

Independent Auditors' Report

**To the shareholders of Appeninn Vagyonkezelő Holding Nyilvánosan Működő
Részvénytársaság**

Report prepared about the consolidated financial statements**Opinion**

We have audited the consolidated financial statements of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság and its subsidiaries ("the Group"), which consolidated financial statements comprise the consolidated balance sheet as at 31. December 2018 - which shows an equal amount of total assets and equity and liabilities of 125.335.000 EUR-, the related consolidated comprehensive income statement for the financial year then ended – in which the whole comprehensive income of the business year is 16.405.909 EUR profit – consolidated statement of changes in equity and consolidated statement of cash flows , and consolidated notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság and its subsidiaries as at 31. December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the: „EU IFRS”) , and the financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (hereinafter: „the Accounting Act”) relevant to the entities preparing financial statements in accordance with EU IFRS.

Basis for opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing, and with applicable laws and regulations in force in Hungary. A detailed description of our responsibilities to comply with the standards is included in section "The auditor's responsibility for the audit of the consolidated financial statements".

In accordance with the relevant legislation in force in Hungary and in accordance with the “Rules of Conduct (ethics) rules and the disciplinary action of the audit profession” of the Chamber of Hungarian Auditors and, with regard to the issues not settled in the above mentioned, in accordance with the Handbook of the Code of Ethics for Professional Accountants (IESBA Code) issued by the International „Ethics Standards Board for Accountants” we are independent of the Group and we comply with the additional ethical principles laid down in the standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1162 Budapest, Fertály u. 7.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters in the auditor's report are in the context of us having audited and formed an opinion on the consolidated financial statements as a whole and we do not express a separate opinion on these matters.

Key Audit Matters

Valuation of income producing investments in real estates

The Group in the consolidated financial statements presents income producing investments in real estates 62.990.000 EUR as at 31 December 2017 and 117.820.822 EUR as at 31 December 2018. The above mentioned asset values are estimated real values assessed by independent assessor. The real value of investments in real estates assessed annually. The revaluation difference (surplus) 16.040.000 EUR in the year 2018.

In order to reduce uncertainty the Group appointed other assessor to revalue the applied methods of valuation and the assumptions used during the valuation process.

Practices applied during the audit of Key Audit Matters

During the examination of correctness of the valuation of investments in real estates presented in the consolidated financial statement:

We have examined the independent valuer's and the revaluating assessor's professional capabilities, competence and objectivity, the compatibility of the applied real value model and specialities of the industrial sub-group. We have checked the legal status of investments in real estates, the accuracy of input data.

We have examined the appropriate compliance with relevant financial reporting standards, and the taking into consideration of their principles and specialities.

In the process of our examination we have not identified material misstatements.

The examination of transactions among Group related partners

The Group had material transactions with related partners in the business year, as a result of this presents 8.501.046 EUR long term and 95.198 EUR short term accounts payables in relation with them in the consolidated balance sheet of 2018.

During the pricing process of transactions the principles were applied as it is usual among independent partners.

During the examination of the transactions with related partners we have identified the related partners we have identified the related partners. We have read the contracts connected to related partner transactions. We have reconciled the invoices and bank transfers with the connected contracts based on our sampling.

1162 Budapest, Fertály u. 7.

The transactions were based on written contracts. The year end reconciliation have been sent out.

We have checked the application of principles of transfer pricing records. We have sent reconciliation letters to related partners, which confirmed the data of financial statements.

During the examination of related partner's transactions and year end balance sheet elements we have not identified material misstatements.

Other information: The Consolidated Business Report

Other information includes the consolidated business report of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság and its subsidiaries of 31.12.2018. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian Accounting Act and other pieces of legislation. The section of "Opinion" of our independent audit report of the financial statements shall not apply to the consolidated business report.

In relation to the audit of the consolidated financial statements, it is our responsibility to read the consolidated business report and to assess whether the consolidated business report is consistent with the consolidated financial statements and with the audit evidence obtained during our audit or otherwise appears to be materially misstated. If, on the basis of our work we conclude that the other information is materially misstated we have the obligation to report on this and on the nature of the misstatement.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the consolidated business report also include reviewing the consolidated business report to assess whether the consolidated business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the consolidated business report complies with the requirements of Section 95/B (2) e) and f) of the Accountig Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B. (2) a)-d), g) and h) has been provided in the consolidated business report.

In our opinion, the consolidated business report of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság and its subsidiaries of the year 2018 is consistent with the consolidated financial statements of Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság of the year 2018 and with the provisions of the Accounting Act in all material respects. Since there are no additional legal requirements for the Group on the consolidated business report we do not express an opinion in this regard.

We are not aware of any other material inconsistency or any material misstatements in the consolidated business report so in this respect we have nothing to report.

1162 Budapest, Fertály u. 7.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Preparing the consolidated financial statements it is the responsibility of the management to assess the Group's ability to continue as a going concern as well as to disclose matters related to going concern and the management is responsible for the preparation of the going concern basis consolidated financial statements. The management is to apply the going concern principle unless the implementation of this principle is prevented by other provisions, other factors or circumstances.

Those charged with governance are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the audit of the consolidated financial statements

The objective of our audit is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on Basis of these consolidated financial statements.

In accordance with Hungarian National Auditing Standard, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and evaluate the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of preparation of the annual consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions

1162 Budapest, Fertály u. 7.

that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures in the consolidated additional Annex, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control applied by the Group, if any, that we identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10 (2) of Regulation (EU) No.537/2014 of the European Parliament and the Council, we provide the following in our Independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

Our predecessor in title BB-ESSEL Adótanácsadó és Könyvvizsgáló Kft was appointed as the auditor of Appennin Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság by the General Meeting of Shareholders on 20 April 2018, and our appointment will expire on 31 May 2019.

Consistence of the Audit Report with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 25 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.



1162 Budapest, Fertály u. 7.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Appennin Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság, and its controlled undertakings and which have not been disclosed in the consolidated financial statements or in the consolidated business report.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

25 March 2019, Budapest



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This is the translation of the original Hungarian statutory report, in case of any discrepancies, the original Hungarian version prevails.