,000	9.00%	yes
17	1023 Budapest, Felhévízi u. 24.	office	1,200,000	1,100,000	1,200,000	comparable	8.00%	office: 10	1,045,000	1,155,000	8.25%	yes
18	1139 Budapest, Frangepán u. 19. 19.	office	2,700,000	3,000,000	3,000,000	DCF model	8.00%	office: 7	2,850,000	3,150,000	8.50%	yes
19	1105 Budapest, Bánya utca	office	380,000	360,000	380,000	comparable	9.25%	office: 6.5	342,000	378,000	9.75%	yes
20	1044 Budapest, Váci út 76-80.	commercial	2,100,000	1,800,000	2,100,000	comparable	7.75%	office: 10. warehouse: 4	1,710,000	1,890,000	8.00%	yes
21	1062 Budapest, Andrássy út 59.	office	6,700,000	7,000,000	7,000,000	DCF model	6.25%	office: 16.12	6,650,000	7,350,000	6.50%	yes
22	2051 Biatorbágy, Csodaszarvas u. 4.	lot	230,000	-	224,626	comparable			-	-		none
23	3525 Eger, Vasút u. 1.	lot	760,000	-	291,198	comparable			-	-		none
24	3525 Miskolc, Szűcs Sámuel u. 5.	office	2,325,000		2,325,000	comparable	8.00%	office:16.90	-	-	8.00%	none
					117,820,822							

Comparable data for 2017:

	Investment property	2017					Means of model variables in the DCF model				
No	City and street	Comparative price	DCF model value	Value as at the accounting date	Valuation method	Valuation method is identical with that used in	Exit yield	Lease fee EUR/m²/month for office EUR/Warehouse	Exit yield change test: (-0.5%), Lease fee	Exit yield change test (♦0,5%), Change in lease fee	Discount rate
1	1023 Budapest, Bég u. 3-5.	8,900,000	8,900,000	8,900,000	DCF model	2016	7.25%	Office 12, Warehouse 6	8,500,000	9,400,000	7.50%
2	1022 Budapest, Bég u. 4.	3,200,000	3,300,000	3,300,000	DCF model	2016	7.25%	Office 11	3,100,000	3,500,000	7.50%
3	1133 Budapest, Visegrádi u. 110-112.	4,700,000	5,100,000	5,100,000	DCF model	2016	7.40%	Office 10, Warehouse 4.5	4,900,000	5,400,000	7.60%
4	1094 Budapest, Páva u. 8.	4,600,000	4,700,000	4,700,000	DCF model	2016	8.00%	Office 9.5, Warehouse 6	4,400,000	4,900,000	8.25%
5	6000 Kecskemét Kiskőrösi utca 30.	2,800,000	3,400,000	3,100,000	**Arithmetic average of DCF and Comparative Prices*	2015	11.00%	Office 4, Warehouse 2, Land 0.5	3,200,000	3,600,000	11.50%
5	6000 Kecskemét, Kiskőrösi utca 30.			850,000	option discount	2016					
6	1015 Budapest, Hattyú utca 14.	14,500,000	14,500,000	14,500,000	DCF model	2016	7.50%	Office 11.5, Warehouse 6	13,700,000	15,300,000	7.50%
7	1047 Budapest, Schweidel utca 3.	2,300,000	2,300,000	2,300,000	DCF model	2016	9.00%	Warehouse 3.3	2,200,000	22,500,000	9.50%
8	1147 Budapest, Egyenes u. 4.	1,000,000	1,100,000	1,100,000	DCF model	2016	9.00%	Warehouse 4.75	1,000,000	1,200,000	9.50%
9	2051 Biatorbágy, Tormásrét u. 2.	820,000	900,000	900,000	DCF model	2016	8.25%	Office 4	800,000	900,000	8.50%
10	1105 Budapest, Bánya utca	1,800,000	1,900,000	1,900,000	DCF model	2016	8.75%	Office 3.8, Warehouse storage room	2,500,000	1,700,000	9.00%
11	1118 Budapest, Kelenhegyi út 43.	6,100,000	6,100,000	6,100,000	DCF model	2016	8.00%	Office 12.5, Residential 8, Storage	6,600,000	7,400,000	8.25%
12	1023 Budapest, Felhévízi u. 24.	1,100,000	1,100,000	1,100,000	DCF model	2016	8.00%	Office 10	1,000,000	1,100,000	8.25%
13	1139 Budapest, Frangepán u. 19.	3,100,000	2,900,000	2,900,000	DCF model	2017, first valuation	8.00%	Office 7	2,800,000	3,100,000	8.50%
14	1149 Budapest, Várna u. 12-14.	1,900,000	1,600,000	1,750,000	Arithmetic average of DCF and Comparative Prices	2017, first valuation	8.00%	Office 7.5, Warehouse 4	1,500,000	1,700,000	8.50%
15	1121 Budapest, Menyét út 5.		-	950,000	Acquisition value Residual Value	2017, first valuation	0.00%	n/a	n/a	n/a	0.00%
16	1105 Budapest, Bánya utca	340,000	340,000	340,000	DCF model	2017, first valuation	9.25%	Office 6.5	320,000	340,000	9.75%
17	1044 Budapest, Váci út 76-80.	2,200,000	2,100,000	2,100,000	DCF model	2017, first valuation	775.00%	Office 10, Warehouse 8.4, Other 4.5	2,000,000	2,200,000	8.00%
18	1062 Budapest, Andrássy út 105.	3,400,000	2,200,000	2,800,000	Arithmetic average of DCF and Comparative Prices	2017, first valuation	7.00%	Office 9.87, Other 4.5	2,100,000	2,200,000	7.50%
				62,990,000							

11. Capital investment on properties

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Capital investment on properties	(18,905)	(562,051)
Total	**(18,905)**	**(562,051)**

The Group performs regular improvements to investment property. Maintenance is needed for the preservation of the value of the real properties and means the adjustment of their condition to market classification. The Group hires contractors usually carrying out complex work for the Group to perform maintenance. The future value of maintenance expenses constitutes part of the Company's property appraisal and is included in the calculation of future cash flows as periodic expenses charged to income. As a result, the Group's fair value valuation based on future cash flows is in keeping with the Group's realised profit and cash flow expenses.

12. Recognised losses realised on ownership shares

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Appeninn Credit Zrt.	-	(219,662)
Várna 12 Holding Zrt.	-	9,990
Sectura Ingatlankezelő Kft.	-	(94,621)
Appeninn Hegyvidék Kft.	-	(159,473)
VCT78 Kft.	-	(193,508)
Total	**-**	**(657,274)**

In 2017, the assets of Appeninn Credit Zrt. earmarked for sale were impaired in the amount of EUR 219,000. The Group recognised the profit/loss on the difference between the net asset value as at the date of the purchase and the purchase price.

13. Other expenses on and income from financial operations

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Exchange rate gain	2,136,789	77,073
Exchange rate losses	(1,443,964)	(96,750)
Total	**692,825**	**(19,677)**

Relative to the losses incurred in the previous years, in response to the impact of the exchange rate fluctuations affecting the financial statements, the Group recognised posted considerable profit on other financial items in 2018 due to fluctuations in the EUR exchange rate.

The Company incurred close to EUR 977,449 in exchange rate losses as a result of loan refinancing. The translation into the functional currency led to EUR 1,758,398 as exchange rate gains as a result of appreciation of the exchange rate.

14. Balance of interest income and interest expense

data in EUR	for the financial year ending on 31,12,2018	for the financial year ending on 31,12,2017
Interest income		
Interest on deposits and interest-bearing deposits	39	71
Other interest received (due)	151	10,523
	190	**10,594**
Interest expense		
Interest on bank loans	(1,025,863)	(1,084,018)
Interest due to Konzum PE Private Capital Fund	(101,634)	-
Interest on issued free-float bonds	(14,498)	(16,666)
Other interest	-	(4,444)
	(1,141,995)	**(1,105,128)**
Balance of interest income and interest expense	**(1,141,805)**	**(1,094,534)**

15. Income taxes

Expenses on income taxes consist of the following items:

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Corporate tax	(88,475)	-
Deferred taxes	(1,877,039)	(648,032)
Business tax	(161,142)	(92,778)
Total	**(2,126,656)**	**(740,810)**

Group level corporate tax liability was determined on the basis of taxable profit.

The tax was calculated as follows:

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Profit/Loss before taxation	18,532,000	3,289,000
Tax liability is determined at the current 9% rate.	(1,667,931)	(296,017)
Business tax	(161,142)	(92,778)
Permanent differences	(297,583)	(352,015)
Total income taxes	**(2,126,656)**	**(740,810)**

Tax rates applied	**for the financial year ending on 31.12.2018**	**for the financial year ending on 31.12.2017**
Local business tax	2%	2%
Corporate tax	9%	9%

16. Earning per share (EPS)

To calculate the basic earning from share the profit after tax, available for distribution to the shareholders must be taken into account and the annual average number of the issued ordinary shares, which does not contain the own shares.

	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Profit after taxes (EUR)	16,405,909	2,548,268
Weighted average number of issued ordinary shares (number of shares)	44,913,953	38,996,569
Earning per share (basic) (EUR)	**36.53**	**6.53**

There were no factors at the Company, either in 2018 or 2017, which would dilute the earning/share.

17. Earnings per share (EPS)

	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Net asset value	62,285,681	32,186,649
Number of ordinary shares as at record date (number of shares)	47,371,419	40,892,545
Earnings per share (EPS) (EUR)	**1.31**	**0.79**

18. Income generating investment property

Changes in the opening and closing value of the Group's investment property portfolio were as follows:

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Opening value	**62,990,000**	**62,040,000**
Annual changes		
Derecognition through the sale of investment propertY	**(950,000)**	**(10,100,000)**
1121 Budapest, Menyét út 5.	(950,000)	-
Budapest, Mérleg utca 4. real property in its entirety	-	(9,200,000)
Budapest, Kelenhegyi út 43. parts sold	-	(900,000)
Property derecognised through the sale of subsidiaries	**-**	**(690,000)**
Nagykanizsa, Vár utca 12. (Appeninn Logisztika Zrt.)	-	(690,000)
Real properties acquired in the reporting period	**24,340,822**	**6,430,777**
18 SPAR outlet	14,500,000	-
1062 Budapest, Andrássy út 59.	7,000,000	-
2051 Biatorbágy, Csodaszarvas u. 4. (Investments)	224,624	-
3525 Eger, Vasút u. 1. (Investments)	291,198	-
3525 Miskolc, Szűcs Sámuel u. 5.	2,325,000	-
1139 Budapest, Frangepán u. 19. 19.	-	1,652,180
1149 Budapest, Várna u. 12-14.	-	1,488,731
1121 Budapest, Menyét út 5.	-	838,331
1105 Budapest, Bánya utca	-	357,210
1044 Budapest, Váci út 76-80.	-	2,094,325
Real properties taken over as in-kind contribution	**15,400,000**	**2,850,326**
1082 Budapest, Üllői út 48.	15,400,000	-
1044 Budapest, Váci út 76-80. duty liability	-	109,629
1062 Budapest, Andrássy út 105.	-	2,740,697
Changes in the fair value	**16,040,000**	**2,458,897**
Of which:		
Increase in fair value	16,640,000	3,026,433
Decrease in fair value	(600,000)	(567,536)
Total changes	***822,830,54***	***950,000***
Closing value	**117,820,822**	**62,990,000**

The Group's portfolio of income-generating assets grew significantly by a total amount of EUR 39 million in 2018. However, these real properties only started to generate income in the second half of the year.

- Ü48 Irodaház was provided as in-kind contribution to Appeninn Group,
- the company group acquired Andrássy Palace at Andrássy út 59. through the purchase of Appeninn A59 Kft.

Using its investment property portfolio utilised through leasing, the Group launched its market penetration operations in the retail market in Spring of 2018 by purchasing 18 retail properties rented by SPAR Magyarország.

In 2017, the Group sold three real properties in the total amount of EUR 10 790 thousand and its 100% stake in Appeninn Logisztika Zrt. The sale of the subsidiary meant the sale of real property with a fair value of EUR 690,000.

The Group purchased property in the amount of EUR 9,281.1 thousand (historical fair value) in 2017. The value of the real property purchased by the company amounted to EUR 6,430,000. The value of the real property at Budapest, 1062 Andrássy út 105. taken over as in-kind contribution in a capital increase exercise in 2017 was EUR 2,850,000.

The Group started retail property development on the real properties in Biatorbágy and Eger in 2018, disbursing EUR 515,000.

The real property in Miskolc was entered into the books at EUR 2,325 thousand in 2018.

The following table shows the calculation of changes in the property portfolio in a breakdown by real property relative to 31 December 2017.

Seq.	Street number and street:	31 December 2017	Current year acquisition	Current year disposal	Increase in fair value	Decrease in fair value	31 December 2018
1	1149 Budapest, Várna u. 12-14.	1,750,000			400,000		2,150,000
2	1047 Budapest, Schweidel utca 3.	2,300,000			200,000		2,500,000
3	1023 Budapest, Bég u. 3-5.	8,900,000			1,300,000		10,200,000
4	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3,300,000				(400,000)	2,900,000
5	1094 Budapest, Páva u. 8.	4,700,000			200,000		4,900,000
6	1015 Budapest, Hattyú utca 14.	14,500,000			1,400,000		15,900,000
7	1118 Budapest, Kelenhegyi út 43.	6,100,000			1,300,000		7,400,000
8	1133 Budapest, Visegrádi u. 110-112.	5,100,000			200,000		5,300,000
9	18 SPAR outlets	-	14,500,000		5,600,000		20,100,000
10	6000 Kecskemét, Kiskőrösi utca 30.	3,100,000			400,000		3,500,000
11	6000 Kecskemét, Kiskőrösi utca 30. (discounted value of call option)	(850,000)			600,000		(250,000)
12	1062 Budapest, Andrássy út 105.	2,800,000			1,100,000		3,900,000
13	1082 Budapest, Üllői út 48.	-	15,400,000		3,300,000		18,700,000
14	2051 Biatorbágy, Tormásrét u. 2.	900,000			200,000		1,100,000
15	1147 Budapest, Egyenes u. 4.	1,100,000				(200,000)	900,000
16	1105 Budapest, Bánya utca	1,900,000			200,000		2,100,000
17	1121 Budapest, Menyét út 5.	950,000		(950,000)			-
18.	1023 Budapest, Felhévízi u. 24.	1,100,000			100,000		1,200,000
19	1139 Budapest, Frangepán u. 19.	2,900,000			100,000		3,000,000
20	1105 Budapest, Bánya utca	340,000			40,000		380,000
21	1044 Budapest, Váci út 76-80.	2,100,000					2,100,000
22	1062 Budapest, Andrássy út 59.		7,000,000				7,000,000
23	2051 Biatorbágy, Csodaszarvas u. 4. (Investments)		224,624				224,624
24	3525 Eger, Vasút u. 1. (Investments)		291,198				291,198
25	3525 Miskolc, Szűcs Sámuel u. 5.		2,325,000				2,325,000
Total		**62,990,000**	**39,740,822**	**(950,000)**	**16,640,000**	**(600,000)**	**117,820,822**

19. Depreciation of property, plants and equipments and other intangible assets

The Group stated the vehicles and office equipment purchased for the purpose of facility operation as tangible assets. The Group's leased vehicles serve as collateral securing its liabilities stemming from the lease contract.

data in EUR	**Total**
Gross value	
As at 31 December 2016	**-**
Growth and reclassification	75,479
Decrease and reclassification	
As at 31 December 2017	**75,479**
Growth and reclassification	246,815
Decrease and reclassification	
As at 31 December 2018	**322,294**
Accumulated depreciation	
As at 31 December 2016	**-**
Annual write-off	3,332
Decrease	
As at 31 December 2017	**3,332**
Annual write-off	40,541
Decrease	
As at 31 December 2018	**43,873**
Net book value	
As at 31 December 2016	**-**
As at 31 December 2017	**72,147**
As at 31 December 2018	**278,421**

20. Deferred tax assets

In the course of calculation of deferred tax the Group compares the value that can be taken into account for taxation with the book value by asset and liability. If the difference is a temporary difference, i.e., it will be offset within a foreseeable time, then it will take a deferred tax liability or asset, depending on its sign. When an asset is recorded, the Group examines recovery separately.

EUR 44,386 was recognised as the deferred tax asset of Curlington Kft. on 31 December 2018.

The Group's accumulated deferred tax losses as at 31 December 2018 were used to reduce deferred tax liabilities to be recognised in respect of investment property in calculating deferred taxes. The use of deferred tax losses is subject to the rules in force in the year when they are incurred, and the order of their use is determined with the FIFO method.

Balance of accrued and deferred losses in a breakdown by company data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Appeninn Property Zrt.	117,143	103,545
Appeninn-Bp 1047 Zrt.	83,848	9,054
Appeninn E-Office Zrt.	9,841,398	16,551,225
Appeninn Üzemeltető Zrt.	163,320	186,648
Appeninn Vagyonkezelő Holding Nyrt.	2,687,092	2,494,112
Curlington Kft.	188,470	249,665
Szent László Téri Szolgáltató Ház Kft.	263,183	264,760
Appeninn Hegyvidék Kft.	-	132
Felhévíz-Appen Kft.	-	29,052
Appeninn Retail Kft.	3,807	-
Sectura Ingatlankezelő Kft.	-	3,934
VCT78 Ingatlanhasznosító Kft.	33,563	-
Appeninn BLT Kft.	18,612	-
Appeninn Project-BTBG Kft.	83,988	-
Appeninn Project-EGRV Kft.	56,340	-
Appeninn Project-MSKC Kft.	48,745	-
Basis of deferred tax assets from accrued and deferred losses	**13,589,509**	**19,892,127**
Amount of deferred tax assets from accrued and deferred losses	**1,223,056**	**1,790,291**
Of which presented as a deferred tax reducing item in the balance sheet	**1,223,056**	**1,790,291**

21. Inventories

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Subcontractor costs	81,290	-
Other materials	80,448	-
Total	**161,738**	**-**

22. Trade receivables

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Gross trade receivables	663,713	425,860
Opening balance of impairment on trade receivables	(266,717)	(305,107)
Impairment recognised for the year	(13,846)	(58,424)
Impairment derecognised for the year	110,126	96,814
Closing balance of impairment on trade receivables	(170,437)	(266,717)
Total net trade receivables	**493,276**	**159,143**

23. Other short-term receivables

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Balance of tax assets (VAT, local taxes)	265,989	144,962
Advances paid	36,297	16,645
Advance on the purchase price of the business interest of PRO-MOT Hungária Kft.	3,000,000	-
Total	**3,302,286**	**161,607**

On 28 January 2019 the transaction aimed at the acquisition of PRO-MOT HUNGÁRIA Ingatlanfejlesztő Kft.'s 74,99% stake and the debt of shareholders vis-à-vis PRO-MOT HUNGÁRIA Kft by Appeninn BLT Kft., the Company's single-person subsidiary was completed. As a result of the transaction, the direct ownership of a part of approximately 37 hectares of

the properties constituting part of Club Aliga (address: 8171 Balatonvilágos, Aligai út 1.) was acquired by the Group. The transaction was still pending as at 31 December 2018. Advance on the purchase price in the amount of EUR 3,000,000 was recorded as short-term receivables.

24. Short-term loans given

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Mikepércsi út 132 Kft.	108,793	112,463
Mikepércsi út 132 Kft. impairment	(108,793)	(112,463)
Hattyúház Társasház Közösség	6,987	7,090
Total	**6,987**	**7,090**

25. Accruals and deferrals

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Accruals and deferrals of rentals due, but not yet billed	39,216	56,171
Accruals and deferrals of costs for the year not yet billed	20,086	15,089
Total	**59,302**	**71,260**

26. Cash and cash equivalents

data in EUR	for the financial year ending on 31 December 2018	for the financial year ending on 31 December 2017
Cash on hand	37,608	11,794
Cash on hand EUR	-	700
Cash at bank HUF	1,939,932	373,101
Cash at bank EUR	991,366	8,372,056
Total	**2,968,906**	**8,757,651**

27. Subscribed capital

The shares of Appeninn Vagyonkezelő Holding Nyrt. were listed for public trading at the Budapest Stock Exchange on 2 July 2010.

Share data of Appeninn Nyrt.	
face value	100
currency	HUF
ISIN code:	HU0000102132
trading venue	Budapesti Értéktőzsde Zrt. share section
starting date of trading	2 July 2010
shareholders' registered kept by	Appeninn Nyrt. Board of Directors 1062 Andrássy út 59.
Number of free floats as at 31.12.2018 (number of shares)	47,371,419
Number of free floats as at 31.12.2017 (number of shares)	40,892,545

Subscribed capital	**for the financial year ending on 31.12.2018**	**for the financial year ending on 31.12.2017**
Ordinary shares issued and paid up by shareholders at face value:		
Opening balance as at 1 January (EUR)	**13,245,347**	**12,893,071**
Issue on 6 December 2017	-	352,276
Issue on 11 April 2018	1,971,659	-
Closing balance of subscribed capital as at 31 December (EUR)	**15,217,006**	**13,245,347**
Number of shares issued with a face value of HUF 100 (number of shares)		
Opening value (number of shares)	40,892,545	39,800,000
Issuance (number of shares)	6,478,874	1,092,545
Closing value (number of shares)	47,371,419	40,892,545
Translation into the currency of presentation:		
HUF/EUR exchange rates:		
Opening balance of subscribed capital at an average computed exchange rate:	308,75	308,69
Issuance	328,60	
Closing balance of subscribed capital at an average exchange rate	311,32	308,73
Value of subscribed capital in the currency of corporate signature (HUF thousand)		
Opening balance as at 1 January	4,089,255	3,980,000

Issuance	647,887	109,255
Closing balance as at 31 December 2018	4,737,142	4,089,255

The Company's registered capital was HUF 4,737,142,500 (2017: HUF 4,089,254,500) comprising 47,371,419 (2017: 40,892,545) shares each with a face value of HUF 100.

Based on the decision taken by the General Meeting of Shareholders on 21 April 2018, the Company decided to issue 6,478,874 ordinary shares, which was registered by the Budapest Court of Registration on 9 May 2018.
The Company and KONZUM II Real Proprety Investment Fund entered into an agreement on in-kind contributions on 11 April 2018 to the effect that the Fund places the real property located at 1082 Budapest, Üllői út 48., topographical lot number 36372, within the city limits of Budapest, as in-kind contribution at the Company's disposal. As a result of the transaction, the Company increased its share capital and issued 6,478,874 dematerialised ordinary shares each with a face value of HUF 100 simultaneously. By purchasing Ü48 Irodaház with a floor area of 8.145 m2, the Company included another category A office building in its property portfolio.

Based on the decision taken by the General Meeting of Shareholders on 1 December 2017, the Company decided to issue 1,092,545 ordinary shares, which were registered by the Budapest Court of Registration on 6 December 2017.

28. Treasury shares

	for the financial year ending on 31.12.2018		for the financial year ending on 31.12.2017	
	EUR	number of shares	EUR	number of shares
Opening value	-	-	234,863	2,814,280
Purchase of own shares	305,713	490,513	2,839,405	341,325
Sale of own shares	(53)	(80,808)	(3,074,268)	(3,155,605)
Closing value	**305,660**	**409,705**	**-**	**-**

29. Capital reserves

data in EUR	**for the financial year ending on 31.12.2018**	**for the financial year ending on 31.12.2017**
Issuance of shares with share premium , opening balance	13,618,106	11,229,685
Issuance of shares with share premium, 6 December 2017	-	2,388,421
Issuance of shares with share premium, 11 April 2018	12,027,124	-

Closing value	**25,645,230**	**13,618,106**

Point 27 shows the details of the capital increase with share premium in 2018 and 2017.

30. Accumulated profit

data in EUR	**for the financial year ending on 31.12.2018**	**for the financial year ending on 31.12.2017**	**for the financial year ending on 31.12.2016**
Opening value	**5,323,196**	**4,319,450**	**1,296,357**
Annual changes			
Profit/Loss for the year	16,405,909	2,548,268	2,478,061
Discounted liabilities to owners	-	125,210	(125,210)
Loss on the acquisition of ownership shares recognised vis-à-vis shareholders	-	(1,055,993)	-
Book transfers through capital vis-à-vis majority shareholders	-	148,095	723,802
Realised profit/loss on transactions in own shares	-	81,824	(210,648)
Dividend payments	-	(843,658)	-
Discounted derecognition of liabilities to owners	-	-	157,088
Closing value	**21,729,105**	**5,323,196**	**4,319,450**

In 2017, Appeninn Nyrt. purchased Appeninn E-Office Zrt.'s only share from Lehn Consulting Ag. The purchase price of the share purchased exceeded the value of the capital allocated from Appeninn E-office Zrt. to minority owners by EUR 1,056,000 , therefore, losses on the difference charged to the Group' profit were recognised.

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

The Group sold its own shares in 2017. The Group states profit generated on own its own shares in the retained earnings.

The 2017 general meeting of the parent company of the Group decided on the disbursement of dividends in the amount of EUR 844,000 charged to the retained earnings for 2016.

31. Deposits provided by the tenants

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Opening	853,195	858,865
New lease/new subsidiary	47,625	194,598
Items recognised due to terminated leases	(74,703)	(186,343)
Items terminated upon sale of subsidiary	-	(13,925)
Closing value	**826,117**	**853,195**

32. Short-term and long-term loans and leases

Leases

data in EUR	Minimum lease fees		Present value of lease fees	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Current	85,583	83,133	74,821	65,190
Due in two to five years	300,854	266,506	263,020	240,480
Instalments due in over five years	-	-	-	-
	386,437	**349,639**	**337,841**	**305,670**
Financing costs	(48,596)	(43,969)		
Present value	**337,841**	**305,670**	**337,841**	**305,670**
Presented as liabilities in the balance sheet:				
Current lease liabilities			74,821	65,190
Long-term lease liabilities			263,020	240,480
			337,841	**305,670**

Appeninn Üzemeltető Zrt., a member company of the Group leased the vehicles needed for its activities. The longest term of the contracts is 5 years. Appeninn E-Office Zrt. a member company of the Group leased the machines (boilers) installed in its buildings. In both cases the leased assets collateralise the liabilities arising from leasing.

Short-term and long-term loans

On 19 01 2018 the Company and Magyar Takarékszövetkezeti Zrt. entered into a refinancing agreement to refinance the loans taken out by the subsidiaries controlled by the Company. As a result of the refinancing, the collateral regime as at 31 December 2017 is terminated, and under new collateral regime the primary and sole obligor of the loans is the debtor. Appeninn Nyrt.'s guarantorship and the pledge on capital contributions as set out in the earlier loan agreements will be terminated in respect of the shares/core deposits of the investments of the buyer involved in refinancing.

The following table shows the details of the loans:

Creditors	Primary debtor company	31.12.2018 current EUR	31.12.2018 long-term EUR	31.12.2017 current EUR	31.12.2017 long-term EUR	Currency of financing	Interest margin	Expiry	Collateral
Magyar Takarékszövetkezeti Bank Zrt.	Szent László Téri Szolgáltató Ház	96,308	131,338	99,838	230,549	HUF	3-month EURIBOR+RKV+1.9 %, 3-month BUBOR + 3%	17.05.2021 31.03.2021	Call option, mortgage (350 million), option right, mortgage lien on claims, assignment agreement, 6-month debt service, insurance, pledge, letter of authorisation, assignment
Magyar Takarékszövetkezeti Bank Zrt.	VCT78 Ingatlanhasznosító Kft,	118,115	1,826,443	120,510	2,006,576	HUF	1-month EURIBOR + 1.25%	31.12.2029	Mortgage on the real properties in Váci út and Bánya út, suretiship by Szent László Téri Szolgáltatóház Kft., Appeninn Nyrt,
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt,	40,146	726,403	-	-	HUF	3-month EURIBOR+ 2.5%	30.04.2033	1st rank mortgage on the real property, ban on disposal and encumbrance, mortgage lien on claims and on proceeds on the use of the real property serving as collateral, forced collection on the bank accounts of the debtor kept with other banks, mortgage agreement for establishing mortgage lien on claims, blocking of rentals as security deposits, depositing of 3-month DSRA into blocked account, exclusivity of payment transactions
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn Property Vagyonkezelő Zrt,	33,374	603,459	-	-	HUF		31.12.2032	
Magyar Takarékszövetkezeti Bank Zrt.	Appen-Retail Kft,	76,194	1,397,319	-	-	HUF		31.12.2032	
Magyar Takarékszövetkezeti Bank Zrt.	Bertex Zrt,	23,542	433,222	-	-	HUF		30.04.2033	
Magyar Takarékszövetkezeti Bank Zrt.	Curlington Kft,	4,358	75,211	-	-	HUF		31.12.2032	
Magyar Takarékszövetkezeti Bank Zrt.	Felhévíz-Appen Kft,	8,799	153,816	-	-	HUF		31.12.2032	
MFB-Erste syndicated loan	Appeninn E-Office Zrt,	593,741	7,114,892	-	-	EUR	3-month EURIBOR +2%	30.06.2025	real property mortgage, right of first refusal on real property, pledge, mortgage on rights and claims, Appeninn Nyrt guarantee, blocking of rentals as security deposits, depositing of 3-month DSRA into blocked account, exclusivity of payment transactions
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn Nyrt,	5,016,000	-	-	-	EUR	3-month EURIBOR+ 3.5%	19/03/2019	Real property mortgage, ban on disposal, mortgage on business interest, A59 Kft,guarantee
K&H Bank Zrt.	Appeninn-Bp 1047 Zrt,	-	-	65,836	766,879	EUR	3-month EURIBOR + 2%	05/07/2023	Appeninn Nyrt,suretyship, real property mortgage, assignment of insurance contract, security deposit (HUF 16,33 million), assignment contract, letter of authorisation
Oberbank AG	Bertex Zrt,	-	-	29,702	456,041	EUR	1-month EURIBOR+ 2.5%	31/10/2031	real property mortgage, mortgage lien on claims, letter of authorisation, assignment of insurance contract
Erste Bank Zrt.	Appeninn E-Office Zrt,	1,569,636	27,015,434	1,214,612	28,123,602	EUR	3-month EURIBOR (min,0) + 2.5%	31/03/2025	real property mortgage (Bég utca), mortgage lien on claims, 3-month debt service (EUR 96,000), Appeninn Nyrt,suretyship, mortgage lien on insurance, pledge of floating charges, security deposit in respect of the company
OTP Bank Zrt.	Curlington Kft,	-	-	20,049	69,502	HUF	2.5% fixed	30/08/2023	security deposit (at least 20% of the loan), blanket collateral mortgage, right of first refusal and guarantee (HUF 350 million) XIV,ker,Egyenes utca, mortgage lien on claims, mortgage lien on business interest, Appeninn Nyrt,suretyship
OTP Bank Zrt.	Appeninn Property Vagyonkezelő Zrt,	-	-	49,423	643,826	HUF	1-month EURIBOR+ 2.5%	31/05/2019	Appeninn Nyrt,Curlington Zrt,suretyship, real property mortgage, ban on the disposal of shares
Unicredit Bank Zrt.	Felhévíz-Appen Kft,	-	-	36,848	138,188	HUF	2-month EURIBOR+ 2.75%	30/08/2022	Felhévíz real property mortgage
Total bank loans		**7,580,212**	**39,477,535**	**1,636,818**	**32,435,163**				
Total financial lease liabilities		74,821	263,020	65,190	240,480				
Total		**7,655,033**	**39,740,555**	**1,702,008**	**32,675,643**				

33. Long-term and current liabilities to related parties

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
	EUR	EUR
Konzum PE Private Capital Fund	8,501,046	-
Total long-term liabilities	**8,501,046**	**-**
Konzum II Real Estate Investment Fund	58,087	-
Dividends payable	35,688	40,438
Appeninn Credit Zrt.	1,423	75,379
Total current liabilities	**95,198**	**115,817**

Konzum PE Private Equity Fund extended an investment loan to the Company at the Central Bank base rate +2.5%. The expiry date of the loan is 31 December 2020, no collateral was stipulated.

34. Deferred tax liabilities

The following table shows the Group's deferred tax liabilities. Key components of deferred tax liabilities are as follows:

- The difference between the change in the value of income generating investments due to fair value valuation (profit) and the purchase price as defined by the tax act (purchase price less depreciation as defined in accordance with the tax act).
- As regards tangible assets the difference between the purchase price less depreciation as defined in accordance with the tax act and the book value less depreciation under the accounting act.
- Impairment recognised on trade receivables.
- Regarding retained earnings, an amount in the negative tax base determined in accordance with the tax act in the previous years that is covered by the B/S items of the company taking account of the fact that the tax act permits the company to recognise earlier losses up to 50% of its profits.
- Tax losses will materialise if liabilities comprising temporary differences are forgiven in the future. The materialisation of the tax losses is attributable to the fact that the tax base will have to include the item accounted for as profit as a result of the liabilities to be forgiven. Since the entity forgiving the liabilities may not as a member of the Group reduce its tax base by the amount forgiven, the tax liability to which the forgiven amount is subject is presented in the Group's balance sheet.

	2018				2017			
Deferred tax liabilities	**Balance as per the report**	**Balance as per the tax**	**Deferred tax base**	**Deferred taxes**	**Balance as per the report**	**Balance as per the tax**	**Deferred tax base**	**Deferred taxes**
	EUR	**EUR**			**EUR**	**EUR**		
Income generating investment property	117,820,822	56,017,388	(61,803,434)	(5,562,309)	62,040,000	21,502,007	(40,537,993)	(3,648,421)
Tangible assets	278,421	668,796	390,375	35,134				
Trade and other receivables amd assets	7,191,371	16,094,703	8,903,332	801,300	2,667,863	2,997,203	329,340	29,641
Receivables from deferred losses		13,589,509	13,589,509	1,223,056	-	19,892,127	19,892,127	1,790,291
Loans	47,395,588	47,155,879	(239,709)	21,574	33,793,160	34,852,636	1,059,476	95,353
Trade payable and other liabilities	10,799,593	19,749,687	8,950,094	(805,508)	1,272,831	(866,968)	(2,139,799)	(192,582)
Accruals and deferred income	522,998	522,998	-	-	996,059	1,080,308	84,249	7,582
Net deferred taxes (+tax assets/-tax liabilities), total				**(4,286,754)**				**(1,918,136)**
Deferred tax assets in the balance sheet				**44,386**				**-**
Deferred tax liabilities in the balance sheet				**4,331,140**				**1,918,136**
Net deferred taxes (+tax assets/-tax liabilities)				**(4,286,754)**				**(1,918,136)**
Changes in the balance of deferred taxes				**(2,368,618)**				
Of this:								
Recognised in the profit/loss				(1,877,039)				(648,032)
Exchange rate changes				(491,579)				

35. Other current liabilities

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Liabilities from remuneration	37,062	55,733
Retained purchase price of business share	22,540	23,366
Liability from the issue of own promissory notes	-	1,635,840
Loans received	37,324	-
Liabilities from purchased receivables	35,492	-
Liabilities from unused holiday entitlement	9,694	-
Other current liabilities	16,702	-
Closing value	**158,814**	**1,714,939**

In 2017, a purchase price payment obligation of EUR 175,000 was settled through the transfer of own shares. The purchase price obligation was created in the amount of HUF 79,133,000 upon the acquisition of Tavig Kft. and Curlington Kft., the legal successor of which companies is Appeninn E-Office Zrt. Purchase price paid was 1,700,000 shares for Tavig Kft. and and HUF 7,247,000 Curlington Kft., respectively.

APPENINN-Retail Kft. settled the purchase price of at 19 Frangepán utca through the issue of an own bill of exchange. The own bill of exchange in the amount of EUR 1,635,840 was settled by a bank loan provided by Magyar Takarékszövetkezeti Bank Zrt. on 28 February 2018.

36. Accounts payable

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Accounts payable	**405,002**	**194,213**
Due date:		
0-30 day(s)	263,447	101,758
31-60 day(s)	15,981	24,411
61-90 day(s)	4,654	27,777
91-180 day(s)	11,338	20,166
181-360 day(s)	20,140	20,101
361+ days	89,442	-
Closing value	**405,002**	**194,213**

37. Debts from bonds issued

The HU0000356639 interest-bearing EURO bond issued by Appeninn Nyrt. on 11 September 2015 expired on 10 September 2018, wih the outstanding EUR 200,000 bond debt settled.

The Company complied with its principal and interest payment obligations arising from the HU0000354337 bond in February 2017. It complied with its principal and interest payment obligations arising from the HU0000356639 bond on 10 September 2018.

38. Tax liability, duties

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
VAT liability	135,549	89,591
Building tax liability	14,581	30,664
Local business tax liability	6,705	6,363
Wage tax	29,326	9,225
Other taxes and duties	561,689	361,659
Closing value	**747,850**	**497,502**

Duties include the 4% property tax imposed on the real properties purchased by the Group.

39. Accruals and deferred income

data in EUR	for the financial year ending on 31.12.2018	for the financial year ending on 31.12.2017
Accrued and deferred costs and expenses	71,362	277,324
Accrued and deferred interest payable	66,522	9,619
Accrued and deferred assets accepted free of charge	7,124	7,385
Accrued and deferred revenues	377,990	137,014
Closing value	**522,998**	**431,342**

40. Transactions with related parties

Transactions with related parties were excluded.

Transactions with related parties not consolidated were presented in the notes pertaining to the corresponding balance sheet lines.

data in EUR	**for the financial year ending on 31.12.2018**	**for the financial year ending on 31.12.2017**
Konzum II Real Estate Investment Fund	58,087	-
Konzum PE Private Capital Fund	8,501,046	-
Dividends payable	35,688	40,438
Appeninn Credit Zrt.	1,423	75,379
Total Liabilities	**8,596,244**	**115,817**
Interest due to Konzum PE Private Capital Fund	101,634	
Total expenses	**101,634**	**-**

41. Remuneration of key executive officers

Members of the board of directors (6 persons) received remuneration in the amount of HUF 300,000 per person in 2017 and 2018, and those of the audit committee received an additional HUF 100,000 per person. A BoD member providing business and operational management advisory services received HUF 1.7 million + VAT in advisory fees in 2017. The Company did not enter into an agreement with any one of the executive officers that could generate, through changes in the existing contracts, any binding obligation on the Company in the future.

	2018 (th HUF/year/person)	**2017 (th HUF/year/person)**
Remuneration of the members of the board of directors employed under contract (5/6 persons)	300	300
Remuneration of the members of the audit committee employed under contract (3 persons)	100	100

42. Segment information

The information provided for the Board of Directors, i.e. the chief operating decision maker of the Group for performance assessment and resource allocation decisions focuses on the services provided. The Group's segments to be presented under IFRS 8 are as follows:

- Letting of office space
- Letting of logistic, industrial and
- commercial property
- Operation

Consolidated statements per segment for 2018

for the financial year ending on 31.12.2018	Office rent	Letting of logistics property	Operation	Retail	Items not classified in any one of the segments	Total
EUR						
Income from property leasing	2,788,255	887,442	2,314,446	1,016,112	(0)	7,006,255
Direct costs of property leasing	(1,061,476)	(204,188)	(1,537,168)		(0)	(2,802,833)
Direct collateral	**1,726,780**	**683,253**	**777,278**	**1,016,112**	**(1)**	**4,203,422**
Average costs and revenues	5,153,659	4,980,432	(66,161)	5,248,749	(987,534)	14,329,143
Profit/Loss before taxation	**6,880,438**	**5,663,685**	**711,117**	**6,264,860**	**(987,535)**	**18,532,565**
Income taxes	(1,113,955)	(436,029)	(12,834)	(563,837)	(0)	(2,126,656)
Result for the year	**5,766,483**	**5,227,656**	**698,282**	**5,701,023**	**(987,536)**	**16,405,909**

Consolidated statements per segment for 2017

For the business year ending on 31 December 2017	Letting offices on lease	Letting logistics properties on lease	Items not included in the segment	Total
EUR				
Revenue from letting properties on lease	3,971,989	961,100	–	4,933,089
Direct costs of letting properties on lease	(1,327,328)	(48,765)	(44,193)	(1,420,286)
Direct cover	**2,644,661**	**912,335**	**(44,193)**	**3,512,803**
Balance of costs and expenses not included in the segment			(223,725)	(223,725)
Profit/Loss before tax	**2,644,661**	**912,335**	**(267,918)**	**3,289,078**
Income taxes	–	–	(740,810)	(740,810)
Profit/loss from ongoing activities in the reference year	**2,644,661**	**912,335**	**(1,008,728)**	**2,548,268**

43. Risk management

The Group's assets contain liquid assets, loans trade and other receivables and other assets excluding taxes. The Group's resources include loans and borrowings, supplier and other payables, excluding the gains or losses arising from the revaluation at fair value of taxes and financial liabilities.

The Group is exposed to the following financial risks:

- credit risk
- foreign currency risk
- interest risk
- liquidity risk
- market risk
- business risk

This Chapter describes the Group's risks specified above, the Group's objectives and policies, measurement of the processes and risk management, as well as the capital management of the Group. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group.

The objective of the Group's risk management policy is to identify and examine the risks the Group faces, to set the appropriate controls and to monitor the risks. The risk management policy and the system are reviewed so that it does reflect the changed market conditions and the Group's activities.

43.1 Capital management

The Group's policy is to preserve its equity in an amount that is sufficient for investor and creditor confidence in the future to sustain the future development of the Group.

The Group's capital comprises net external funds and the Group's share capital (the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders).

The Group's capital management strives to ensure that the individual members of the Group are able to engage in their respective operations and maximise profit for the shareholders by striking a balance between loan capital and equity. Furthermore, it also strives to maintain an optimal capital structure in order to reduce capital costs. The Group also carries out monitoring which aims to ensure that its member companies' capital structure complies with the local legal requirements.

43.2 Lending risk

Lending risk is risk arising from the failure of the borrower or partner to fulfil its contractual obligations, which in turn, results in a financial loss for the Group. Financial instruments that are exposed to credit risks may be long or short-term placements, cash and cash equivalents, trade and other receivables.

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2018 and 31 December 2017.

Maximum exposure to receivables	**for the financial year ending on 31.12.2018**	**for the financial year ending on 31.12.2017**
	EUR	**EUR**
Trade receivables	493,276	159,143
Other receivables	3,302,286	161,607
Short-term loans given	6,988	7,090
Accruals and deferrals	59,302	71,260
Cash and cash equivalents	2,968,906	8,757,651
	6,830,758	**9,156,751**

43.3 Market risk

Market risk is the risk that a change in the market prices, such as exchange rates, interest rates and prices of investments in mutual funds will affect the Group’s profit or the value of its investments made in financial instruments. Market risk management is aimed at managing market risk exposure and keeping it at an acceptable level while optimising profitability.

43.4 Business risk

The Group applies consistent, predictable and competitive rents to its tenants. The currently applied rents match the physical situation and quality of the properties. With respect to the current global environment and current supply in the office property market in Budapest, however, nothing guarantees that current rents and conditions can be sustained in the future.

43.5 Interest risk

The interest rate risk reflects the risk that the future cash flows of certain financial assets and liabilities will fluctuate as a result of changes in market interest rates. The fluctuation of market interest rates, variable rate loans and the obligations arising from the issue of bonds are potential risks for the Group. The Group pays 3.11%/ 3.19% interest on the loans taken out. A 50 basis point shift in interest would lead to the following changes in the Group's profitability:

Calculation of average interest	EUR	Interest %	+0.5% (interest)	EUR impact
Bank/principal 01.01.2018	34,071,981			
Bank/principal 31.12.2018	44,426,682			
Bank/principal average	39,249,332	2.61%	3.11%	
12-month interest due to the Bank	1,025,863			1,222,109
Increase in interest burden				196,247

Calculation of average interest:	HUF '000	interest %	+0.5% (interest)	HUF '000
bank/principal: 1 January 2017	33,793,160			
bank/principal: 31 December 2017	34,071,981			
bank/average amount of principal	33,932,571	3.19%	3.69%	
12 months of interest for the Bank	1,084,018			1,253,681
Annual increment of interest burden				169,663

43.6 Foreign currency risk

The Group has concluded that, fundamentally, its profit depends fundamentally on 2 key financial variables and on interest rate risk, therefore, it has carried out sensitivity tests for these key variables.

As the Group's functional currency is EUR, foreign currency risk arises from payment obligations related to HUF and CHF loans. Most foreign currency investment loans of Appeninn Nyrt. are denominated in EUR as a result of the successful restructuring of the loan portfolio completed in 2018.
Conversion of book entries denominated in HUF used for the preparation of the report was carried out by the Group at the following exchange rates. The Group applied the closing MNB exchange rate for the balance sheet entries and the average daily MNB exchange rate for the profit entries. Transactional currency is HUF. The Group examined its foreign exchange exposure by quantifying changes in exchange rate fluctuations.

The sensitivity of the Company's balance sheet to EUR-HUF exchange rate fluctuations is presented on the basis of the exposed amount. The EUR amount serving as a basis of the change in the 2017 balance sheet was HUF 32.9 million and EUR 80.1 million in the 2018 balance sheet. Changes were examined through responses to a 0.05–1.00% shift. The Company's exposed amount was EUR 330,000 in 2017 provided there was a 1% shift in FX conversion. The corresponding figure for 2018 was EUR 810,000.

Type of exchange rate	31.12.2018	Changes in EUR	Change%	31.12.2017
Closing	321.51	11.37	3.67%	310.14

Average	318.87	9.66	3.12%	309.21
Closing and average difference	2.64	1.71	184.34%	0.93

Exchange rate changes	Exchange rate	Changes in EUR	Consolidated balance sheet of NON EUR positions EUR	Computed impact on profit/loss EUR
-1%	318.2949	-3.2151		(809,744)
-0.50%	319.90245	-1.60755		(402,837)
31.12.2018 NBH	321.51		80,164,645	
+0.5%	323.11755	1.60755		398,829
+1%	324.7251	3.2151		793,709

Exchange rate type	**31 December 2017**	**Change, EUR**		**Change %**	**31 December 2016**
Closing	310.14		-0.88	-0.28%	311.02
Average	309.21		-2.25	-0.01	311.46
Difference between Closing and Average	0.93		1.37	-309.10%	-0.44
		Difference, EUR-HUF			
Changes in exchange rate	**Exchange rate**	**Change, EUR**		**Consolidated NON-EUR position balance sheet value, EUR**	**Calculated impact on profits, EUR**
-1%	307.03860		(0.01000)		329,664
-0.50%	308.58930		(0.00500)		164,832
31 December 2017, National Bank of Hungary	310.14000		–	**32,966,448**	–
0.50%			0.00500		(164,832)
1%			0.01000		(329,664)

The Company's balance sheet items exposed to FX fluctuation are balances denominated in currencies other than EUR. As at 31.12.2018, it was EUR 80 million, 31.12.2017, EUR 32 million.

Balance Sheet	**31.12.2018**	
Assets	**EUR**	**HUF**
Income generating investment property	117,820,822	-
Tangible assets		278,421
Deferred tax assets		44,386
Total fixed assets	**117,820,822**	**322,807**
Inventories		161,738
Trade receivables		493,276
Other receivables	3,000,000	302,286
Short-term loans given		6,988
Accruals and deferrals		59,302
Income tax assets		198,875
Cash and cash equivalents	991,366	1,977,540
Total current assets	**3,991,366**	**3,200,005**
Total Assets	**121,812,188**	**3,522,812**
Capital and liabilities	**EUR**	**HUF**
Subscribed capital		15,217,006
Treasury shares		(305,660)
Reserves		25,645,230
Accumulated profit		21,729,105
Capital allocated to shareholders	**0**	**62,285,681**
Non-controlling participations		0
Total capital and reserves	**0**	**62,285,681**
Liabilities from long term bank loans and leases	34,393,345	5,347,210
Deposits provided by the tenants		826,117
Long-term liabilities vis-à-vis related parties		8,501,046
Deferred tax liabilities		4,331,140
Total long-term liabilities	**34,393,345**	**19,005,513**
Liabilities from short term bank loans and leases	7,254,198	400,836
Other current liabilities		158,814
Current liabilities vis-à-vis related parties		95,198
Accounts payable		405,002
Tax liability, duties		747,850
Income tax liabilities		65,566
Deferred items and provisions		522,998
Total current liabilities	**7,254,198**	**2,366,264**
Total Liabilities	**41,647,543**	**21,401,776**
Total capital and liabilities	**41,647,543**	**83,687,457**
Foreign exchange exposure (assets less liabilities)	**80,164,645**	**(80,164,645)**

43.7 Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation.

The table below summarises – in respect of 31 December 31 2018 and 2017 – the maturity profile of the actual (undiscounted) payment obligations arising from contracts.

31.12.2018	current	due in 2–5 years	due in over 5 years	Total
Financial instruments				
Trade receivables	493,276			493,276
Tax receivables	302,286			302,286
Income tax assets	198,875			198,875
Short-term loans given	6,988			6,988
Cash equivalents	2,968,906			2,968,906
Financial instruments	3,970,331	-	-	3,970,331
Financial liabilities				
Loans and leases	7,655,033	27,735,356	12,005,199	47,395,588
Deposits provided by the tenants		826,117		826,117
Related liabilities	95,198	8,501,046		8,596,244
Other current liabilities	158,814			158,814
Accounts payable	405,002			405,002
Tax liability, duties	747,850			747,850
Income tax liability	65,566			65,566
Deferred income and accrued expenses (Accrued and deferred liabilities)	522,998			522,998
Financial liabilities	9,650,461	37,062,519	12,005,199	58,718,179

12.31.2017	current	due in 2–5 years	due in over 5 years	Total
Financial instruments				
Trade receivables	159,143			159,143
Tax receivables	161,607			161,607
Income tax assets	65,000			65,000
Short-term loans given	7,090			7,090
Cash equivalents	8,757,651			8,757,651
Financial instruments	9,150,491	-	-	9,150,491
Financial liabilities				
Loans and leases	1,702,008	6,257,109	26,418,534	34,377,651
Deposits provided by the tenants		853,195		853,195
Related liabilities	115,817			115,817
Other current liabilities	1,714,939			1,714,939
Accounts payable	194,213			194,213
Debts from bonds issued	200,000			200,000
Tax liability, duties	497,502			497,502
Income tax liability	39,763			39,763
Deferred income and accrued expenses (Accrued and deferred liabilities)	431,342			431,342
Financial liabilities	4,895,584	7,110,304	26,418,534	38,424,422

44. Financial instruments

Financial instruments include trade receivables, loans extended and liquid assets, borrowings and trade payables.

31 December 2018	Carrying value	Fair value
Financial instruments		
Loans and receivables recorded at amortized cost		
Loans and receivables		
Trade receivables	493,276	493,276
Short-term loans given	6,988	6,988
Cash and cash equivalents	2,968,906	2,968,906
Financial liabilities		
Liabilities recorded at amortized cost		
obligations		
Long-term credit	39,740,555	39,740,555
Short-term loans and borrowings	7,655,033	7,655,033
Liabilities to related companies	8,596,244	8,596,244
Accounts Payable	405,002	405,002

31 December 2017	Carrying value	Fair value
Financial instruments		
Loans and receivables recorded at amortized cost		
Loans and receivables		
Trade receivables	159,143	159,143
Short-term loans given	7,090	7,090
Cash and cash equivalents	8,757,651	8,757,651
Financial liabilities		
Liabilities recorded at amortized cost		
obligations		
Long-term credit	32,675,643	32,675,643
Short-term loans and borrowings	1,702,008	1,702,008
Debts from bonds issued	200,000	200,000
Liabilities to related companies	115,817	115,817
Accounts Payable	194,213	194,213

Fair value was determined at a fair value corresponding to level 3.

45. Contingent liabilities

On behalf the Group, Appeninn Nyrt. and its Felhévíz-APPEN Kft. subsidiary undertook an obligation on 4 August 2016 to repurchase Appeninn's ordinary shares at HUF 210 per share as settlement price and if the shares are delisted, at the prevailing settlement price. The obligation covered 201,684 shares. The obligee did not exercise the above right until 31 12 2017. The maximum number of the shares outstanding as at 31 December 2017, in respect of which there was a purchase obligation, was 88,108. The Company generated HUF 0 in respect of purchase obligations for the record date on 31 12 2017.

In 2018, Felhévíz-APPEN repurchased all the shares, thus, the Company discharged its repurchase obligation.

Appeninn Nyrt. as owner for VÁR- Logisztika Zrt. (formerly: Appeninn Logisztika Zrt., currently: VÁR- Logisztika Zrt.) with effect from 27 June 213 for Orgovány és Vidéke Takarékszövetkezet as guarantor and mortgagor in the contract concluded with the credit institution remained a contracting party even after the sale of Appeninn Logisztika Zrt. On 06 December 2017, entering into an agreement on the assumption of liability, the owners of VÁR- Logisztika Zrt. granted guarantee in respect of all the liabilities of Appeninn Nyrt. vis-á-vis Takarékszövetkezet. The Company's guarantorship expires on 15 June 2023 or upon the discharge of the liability. The exposure of the Company as at the balance sheet date was EUR 240,000.

The Company checked the financial capability of the guarantors and as at the record date of these accounts the management of the Company assigned zero insolvency likelihood to the liability stemming from guarantorship. Therefore, zero was stated in the balance sheet in connection with the guarantorship.

The Company did not have any further contingent liability as at 31 December 2018.

46. Events after the balance sheet date

On 28 January 2019 the transaction aimed at the acquisition of PRO-MOT HUNGÁRIA Ingatlanfejlesztő Kft.'s 74,99% stake and the debt of shareholders vis-à-vis PRO-MOT HUNGÁRIA Kft by Appeninn BLT Kft., the Company's single-person subsidiary was completed. As a result of the transaction, the direct ownership of a part of approximately 37 hectares of the properties constituting part of Club Aliga (address: 8171 Balatonvilágos, Aligai út 1.) and the asset management right of the remaining approximately 10-hectare area were acquired by the Company. The transactional value was EUR 14,328,246.

The Company sold 407.857 ordinary shares each with a face value of HUF 100 for HUF 551.36 per share on 7 February 2019.

The company sold its 100% ownership share in Appeninn Project BTBG Kft. on 15 February 2019.

No other significant event occurred after the record date.

47. Information on the compilation of the consolidated financial statements

In compiling the consolidated financial statements for the financial year ending on 31 December 2018, in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU, the basis of the compilation was the audited stand-alone accounts of the parent company and the subsidiaries compiled in accordance with the Hungarian Act on Accounting. The compilation of these statements is the responsibility of K&T Gazdasági

Tanácsadó Kft., an accounting service provider, (From October 2018) and Multiservice Kft. (from 1 January 2018 to end-October 2018) name and registration number of chartered accountant: Márta Hullay (registration no.: 122360).

In order to have the accounts prepared in accordance with the Accounting Act aligned with IFRS, the Group engaged an IFRS-registered accounting expert. Person personally responsible for the preparation of the IFRS statements Ildikó Rózsa (registration number: 136860). The engagement of the expert is limited to identifying the differences between the IFRS and HAS and to the compiling the consolidated financial statements in Hungarian based on the effective IFRS standards approved by the EU.

48. Audit of the consolidated statements, auditor's remuneration

The auditor responsible for the audit of the Company and the person personally responsible for the audit are elected by the general meeting of the Company: The auditor appointed by the Company's general meeting to audit business data:

- BB-ESSEL Audit Kft., legal successor through merger of BB-ESSEL Adótanácsadó és Könyvvizsgáló Kft. (company registration number: 01-09-698566; address: 1162 Budapest, Fertály utca 5-7. CoHA registration number: 001109 Auditor personally responsible for the audit: Dr László Sasvári (address: Budapest 1162 Budapest, Fertály utca 5-7., CoHA membership number: 001630)

Audit fees:

- HUF 5,500,000 + VAT was charged for the statutory audit of the Appeninn Nyrt.'s non-consolidated annual accounts prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and Act C of 2000 on Accounting and Appeninn Nyrt.'s consolidated IFRS annual accounts.
- HUF 1,500,000 + VAT was charged for the statutory audit of the Appeninn Nyrt.'s non-consolidated semi-annual accounts prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and Act C of 2000 on Accounting. and Appeninn Nyrt.'s consolidated IFRS semi-annual accounts.

The auditors did not provide any other assurance or tax advisory services or services other than auditing for the Company.

49. Approval of the disclosure of the financial statements

At its meeting held on 22 March 2019, Appeninn Vagyonkezelő Holding Nyrt.'s Board of Directors approved the Group's 2018 consolidated annual accounts prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Board of Directors approved the publication of these consolidated accounts of the Group. However, the annual general meeting of the owners entitled to approve them may request modifications before the approval.

50. Declarations

We wish to note that a number of important factors may cause actual profit/loss to differ from that foreseen in statements made in respect of the future materially.

Declaration on Liability Based on the accounting criteria adopted, the Consolidated annual accounts provide a true and fair view of the assets, liabilities, financial situation and profit/loss as well as the situation, development and performance of the consolidated companies of Appeninn Vagyonkezelő Holding Nyrt. while also presenting key risks and uncertainties.

Budapest, 23 March 2019

Gellért Jászai
Chair of the Board of Directors

Aladin Linczényi
Member of the Board of Directors

1. Annex

Profit (loss) realized on companies acquired in the reference period:	**Total net asset value**	**Total assets received (delivered) for the acquisition of shareholding:**	**Discount obtained on receivables**	**Exchange rate difference**		**Impact on profits in the reference period**
Impairment accounted for on investment kept for sale Appeninn Credit Zrt.	**245,309**	**(462,993)**			**(1,978)**	**(219,662)**
Várna 12 Holding Zrt., 100% shareholding (31 December 2017, dissolved through merger, Legal successor: Appeninn Property Vagyonkezelő Zrt., Legal predecessor: MEP Ingatlanhasznosító Kft., 18 April 2016)	1,203,866	(1,476,833)	282,932		25	9,990
Sectura Ingatlankezelő Kft., 100% shareholding (14 March 2017, formely Estate Pest Office Kft.)	359,386	(453,724)			(283)	(94,621)
APPENINN Hegyvidék Kft., 100% shareholding (until 14 November 2017: Pontott Termelő és Szolgáltató Kft.)	14,233	(173,068)			(638)	(159,473)
VCT78 Ingatlanhasznosító Kft., 100% shareholding	(131,385)	(61,494)			(629)	(193,508)
Total shareholdings acquired in the reference period:	**1,446,100**	**(2,165,119)**	**282,932**		**(1,525)**	**(437,612)**

	Appeninn E-Office Zrt., one share
Property in acquired/sold company	
Seller	Lehn Consulting AG
Buyer	Appeninn Vagyonkezelő Holding Nyrt.
Agreement signed on	23 August 2017
Shareholding delivered	0.0120%
Consideration for shareholding to and receivables from the Seller	1,183,322
of which:	
receivables	
shareholding	1,183,322
Base of property transfer duty payable on the market value of property payable by company with property assets	
Property transfer duty: 4% of acquisition value, deferred/levied	
Duty deferred to the Tax Authority	
Payment of consideration:	
APP share transaction settlement price	
APP shares, pcs	
DBX list price, delivery of shares	
From bank financing	
Through set-off against money's worth	1,183,322
Through delivery of money's worth	–
Tax effects (as purchase price) payable later	–
The tax effects were settled in 2017.	–
Total net asset value (for 100% shareholding)	**15,751,944**
of which:	
Revenue-generating investment properties	51,152,189
Trade debtors and other short-term receivables	313,123
Appeninn Nyrt. shares	–
Tax claims	–
Money and liquid asset equivalent	353,685
Bank loans	(30,674,860)
Other current liabilities	(319,417)
Liabilities from supplementary payment to be made to the shareholder, associated parties	(2,313,126)
Lessees' deposits	(729,042)
Provisions	(84,488)
Tax liabilities	(1,413,807)
Liabilities to trade creditors	(532,314)
Profit generated in the control period **Net asset value acquired on the basis of the acquisition of first shareholding**	
Net asset value of non-controlling interest (in addition to majority shareholding) ***Net asset value of non-controlling interest (before acquisition of 100% shareholding)*** ***Net asset value acquired in acquisition step***	 15,751,944 123,760
Total net asset value	***123,760***
Total assets received (delivered) for acquisition of shareholding:	***(1,183,322)***
Profit (loss) realized on shareholding	***(1,059,562)***
Discount obtained on receivables	**–**
Profit (loss) with purchased receivables	**(1,059,562)**
Price difference	**3,569**
Impact on profits in the reference period	
Impact on profits accounted for against profit and loss reserve	***(1,055,993)***

Calculation of the differences between the price of the ownership shares purchased and net asset value

	VÁR - Logisztika Zrt.			Sectura Ingatlankezelő Kft., 100% shareholding					**APPENINN Hegyvidék Kft., 100% shareholding**					VCT78 Ingatlanhasznosító Kft.				**Total**
	(14 November 2017, formerly called Appeninn Logisztika Zrt.)			(14 March 2017, formerly called Estate Pest Office Kft.)					**(until 11 November 2017: Pontott Termelő és Szolgáltató Kft.)**					100% shareholding				
Property in acquired/sold company	**Nagykanizsa, Vár utca 12.**			**1105 Budapest, Bánya utca**					**1121 Budapest, Menyét út 5.**									
Seller	Appeninn Vagyonkezelő Holding Nyrt.		Total	László Tibor Ürge	Estate Fund Central Europe BV.	Total			XP-Banktechnika Kereskedelmi és Szolg. Zrt.	Westbondcar Kereskedelmi és Szolg. Zrt.	First withdrawal	Second step; XP-Banktechnika Kereskedelmi és Szolg. Zrt.	Total		Tamarisk Invest Kft.	Total		
Buyer	XP-Banktechnika Kereskedelmi és Szolg. Zrt.	Lehn Consulting AG		Szent László Téri Szolgáltató Ház Kft.					Curlington Kft.	Curlington Kft.		Curlington Kft.		Szent László Téri Szoqáltató Ház Kft.				
Agreement signed on	14 November 2017						8 March 2017		12 July 2017	12 July 2017	1 July 2017	14 November 2017		3 July 2017	3 July 2017	3 July 2017		
Shareholding delivered	74%	26%	100%	4.22%	95.78%		100%		24%	50%	74%	26%	100%	16.70%	83.30%	100%		
Consideration for shareholding to and receivables from the Seller	293,416	103,179	396,595	18,573	421,551		440,124		46,431	96,731	143,161	51,590	194,751	16	84	84		
of which:																		
receivables							–				44,165	15,518	59,683			17,708		
shareholding	293,416	103,179					440,124				98,996	36,072	135,068			(17,438)		
Base of property transfer duty payable on the market value of property payable by company with property assets	–	–					361,127					806,088	–			1,005,997		
Property transfer duty: 4% of acquisition value, deferred/levied	–	–				deferred:	13,600					38,000	38,000			40,240		
Duty deferred to the Tax Authority	–	–					–									38,692		
Payment of consideration:																.		
APP share transaction settlement price	–	–		1	1				1	1						–		
APP shares, pcs	–	–		84,426	1,916,141				215,957	449,910								
DBX list price, delivery of shares	–	–		18,574	421,551		421,551		46,431	96,731			143,161					
From bank financing							–											
Through set-off against money's worth	293,416	103,179					–					51,590	51,590	16	84	100		
Through delivery of money's worth	–	–					13,600					32,244	32,244					
The tax effects were settled in 2017.	–	–					–					5,756	5,756*					
	–	–																
Total net asset value (for 100% shareholding)			**395,722**				**359,386**				**14,074**	**48,414**	**48,414**			**(131,385)**		
of which:																		
Revenue-generating investment properties			690,000				357,210				838,331	838,331				2,093,642		
Trade debtors and other short-term receivables			19,814				8,725				121,942	114,948				1,886		
Appeninn Nyrt. shares			–				–				71,590	–				–		
Tax claims			4,907				(696)				(1,970)	(1,583)				–		
Money and liquid asset equivalent			268				306				2,631	3,141				11,282		
Bank loans			(277,781)				–				–	–				(217,876)		
Other current liabilities			(1,419)				(1,612)				(88,599)	(846,695)				(135)		
Liabilities from supplementary payment to be made to the shareholder, associated parties			–				(4,546)				(59,683)	(59,683)				(17,708)		
Lessees' deposits			(13,964)				–				–	–				(24,039)		
Provisions			–				–				–	–				–		
Tax liabilities			(26,125)				–				(870,168)	(45)				3,653		
Liabilities to trade creditors			23				–									(29,090)		
Profit generated in the control period											–	(25,293)	(25,293)			–		
Net asset value acquired on the basis of the acquisition of first shareholding											–	(10,415)	–			–		
Net asset value of non-controlling interest (in addition to majority shareholding)											3,659	–	–			–		
Net asset value of non-controlling interest (before acquisition of 100% shareholding)											–	(8,887)	(8,887)			–		
Net asset value acquired in acquisition step											10,415	–	–			(131,385)		
Total net asset value			***(395,722)***				***359,386***				***24,459***	***3,818***	***14,233***			***(131,385)***		
Total assets received (delivered) for acquisition of shareholding:			***396,595***				***(453,724)***				***(98,996)***	***(74,072)***	***(173,068)***			***(61,494)***		
Profit (loss) realized on shareholding			***873***				***(94,338)***				***(88,581)***	***(70,254)***	***(158,835)***			***(192,879)***		
Discount obtained on receivables			**–**				**–**						–			**–**		
Profit (loss) with purchased receivables			***873***				***(94,338)***						***(158,835)***			***(192,879)***		
Price difference			(1,891)				(283)						(638)			(629)		
Impact on profits in the reference period			***(1,018)***				***(94,621)***						***(159,473)***			**(193,508)**		***(437,612)***