Appeninn
Holding

APPENINN HOLDING PLC.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INTERNATIONAL FINANCIAL REPORTING
ACCORDING TO STANDARDS
31 DECEMBER 2024

WITH A COMPARATIVE PERIOD ENDING 31 DECEMBER 2023

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Consolidated Statement of Financial Position	Notes	31.12.2024	31.12.2023
Assets		**EUR**	**EUR**
Investment properties	17	167.922.000	184.588.000
Fixed assets	19	24.556	27.411
Participation in an associated company	20	7.979	7.590
Receivables beyond one year	21	1.838.384	454.774
Total long term assets		**169.792.919**	**185.077.775**
Trade receivables	22	2.218.174	2.845.019
Other current receivables	23	1.014.648	969.502
Accruals	24	1.274.215	1.419.345
Income tax receivables	25	8.257	16.712
Assets held for sale	18	10.370.000	-
Cash and cash equivalents	26	47.004.605	20.362.775
Total current assets		**61.889.899**	**25.613.353**
Total assets		**231.682.818**	**210.691.128**

Consolidated Statement of Financial Position Equity and Liabilities	Notes	31.12.2024 EUR	31.12.2023 EUR
Capital and resources			
Share capital	27	15.217.006	15.217.006
Treasury shares repurchased	28	(1.171)	(1.171)
Capital reserve	29	25.645.230	25.645.230
Translation reserve	30	(20.619.479)	(12.529.413)
Retained earnings	31	98.307.710	82.729.235
Capital per shareholder of the Company		**118.549.296**	**111.060.887**
Non-controlling interests	32	-	-
Total capital and reserves		**118.549.296**	**111.060.887**
Long-term bank loans and leasing liabilities	33	50.966.239	34.263.546
Deferred income	33	2.864.388	1.777.689
Bond debts	34	49.048.518	52.563.100
Deposits paid by tenants	35	1.855.736	2.785.574
Total long-term liabilities		**104.734.881**	**91.389.909**
Short-term bank loans and leasing liabilities	33	3.086.707	2.308.058
Other current liabilities	36	1.906.078	725.052
Liabilities to suppliers	37	823.607	1.218.472
Tax and duty obligations	38	302.347	449.320
Income tax liabilities	25	178.180	542.399
Passive accruals	39	2.101.722	2.997.031
Total current liabilities		**8.398.641**	**8.240.332**
Total liabilities		**113.133.522**	**99.630.241**
Total equity and liabilities		**231.682.818**	**210.691.128**

The notes on pages 10 to 76 form an integral part of the consolidated accounts

Consolidated statement of comprehensive income	Notes	for the financial year ending 31.12.2024 EUR	for the financial year ending 31.12.2023 EUR
From continuing activity			
Income from the rental of immovable property	3	23.126.689	19.487.935
Direct costs of letting a property	4	(7.225.507)	(7.486.555)
Gross margin		**15.901.182**	**12.001.380**
Administrative costs	5	(479.967)	(828.466)
Expenditure on staff	6	(287.879)	(275.326)
Other income/(expenses)	7	(3.740)	156.468
Gains on sale of investment property	8	-	357.593
Fair value result on Investment property	9	1.882.390	1.973.024
Profit before tax, interest and depreciation		**17.011.986**	**13.384.673**
Depreciation and amortisation	10	(9.280)	(6.267)
Other (expense)/income from financial operations	11	1.365.702	1.615.571
Balance of interest income and (expense)	12	(2.444.488)	(227.964)
Lease interest	12	(5.206)	(12.905)
Profit before tax		**15.918.714**	**14.753.108**
Income taxes	13	(340.239)	5.182.288
Profit after tax from continuing operations		**15.578.475**	**19.935.396**
Profit after tax from discontinued operations	**14**	**-**	**2.831.389**
Total profit after tax		**15.578.475**	**22.766.785**
Other comprehensive income			
Other comprehensive income to be recognised in the consolidated income statement in the following period:			
Exchange rate differences arising on currency translation	31	(4.040.085)	1.261.665
Exchange difference on disposal of subsidiary	14	-	169.340
Other comprehensive income not reversed in the consolidated income statement for the following period:			
Exchange rate differences arising on currency translation	31	(4.049.981)	2.277.627
Other comprehensive income for the year, net of tax		**(8.090.066)**	**3.708.632**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7.488.409**	**26.475.417**
Profit after tax from continuing operations:			
Non-controlling interests		-	-
Attributable to owners of the Company		15.578.475	19.935.396
From the after-tax results of discontinuing operations:			
Non-controlling interests		-	-
Attributable to owners of the Company		-	2.831.389
Other comprehensive income:			
Non-controlling interests		-	-
Attributable to owners of the Company		(8.090.066)	3.708.632
Total comprehensive income:			
Non-controlling interests		-	-
Attributable to owners of the Company		7.488.409	26.475.417
Basic earnings per share in EUR cents	15	**32,89**	**48,06**
Diluted earnings per share in EUR cents	15	**32,89**	**48,06**
Basic EPS for continuing operations in EUR cents	15	**32,89**	**42,08**
Diluted EPS for continuing operations in EUR cents	15	**32,89**	**42,08**

The notes on pages 10 to 76 form an integral part of the consolidated accounts

Consolidated Changes in Equity (in EUR)	note	Share capital	Capital reserve	Retrieved from own share	Translation reserve	Retained earnings	Attributable to owners of the parent company	Non-controlling interests	Total equity
On 1 January 2023		**15.217.006**	**25.645.230**	**(1.171)**	**(16.238.045)**	**59.962.450**	**84.585.470**	**(1.334.558)**	**83.250.912**
Total comprehensive income for the year									
Profit after tax for the year	31					**22.766.785**	**22.766.785**		**22.766.785**
Other comprehensive income					**3.708.632**		**3.708.632**		**3.708.632**
Transactions with non-controlling interests		**0**	**0**	**0**	**0**	**0**	**0**	**1.334.558**	**1.334.558**
Sale of a subsidiary - Solum-Invest	32							1.334.558	1.334.558
Balance at 31 December 2023		**15.217.006**	**25.645.230**	**(1.171)**	**(12.529.413)**	**82.729.235**	**111.060.887**	**-**	**111.060.887**
On 1 January 2024		**15.217.006**	**25.645.230**	**(1.171)**	**(12.529.413)**	**82.729.235**	**111.060.887**	**-**	**111.060.887**
Total comprehensive income for the year									
Profit after tax for the year	31					**15.578.475**	**15.578.475**		**15.578.475**
Other comprehensive income					**(8.090.066)**		**(8.090.066)**		**(8.090.066)**
Balance at 31 December 2024		**15.217.006**	**25.645.230**	**(1.171)**	**(20.619.479)**	**98.307.710**	**118.549.296**	**-**	**118.549.296**

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Consolidated Cash Flow Statement	Notes	for the financial year ending 31.12.2024 EUR	for the financial year ending 31.12.2023 EUR
Profit before tax - from continuing operations		**15.918.714**	**14.753.108**
Profit before tax - from discontinued operations		**-**	**2.831.389**
Fair value result on Investment property	9	(1.882.390)	(1.973.024)
Result on the sale of real estate	8	-	(357.593)
Depreciation	10	9.280	6.267
(Profit)/loss on sales of subsidiaries	14	-	(2.831.389)
Interest revenue	12	(1.525.064)	(3.093.841)
Interest expenditure	12	3.373.090	2.985.604
Change in receivables and other current assets	22-25	(793.836)	726.093
Changes in accrued income and prepaid expenses	23	145.130	(1.137.753)
Changes in liabilities and accruals	36-39	2.599.812	(809.304)
Change in tenant deposits	35	(929.838)	316.286
Income tax paid	13, 25	(696.003)	(1.144.950)
Net cash flow from operating activities		**16.218.895**	**10.270.893**
Renovation expenditure on immovable property	17	(1.135.986)	(2.057.252)
Purchases of tangible fixed assets	17	(6.425)	(8.712)
Change in loans granted, granted	23	(9)	151.318
Interest received	12	1.525.064	3.093.841
Proceeds from the sale of shares	2.4.	-	6.571.066
Acquisition of shareholding	2.4.	-	(53.577.954)
Acquisition of investment property	17	-	0
Proceeds from the sale of real estate	8	-	1.760.000
Net cash flow from investing activities		**382.644**	**(44.067.693)**
Proceeds from loans, borrowing	33	13.535.656	0
Loan repayments	33	(744.917)	(1.876.183)
Interest paid	12	(3.974.759)	(2.985.604)
Net cash flow from financing activities		**8.815.980**	**(4.861.787)**
Effect of exchange rate changes:	**30**	**1.224.311**	**3.708.632**
Change in cash and cash equivalents	**26**	**26.641.830**	**(34.949.955)**
Cash balances:			
Cash at the beginning of the year	26	20.362.775	55.312.730
Cash and cash equivalents at the end of the year	26	47.004.605	20.362.775

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1. General section

1.1 Presentation of the company

Appeninn Asset Management Holding Plc ("the Company") was established on 1 December 2009. The Company was registered by the Court of Registration on 7 December 2009 under Cg. 01-10-046538.

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

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

Holders of more than 5% of the Company's shares on 31 December 2024:

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

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

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

Transformation into a regulated real estate investment company

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

1.2 Basis for balance sheet preparation

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

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements were approved by the Board of Directors on 1 April 2025. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

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

iii) Basis of preparation of the accounts

The consolidated financial statements have been prepared in accordance with the standards and IFRIC interpretations in force for the year ending 31 December 2024.

The financial year is the same as the calendar year.

iv) Basis of assessment

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

Estimates and baseline assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only the current year, and in the period of the revision and future periods if the revision affects both current and future years.
At the balance sheet date, the Group classifies current and non-current assets and liabilities according to their expected maturity. Current assets are those assets that are expected to be realised within 12 months, while assets with a maturity of more than 12 months are classified

as current assets. The Group classifies as current those liabilities that are expected to be settled within its normal operating cycle and are due within twelve months after the end of the reporting period or at the reporting date, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are non-current. Accordingly, the Group classifies the portion of items classified as non-current liabilities that are due within the next 12 months at the reporting date as current liabilities.

2. Accounting policy

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

2.1 Significant accounting policies

2.1.1 The basis for consolidation

Subsidiaries

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

The Group exercises control over an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the power to affect those returns through its influence over the investee.

Accordingly, the Group exercises control over the investee if, and only if, the investor has all of the following:

(a) power over the recipient of the investment;

(b) exposure to or rights to variable returns arising from its participation in the investee; and

(c) the ability to use its power over the recipient of an investment to influence the amount of returns to the investor.

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

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

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

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

Business combination or asset purchase

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

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

Accounting for the purchase of assets

The Group recognises the individually identifiable assets acquired (including assets that meet the definition and recognition criteria for intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The Group's cost, which includes costs directly attributable to the transaction, is allocated between the individually identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition to arrive at their individual transaction values. The fair value of the contingent purchase price at the date of purchase and the direct costs of the transaction are included in cost. After the allocation, the initial measurement requirements of the applicable IFRSs are applied to each individually identifiable asset acquired and liability assumed. The Group accounts for any difference between the amount at initial measurement of the assets or liabilities and their individual transaction values determined on the basis of the allocation by applying the applicable requirements. Such a transaction or event does not give rise to goodwill or negative goodwill. If an asset would therefore be overvalued, the difference is charged to profit or loss. Deferred tax is not recognised on the acquisition of an asset.

2.1.2 Reporting currency and foreign currency balances

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

Based on the economic events and circumstances specific to the Group's activities, the functional currency is the forint and the euro, and the presentation currency is the euro. As a result, the figures in the consolidated financial statements are presented in euros, except where other information is given. For the 2024 annual accounts, the following Central Bank HUF - EUR exchange rates have been used for the translation of the non-euro accounting data of the group members with respect to the balance sheet date:

Exchange rate type	31 December 2024.	31 December 2023.
Closing	410,09	382,78
Average	395,2	381,95
Closing and average difference	14,89	0,83

Transactions denominated in a currency other than the functional currency are initially recorded at the exchange rate prevailing on the date of execution of such transactions. Monetary assets and liabilities denominated in a currency other than the functional currency are translated into the functional currency of the relevant group member at the exchange rate published by the Magyar Nemzeti Bank (Central Bank) at the balance sheet date. The resulting exchange differences are recognised in the income statement under other (expense)/income from financial operations.

Group members' assets and liabilities in functional currency are translated into euro at the Central Bank exchange rate prevailing at the balance sheet date (presentation currency). The figures in the statement of comprehensive income are translated at the average exchange rate during the reporting period. Individual equity figures are translated at historical exchange rates. Exchange differences arising from different exchange rates are shown in the translation reserve (Equity). In the event of the disposal or partial disposal (sale, liquidation, discontinuance, repayment of capital) of subsidiaries, the exchange differences relating to the subsidiary concerned are eliminated against profit or loss.

2.1.3 Turnover

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

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

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

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

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

The main elements of the Group's revenue are:

- Rental income from real estate: the Company's main source of income, which is mostly recognised monthly by the Company to its tenants, based on the contractually agreed rental rate, in accordance with IFRS 16.
- Management fees: the Company invoices tenants in addition to the rent. Operating fees include cleaning and security costs, management fees and overheads, in accordance with IFRS 15.

Rental income from property: rental income from operating leases. The main elements of the accounting policy related to operating leases are described in chapter 2.1.14 Leases.

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

- The Group acts as agent for some of its leases. In this case, the operating charges to the tenants are clearly identifiable and the overheads are invoiced directly to the tenants through the Group. The Group recognises the costs and the related income on a net basis in property rental income, as the Group acts as agent in these transactions.

- For its other leases, the Group acts as principal. In these cases, the Group invoices its tenants for operating fees on the basis of the flat rates set out in the contracts. A separate operating fee is charged to cover these operating costs, where the Group controls the services. The Group gross accounts for these transactions in the financial statements as it acts as principal in these cases.

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

2.1.4 **Other income and expenditure**

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

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

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

2.1.5 **Investment property**

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

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

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

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

2.1.6 **Financial instruments**

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

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

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

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

Fair value against profit or loss
The category of financial assets at fair value through profit or loss includes financial assets that do not fall into either of the above two categories of financial assets or were designated upon initial recognition as at fair value through profit or loss.

When the SPPI requirement is met, the Group assesses whether the cash flows arising from the contract are consistent with the underlying loan agreements in the denominated currency of the financial asset.

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

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

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

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

2.1.7 **Impairment of receivables**

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

The following impairment matrix will be used by the Group for the recognition of impairment of receivables in 2024 and 2023:

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

2.1.8 **Financial liabilities**

The Group's consolidated statement of financial position includes the following financial liabilities: trade and other current payables, loans, borrowings, own-issue bonds, bank overdrafts, leasing liabilities, derivative transactions. These are disclosed and measured in the relevant parts of the notes to the accounts as follows

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

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

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

2.1.9 **Derivative financial instruments**

Derivative financial instruments are recorded at fair value at the date of contract and are revalued in subsequent periods. Derivatives are recognised as financial assets when their fair value is positive and as liabilities when their fair value is negative. Income and expenses arising from changes in the fair value of transactions that do not qualify as hedges are recognised in the current year's profit or loss under other expenses and income from financial operations. In the case of derivative financial instruments, the Group's contractual banking counterparty estimates the fair value based on expected cash flows, yields and contractual terms.

2.1.10 **Fair value**

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

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

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

Fair value hierarchy

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

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

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

Financial liabilities are measured at amortised cost.

2.1.11 **Related parties**

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

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

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

2.1.12 **Valuation of associated enterprises**

In all cases, the Group accounts for its investments in joint ventures and associates at cost, using the equity method of accounting as the subsequent measurement.

An impairment test should be carried out for interests in associates and joint ventures if there are indications of potential impairment. If there is an indication of impairment, the recoverable amount of the investment should be determined and compared with the net carrying amount of the investment. If the recoverable amount of the investment is less than its carrying amount, an impairment loss is recognised.

2.1.13 **Income taxes**

The Group has identified Hungarian and Polish corporate tax, Hungarian and Polish local business tax and innovation levy as income taxes based on a taxable profit.

The group members are, with the exception of Appeninn Project-EGRV Ltd. and foreign group members, regulated real estate investment companies and regulated real estate investment project companies under the REIT Act. They are not subject to corporate tax and local business tax, except for income from affiliated companies not subject to REIT.

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

2.1.14 **Leasing**

Group as lessor

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

Operating leasing
An operating lease is a transaction that does not transfer substantially all the risks and rewards of ownership of the underlying asset. The Group accounts for rental income from the rental of investment property as operating leases. The lease payments are recognised in the income statement on a straight-line basis as income from property rental. Rental discounts are accrued over the lease term. The Group recognises revenue when the right to collect rentals is established upon the occupation of the property and, in the event of a contract amendment, the revenue is recognised as a new contract from the effective date of the amendment.
The initial direct costs incurred in entering into an operating lease agreement increase the carrying amount of the operating lease asset and are recognised over the lease term on the same basis as rental income.

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

Recognition and disclosure of subleases

In the case of subleases, there are no specific provisions governing the disclosure of subleases in the balance sheet and income statement. The Group applies the disclosure rules that apply to other finance and operating leases. The Group does not offset assets and liabilities arising from a finance lease or a sublease on the same underlying asset unless the requirements for offsetting financial instruments are met. The same applies to lease income and lease expense arising from a finance lease and a sublease on the same underlying asset unless the offsetting criteria in IAS 1 are met

Under IFRS 16, a head and a sublease are two separate contracts, accounted for under the lessee and lessor models respectively. The general disclosure rules apply to both head and subleases and to lessors of finance or operating subleases.

The Group has real estate leases.

2.1.15 **Earnings per share (EPS)**

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

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

2.1.16 **Deposits paid by tenants**

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

2.1.17 **Off-balance sheet items**

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

2.1.18 **Treasury shares repurchased**

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

2.1.19 **Dividend**

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

2.1.20 **Result of financial operations**

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

2.1.21 **Events after reporting period**

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

2.1.22 **Government grants**

Government grants are recognised when it is probable that the grant will be received and the conditions attached to the grant have been met. When the grant is used to offset a cost, it is charged to the income statement in the period in which the cost to be offset is incurred (other income). When the grant relates to the acquisition of an asset, it is recognised as deferred income and charged to profit or loss in equal annual amounts over the useful life of the related asset.

2.1.23 **Assets held for sale**

An asset is classified as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition on terms that are customary for sales of such assets and the sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to be in addition to a sales plan for the asset and an active programme to find the buyer and execute the plan. In addition, it is necessary that the asset be under active marketing to sell at a price that is reasonable in relation to its fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year of qualification and the actions necessary to execute the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Assets held for sale are not revalued prior to sale unless changes in the market value of the assets and the costs of sale require the recognition of an impairment loss. Any losses that have been accrued in respect of the assets and that may arise before the sale are recognised as a reduction of the carrying amount of the asset. Assets held for sale are presented as a separate line in the consolidated balance sheet.

2.1.24 **Discontinued operations**

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

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

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

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

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

2.2 Changes in accounting policies

The Group has prepared its financial statements in accordance with the provisions of all standards and interpretations in force for the year ending 31 December 2024.

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

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

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

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

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

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

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

Standards issued but not yet effective and not subject to early adoption, which the Group has not yet adopted

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

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

Classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2026. In May 2024, the Board issued *Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7*), which clarifies that a financial liability is derecognised on the 'settlement date', i.e. when the associated obligation is discharged, cancelled, expires or otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met, clarifies how to assess the contractual cash

flow characteristics of financial instruments with environmental, social and governance (ESG) features and other similar contingent features, clarifies the treatment of non-redeemable assets and contractual assets.
The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Entities may apply the amendments to the classification of financial assets and related disclosures early, may apply the other amendments later. The new requirements shall be applied retrospectively by adjusting opening retained earnings. Prior periods do not need to be restated and can only be restated without retrospective assessment. An entity shall disclose information about financial assets whose measurement category changes as a result of the amendments.
The amendment is not expected to have a material impact on the Group's consolidated financial statements.

Improvements to international financial reporting standards

The IASB's annual improvements process addresses non-urgent but necessary clarifications and amendments to IFRSs. In July 2024, the IASB issued annual improvements to IFRS accounting standards, covering the following topics:

- IFRS 1 First-time adoption of international financial reporting standards - hedge accounting by a first-time adopter
- IFRS 7 Financial instruments: disclosures - gain or loss on derecognition, Disclosure of accrued differences between fair value and transaction price, Credit risk disclosures
- IFRS 9 Financial Instruments - Derecognition of Lessee's Lease Obligations, Transaction Price
- IFRS 10 Consolidated financial statements - Definition of 'de facto agent'
- IAS 7 Cash flow statement - Cost method

The amendment is not expected to have a material impact on the Group's consolidated financial statements.

Contracts that rely on nature-based electricity - Amendments to IFRS 9 and IFRS 7
Effective for annual periods beginning on or after 1 January 2026. The amendments include: clarifying the application of the "own use" requirements, allowing hedge accounting when these contracts are used as hedging instruments, and adding new disclosure requirements help investors understand the impact of these contracts on the financial performance and cash flows of the company. Early adoption is permitted but must be disclosed.
The clarifications to the 'own use' requirements should be applied retrospectively, but the guidance allowing hedge accounting should be applied prospectively to new hedging relationships designated on or after the date of initial application.
The amendment is not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 - Presentation and disclosure in financial statements

Effective for annual periods beginning on or after 1 January 2027. IFRS 18 introduces new categories and subtotals in the income statement. It also requires the disclosure of following performance measures set by management (as defined in the standard) and includes new requirements on the location, aggregation and breakdown of financial information.
An entity should classify all and expense items in the income statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals of 'operating profit', 'profit before financing costs and income taxes' and 'profit loss'.

Principal business activities: in order to classify income and expenses into the categories required by IFRS 18, an entity must assess whether its 'principal business activity' is investing in assets or financing customers, as such entities are subject to specific classification requirements. The determination of whether an entity has such a defined principal activity depends on facts and circumstances that require judgement. An entity may have more than one principal activity.

Management's measure of performance: IFRS 18 introduces the concept of a management's measure of performance (MPM), which is defined as a subtotal of revenue and expenses an entity uses in making disclosures. Communication outside the financial statements to communicate to users management's view of the financial performance of the entity as a whole. IFRS 18 requires that information about all of an entity's MPMs be disclosed in a single note to the financial statements and requires a number of disclosures about MPM, including how the measure is calculated and reconciliation to the most comparable subtotal as defined in IFRS 18 or another IFRS accounting standard.

Location, aggregation and disaggregation of information: IFRS 18 distinguishes between 'presentation' of information in the primary financial statements and 'disclosure' the notes, and introduces a principle for determining information based on the identified 'role' of the primary financial statements and notes. IFRS 18 requires information to be aggregated and disaggregated on the basis of similar and dissimilar characteristics.

Consequential amendments to other accounting standards
IAS 7 *Statement of Cash Flows* has been amended with minor amendments, which include changing the starting point for determining cash flows from operations in the indirect method from 'profit or loss' to 'operating profit or loss'. The option to classify cash flows from dividends and interest in the cash flow statement has also been largely removed.

New requirements have been added to IAS 33 *Earnings per share that* allow entities to disclose additional amounts per share only if the numerator used for the calculation meets specified criteria.

IFRS 18, and consequential amendments to other accounting standards, shall be effective for annual periods beginning on or after 1 January 2027 and shall be applied retrospectively. Early application is permitted and shall be disclosed.

The Group is still assessing the expected impact of the new standard on its consolidated financial statements.

IFRS 19 - Subsidiaries without a public reporting obligation: disclosures

Effective for annual periods beginning on or after 1 January 2027. The new standard allows eligible entities to elect to apply the reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, an eligible entity that elects to apply IFRS 19 need not apply the disclosure requirements in other IFRSs.
An entity that applies IFRS 19 shall disclose that fact as part of its statement of compliance with general IFRS accounting standards. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards, including IFRS 19, to make an explicit and unreserved statement of such compliance

An entity may elect to apply IFRS 19 only if, at the end of the reporting period: it is a subsidiary as defined in IFRS 10; it does not have public accountability; and it has a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use that comply with IFRS accounting standards.
IFRS 19 is effective for annual periods beginning on or after 1 January 2027 and earlier application is permitted.
If an eligible entity chooses to apply the standard early, it shall disclose that fact. An entity shall, in the first period (annual and interim) in which it applies the standard, reconcile them in the comparative period to the disclosures under IFRS 19 in the current period, unless IFRS 19 or another IFRS permits or requires otherwise.
The new standard is not expected to have any impact on the Group's consolidated financial statements.

2.3 Significant accounting estimates and assumptions

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

The estimates are continuously updated. Changes in accounting estimates should be taken into account in the period of the change if the change affects only that period, or in the period of the change and future periods if the change affects both periods.
The main areas of estimation uncertainty and critical accounting judgements that have the most significant effect on the amounts recognised in the consolidated financial statements are:

2.3.1 Classification of properties

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

- They are classified as investment properties, which are typically purchased by the Group with the intention of benefiting from the rental and capital appreciation of the property. These properties (typically office buildings, commercial buildings, warehouses and factory buildings) are not used by the Company for its own purposes.
- Properties held for development are classified inventories if the Group intends to invest in, develop and sell them in the near future.
- Property, plant and equipment includes property used by the Group for its own purposes.

One of the Group's properties is rented within the Group, but this is insignificant in relation to the total tenant base and is therefore classified as investment property. The Group reclassifies investment property when there is a change in use. Property held for own use is classified as property, plant and equipment. For mixed-use property, the Group accounts for the components separately where possible. If separation is not possible, the Group classifies the property as investment property only if the portion used for other purposes is insignificant.

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

2.3.2 Fair value of investment property

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

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

2.3.3 **Asset deals**

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

No acquisitions were made during 2024.

2.4 Changes in the companies included in the scope of consolidation

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

Name of subsidiary	Parent company	Ownership and voting rights 2024	2023	Address
Appeninn BLT Ltd.	Appeninn Plc.	-	100%	1022 Budapest, Bég street 3-5.
Appeninn E-Office Asset Management Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn Project-EGRV Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn Project-MSKC Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn Property Asset Management Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Appeninn-Bp 1047 Zrt.	Appeninn Plc.	-	100%	1022 Budapest, Bég street 3-5.
Appen-Retail Ltd.	Appeninn Property Asset Management Ltd.	-	100%	1022 Budapest, Bég street 3-5.
Bertex Real Estate Distributor Ltd.	Appeninn Plc.	-	100%	1022 Budapest, Bég street 3-5.
Curlington Property Development Ltd.	Appeninn Plc.	-	100%	1022 Budapest, Bég street 3-5.
Felhévíz-Appen Ltd.	Appeninn Property Asset Management Ltd.	-	100%	1022 Budapest, Bég street 3-5.
Sectura Property Management Ltd.	Szent László téri Service House Ltd.	-	100%	1022 Budapest, Bég street 3-5.
Szent László téri Service House Ltd.	Appeninn Plc.	-	100%	1022 Budapest, Bég street 3-5.
Tunnel Investment Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Tidaholm Properties Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Kantrum Property Ltd.	Appeninn Plc.	100%	100%	1022 Budapest, Bég street 3-5.
Dounby SP. Z.O.O.	Appeninn Project-EGRV Ltd. /Appeninn Plc.	100%	100%	Ul. Ilzecka 26, Warsaw, Mazowieckie,
Leveron doo Beograd	Appeninn Project-EGRV Ltd.	100%	100%	Belgrade, Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070
Imanpa doo Beograd	Appeninn Project-EGRV Ltd.	100%	100%	Belgrade, Novi Beograd, Bulevar Milutina Milankovića 9Đ, 11070

The Group has majority control in its subsidiaries.

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

Name of the associated company	Parent company	Ownership and voting rights		Address
		2024	2023	
Wisniowy Management Sp. Z.o.o.	Dounby SP. Z.O.O.	50%	50%	Ul. Ilzecka 26, Warsaw, Mazowieckie,

Changes in the members of the Group in **2024**:

- On 1 January 2024, Appen-Retail Ltd. and Felhévíz-Appen Ltd. merged into Appeninn Property Vagyonkezelő Zrt. In the second half of 2024, the Group further streamlined its structure by merging Szent László téri Szolgáltatóház Ltd, Sectura Ingatlankezelő Ltd, Appeninn BLT Ltd, BERTEX Zrt, Appeninn-BP1047 Zrt and Curlington Ltd into Appeninn Property Vagyonkezelő Zrt.

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

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

2.4.1 Acquisitions and disposals of shares in 2023

Acquisition of Tidaholm Properties Ltd.

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

Information related to the acquisition of Tidaholm Properties Ltd:

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

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

Acquisition of Kantrum Property Ltd.

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

Information related to the acquisition of Kantrum Properties Ltd:

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

Acquisition of Dounby SP Z.o.o.

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

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

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

Sale of Solum-Invest Ltd.

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

Information related to the sale of Solum-Invest Ltd:

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

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

Notes to the Consolidated Comprehensive Income Statement

3. Turnover from property rental

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

Revenue was generated from the following activities:

Data in EUR	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Revenue from rental income	18.377.504	17.510.482
Operating revenue	4.749.185	1.977.453
Total	**23.126.689**	**19.487.935**

The Company has no contractual assets or contractual liabilities. Revenue from operating leases amounted to EUR 17,510,482 in 2023 and EUR 18,377,504 in 2024, while revenue from operating leases amounted to EUR 1,977,453 in 2023 and EUR 4,749,185 in 2024, which is revenue from customer contracts on a recurring basis

The Group's revenue is generally recurring revenue, does not include a financing component, and rental and operating costs are typically invoiced in advance.

Future minimum rental income for fixed-term leases is as follows at 31 December 2024:

Data in EUR	**Financial year ending 31.12.2024**	**Financial year ending 31.12.2023**
Within a year	10.087.360	14.373.388
Within 1-5 years	24.796.984	28.925.801
Over 5 years	15.948.872	15.120.404
Total	**50.833.216**	**58.419.593**

Presentation of turnover as a geographical breakdown:

Data in EUR	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Hungary	14.866.114	12.430.098
Poland	8.260.575	7.057.837
Total	**23.126.689**	**19.487.935**

4. Direct costs of letting a property

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Property management fees	(4.790.579)	(5.480.736)
Building tax, land tax	(1.030.607)	(865.392)
Repair and maintenance	(412.000)	(703.231)
Property insurance costs	(54.170)	(88.354)
Guarding, protection	(640.810)	(235.298)
Other operating costs	(297.342)	(113.544)
Total	**(7.225.507)**	**(7.486.555)**

5. Administrative costs

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Accounting service, audit fees	(193.965)	(261.773)
Bank charges	(37.141)	(52.122)
Lawyer, legal fees	(11.395)	(68.343)
Business consulting, PR	(31.510)	(64.644)
Property valuations and appraisals	(142.730)	(102.549)
Stock exchange fees for a public limited company	(32.519)	(20.039)
Information technology service	(20.761)	(20.955)
Telephone costs Internet charges	(4.188)	(14.347)
Public charges, fees	(5.198)	(3.481)
Office supplies, material costs	(562)	(1.808)
Other costs	-	(218.404)
Total	**(479.967)**	**(828.466)**

6. Expenditure on staff

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Salaries and wages	(246.756)	(233.826)
Charges	(33.373)	(31.981)
Other personal allowances	(7.750)	(9.519)
Total	**(287.879)**	**(275.326)**

Headcount data	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Average statistical number of employees (per capita)	**8,0**	**8,0**
Closing number (persons)	**8,0**	**8,0**
Of which:		
Appeninn Asset Management Holding Plc.	6	8
Appeninn-EGRV Ltd.	2	-

7. Other operating expenses and income

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

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Other revenue		
Default interest received	13.638	39.587
Reversal of impairment	27.424	26
Damage-related revenue	8.864	9.123
Liability write-off	203.770	48.794
Tidaholm Revenue related to the acquisition of assets	-	523.603
Appeninn-EGRV interest rate subsidy	18.284	-
Other revenue	-	23.150
	271.979	**644.283**
Other expenses		
Fines, penalties	(5.144)	(100.508)
Bad debt, impairment	(128.371)	(161.085)
Other	(142.205)	(226.222)
	(275.719)	**(487.815)**
Total other income/(expenditure)	**(3.740)**	**156.468**

8. Gains on sale of investment property

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Sale price of investment property	-	1.760.000
Derecognition of fair value of investment property	-	(1.402.407)
Total	**-**	**357.593**

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

9. Fair value result on Investment property

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

The Group has a fair value measurement of its properties prepared each year. The value determined by an independent valuer is consistent with the values reported in the financial statements. The valuations used for the valuation of investment properties were prepared for all properties by CBRE Ltd. (Bajcsy-Zsilinszky út 78. 1055 Budapest) and CBRE Poland, the independent expert appointed to perform the valuation, in 2024 and 2023. The real estate valuation company is a reputable company with appropriate professional qualifications and recent experience in the area and category of the investment property to be valued. The analysis prepared by the real estate valuer is as follows:

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

Evaluation methods:
The valuation has been prepared in accordance with the RICS (Royal Institution of Chartered Surveyors) Valuation Standards 2024 and 2023. In view of the way in which the properties are used, a method based on the calculation of yields (the so-called "Hardcore and Top slice" method) has been chosen for the valuation of the properties, with the market comparison method being used as a control method. The methodology divides the annual income from the property into 2 or more groups based on the assumed risks associated with each group. Thus, it typically distinguishes between the part of the income that is sustainable over the long term in line with market rents ('hardcore') and the part that is unlikely to be sustainable over the long term ('top slice'). The 'hardcore' income part is capitalised in the methodology with an all-risk-yield, while the income parts above this are capitalised with a higher risk-yield until the end of their term. Potential increases in rents and inflation risk are also implicitly taken into account by applying the all-risk-yield. The gross capital value is thus the sum of the hardcore and top slice capitalised returns. After deduction of transaction costs and any investment costs incurred for the property, the net capital value is the market value of the property.

The assumptions used in the yield-based valuations in 2024 and 2023 were average rent, market rent, occupancy and discount rate. These values are based on market observations, adjusted for the local situation of the property. Because of these corrections, all variables used are classified as 'level 3'.

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

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

Discount rates range from 7.00% to 10.00% for office properties and from 8.50% to 10.00% for industrial properties.
Of the inputs used in the DCF calculation, the most significant influence on the market value of a given property is the discount rate variables, along with inflation, costs and market rent, in terms of sensitivity analysis. An increase in the discount rate will decrease the value, while a change in the opposite direction will increase the value. For inflation, international projections were used, while for costs a significant increase was projected. For market rents, we have used the prevailing market rents for the property in question.

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

In the case of one property, there was a change of methodology compared to the previous year, mainly due to the choice of a methodology appropriate to the cash flows generated by the property (see Székesfehérvár property), as the yield-based approach is the dominant and relevant one given the retail shopping centre function of the property. There was no significant difference between the results of the two methodologies in 2023 and 2024.

Revaluation in 2024

Data in EUR	Fair value growth	Fair value reduction
1149 Budapest, Várna u. 12-14.		(343.000)
1047 Budapest, Schweidel street 3.		(260.000)
1023 Budapest, Bég u. 3-5.	225.747	
1022 Budapest, Bég u. 4. (Törökvész u. 30.)		(458.354)
1094 Budapest, Páva street 8.		(368.000)
1015 Budapest, Hattyú street 14.		(648.784)
1118 Budapest, Kelenhegyi út 43. (office)		(357.189)
1118 Budapest, Kelenhegyi út 43. (residential building)		(210.000)
1133 Budapest, Visegrádi u. 110-112.	62.684	
17 SPAR store		(24.188)
6000 Kecskemét, Kiskőrösi street 30.		(46.144)
1082 Budapest, Üllői út 48.	240.000	
1147 Budapest, Egyenes u. 4.	27.000	
1105 Budapest, Bánya street 20. (Szent László tér)		(470.000)
1023 Budapest, Felhévízi street 24.		(130.000)
1139 Budapest, Frangepán u. 19.		(520.000)
3525 Miskolc, Szűcs Sámuel street 5.		(180.000)
1013 Budapest, Pauler street 2.	30.000	
8000 Zalaegerszeg, Balatoni út 5-7.		(89.784)
8900 Székesfehérvár, Szent Flórián krt. 11.	234.824	
8000 Nagykanizsa, Táborhely u. 4.	803.201	
Wisniowy Business Park		(4.950.000)
Total changes in Fair value	**1.623.456**	**(9.055.443)**
Total exchange rate changes recognised in other comprehensive income (loss)		**9.314.377**
Total changes in fair value in profit or loss		**1.882.390**

Revaluation in 2023

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

2024									
Ssz.		**Type**	**Compare price**	**DCF model value**	**Year end value**	**Evaluation method**	**Rent EUR/m2/month,**	**Discount rate**	**Mortgage (real estate collateral)**
1	1149 Budapest, Várna u. 12-14.	office-factory	1 020 000	1 110 000	1 110 000	DCF model	2,71	9,00%	is
2	1047 Schweidel street 3.	warehouse	1 950 000	1 860 000	1 950 000	Comparative	1,54	9,00%	is
3	1094 Budapest, Páva u. 8.	Office	2 440 000	2 490 000	2 490 000	DCF model	8,68	8,75%	is
4	1147 Budapest, Egyenes u. 4.	workshop	750 000	750 000	750 000	DCF model	2,86	9,00%	is
5	1105 Budapest, Bánya street 20.	Mixed	1 670 000	1 370 000	1 370 000	DCF model	0,03	9,75%	none
6	1023 Budapest, Felhévízi u. 24.	Office	940 000	590 000	940 000	Compare		8,75%	is
7	1139 Budapest, Frangepán u. 19.	Office	2 200 000	1 760 000	1 760 000	DCF model		10,00%	is
	Properties held for sale				**10 370 000**				
1	1023 Budapest, Bég u. 3-5.	Office	8 780 000	9 530 000	9 530 000	DCF model	14,07	8,25%	is
2	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	Office	3 560 000	3 580 000	3 580 000	DCF model	11,05	8,25%	is
3	1015 Budapest, Hattyú street 14.	Office	8 410 000	8 150 000	8 150 000	DCF model	10,85	8,50%	is
4	1118 Budapest, Kelenhegyi út 43.	Office	2 840 000	3 120 000	3 120 000	DCF model	18,2	8,00%	is
5	1118 Budapest, Kelenhegyi út 43.	residential building	1 491 000	770 000	1 491 000	Comparative	9,71	7,00%	is
6	1133 Budapest, Visegrádi u. 110-112.	Office	3 380 000	4 320 000	4 320 000	DCF model	7,18	8,75%	is
7	17 SPAR store	commercial	19 490 000	19 651 000	19 651 000	direct capitalisation	5,32-13,07	7,25%-8,75%	is
8	6000 Kecskemét, Kiskőrösi street 30.	location	2 320 000	1 440 000	2 320 000	Comparative	1,31	9,00%	is
9	1082 Budapest, Üllői út 48.	Office	18 300 000	21 100 000	21 100 000	DCF model	16,34	8,00%	none
10	3525 Miskolc, Szűcs Sámuel u. 5.	casino	1 060 000	1 260 000	1 260 000	DCF model	20,33	9,00%	is
11	1013 Budapest, Pauler street 2.	Office	1 240 000	1 240 000	1 240 000	DCF model	19,41	8,25%	is
12	8000 Zalaegerszeg, Balatoni út 5-7.	commercial	17 010 000	15 290 000	15 290 000	DCF model	9,21	9,00%	is
13	8900 Székesfehérvár, Szent Flórián krt. 11.	commercial	13 500 000	13 750 000	13 750 000	DCF model	12,52	8,76%	is
14	8000 Nagykanizsa, Táborhely u. 4.	commercial	19 880 000	18 200 000	18 200 000	DCF model	9,79	9,53%	is
15	Wisniowy Business Park	commercial	44 920 000	44 920 000	44 920 000	DCF model	12-15	10,00%	is
	Investment property				**167 922 000**				
	Total				**178 292 000**				

Comparative data for 2023:

2023									Discount rate	Mortgage
Ssz.		Type	Compare price	DCF model value	Year end value	Evaluation method	Rent EUR/m2/month,			
1	1149 Budapest, Várna u. 12-14.	office-factory	1 760 000	1 453 000	1 453 000	DCF model	2,63		9,00%	is
2	1047 Schweidel street 3.	warehouse	2 210 000	1 330 000	2 210 000	Comparative	1,38		9,00%	is
3	1023 Budapest, Bég u. 3-5.	Office	7 350 000	9 263 000	9 263 000	DCF model	14,29		8,25%	is
4	1022 Budapest, Bég u. 4. (Törökvész u. 30.)	Office	3 010 000	3 420 000	3 420 000	DCF model	4,18		8,25%	is
5	1094 Budapest, Páva u. 8.	Office	2 858 000	2 851 000	2 858 000	Comparative	7,69		9,00%	is
6	1015 Budapest, Hattyú street 14.	Office	9 210 000	8 710 000	8 710 000	DCF model	11,64		8,50%	is
7	1118 Budapest, Kelenhegyi út 43.	Office	2 100 000	3 451 000	3 451 000	DCF model	16,67		8,00%	is
8	1118 Budapest, Kelenhegyi út 43.	resident	1 701 000	1 198 000	1 701 000	Comparative	7,96		7,00%	is
9	1133 Budapest, Visegrádi u. 110-112.	Office	3 360 000	4 250 000	4 250 000	DCF model	6,79		8,75%	is
10	17 SPAR store	commercial	20 715 000	19 669 000	19 669 000	direct capitalisation	5-13,07		7,5%-9,25%	is
11	6000 Kecskemét, Kiskőrösi street 30.	location	2 350 000	1 674 000	2 350 000	Comparative	0,86		9,00%	is
12	1082 Budapest, Üllői út 48.	Office	18 610 000	20 860 000	20 860 000	DCF model	14,87		7,75%	none
13	1147 Budapest, Egyenes u. 4.	workshop	790 000	723 000	723 000	DCF model	1,39		9,00%	is
14	1105 Budapest, Bánya street 20.	Mixed	2 190 000	1 665 000	1 665 000	DCF model	0,12		9,75%	none
15	1023 Budapest, Felhévízi u. 24.	Office	1 070 000	677 000	1 070 000	Comparative			9,00%	is
16	1139 Budapest, Frangepán u. 19.	Office	2 690 000	2 280 000	2 280 000	DCF model			10,00%	is
17	1105 Budapest, Bánya street E building	Office	260 000	175 000	175 000	DCF model			10,25%	none
18	3525 Miskolc, Szűcs Sámuel u. 5.	casino	1 080 000	1 440 000	1 440 000	DCF model	19,11		9,00%	is
19	1013 Budapest, Pauler street 2.	Office	1 120 000	1 210 000	1 210 000	DCF model	16,92		8,25%	is
20	8000 Zalaegerszeg, Balatoni út 5-7.	commercial	17 110 000	15 250 000	15 250 000	DCF model	8,96		9,00%	is
21	8900 Székesfehérvár, Szent Flórián krt. 11.	commercial	13 510 000	13 460 000	13 510 000	Comparative	11,2		8,75%	is
22	8000 Nagykanizsa, Táborhely u. 4.	commercial	20 100 000	17 200 000	17 200 000	DCF model	9,55		9,53%	none
23	Wisniowy Business Park	commercial	49 870 000	49 870 000	49 870 000	DCF model	12-15		10,00%	is
					184 588 000					

10. Depreciation and amortisation

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Depreciation of tangible fixed assets	(9.280)	(6.267)
Total	**(9.280)**	**(6.267)**

The depreciation of small-value assets was EUR 0 in 2024 and EUR 6,021 in 2023.

11. Other expenditure and income on financial operations

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Exchange rate gains	2.533.813	5.412.215
Exchange rate losses	(864.530)	(3.796.644)
IRS transaction exchange rate loss	(303.581)	-
Total	**1.365.702**	**1.615.571**

In 2024, the net realised exchange gain was EUR 670,271, in 2023 it was EUR 908,700.

12. Balance of interest income and expense

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Interest receivable		
Interest on deposits and interest-bearing deposits	1.372.919	3.070.744
Other interest receivable	-	23.068
	1.372.919	**3.093.812**
Interest expenditure		
Interest on bank loans	(2.060.820)	(1.504.252)
Interest on own issue bonds held in circulation	(1.756.587)	(1.817.524)
	(3.817.406)	**(3.321.776)**
Balance of interest income and expense	**(2.444.488)**	**(227.964)**

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Leasing interests	(5.206)	(12.905)
Leasing interests	**(5.206)**	**(12.905)**

13. Income taxes

Income tax related income and (expenses) consist of:

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Corporation tax	(340.239)	(924.206)
Deferred tax	-	6.331.283
Business tax	-	(224.789)
Total	**(340.239)**	**5.182.288**

The derivation of the tax was as follows:

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Profit before tax from continuing operations	15.918.714	14.753.108
Tax liability calculated at the current tax rate 9%	(1.432.684)	(1.327.780)
Different tax rate (Polish)	(111.011)	-
Business tax	-	(224.789)
Expected tax rate decrease (evolution of the REIT)	-	6.734.857
0% tax rate due to REIT	1.203,456	-
Total income taxes	**(340.239)**	**5.182.288**
Effective tax rate	**2,1%**	**0%**

In Hungary, the corporate tax rate is 9% and the local business tax rate 2%, while in Poland the corporate tax rate is 19% and the local tax rate is 0.5-2%. For Hungarian group members subject to the REIT, only income from affiliated companies not subject to the REIT is subject to tax. Of the Hungarian group members, only Appeninn Project-EGRV Ltd. is not subject to the REIT.

No deferred tax has been recognised as the group members subject to the REIT are tax exempt and no deferred tax is recognised in respect of the Polish real estate assets acquired in a non-business combination.

14. Result of discontinuing activity

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Result on the sale of Solum-Invest Ltd.	-	2.831.389
Total	**-**	**2.831.389**

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

15. Earnings per share

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

	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Profit after tax attributable to owners of the Company (EUR)	15.578.475	22.766.785
Weighted average number of ordinary shares in issue (number)	47.369.571	47.369.571
Earnings per share (basic) (in EUR cents)	**32,89**	**48,06**

Continuing activity:

	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Profit from continuing operations attributable to owners of the Company (EUR)	15.578.475	19.935.395
Weighted average number of ordinary shares outstanding (number)	47.369.571	47.369.571
Earnings per share from continuing operations (basic) (in EUR cents)	**32,89**	**42,08**

There are no factors in either 2024 or 2023 that would dilute earnings per share.

16. Net asset value per share

	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Net asset value (equity)	118.549.296	111.060.885
Number of ordinary shares at year end (number)	47.369.571	47.369.571
Net asset value per share (EUR)	**2,50**	**2,34**

Notes to the Consolidated Financial Statements

17. Investment properties

Changes in the opening and closing values of the Group's investment properties were as follows (see also note 9):

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Opening value	**184.588.000**	**108.080.799**
annual changes:		
Reclassification as held for sale:	**(10.370.000)**	**0**
1149 Budapest, Várna u. 12-14.	(1.110.000)	0
1047 Schweidel street 3.	(1.950.000)	0
1094 Budapest, Páva u. 8.	(2.490.000)	0
1147 Budapest, Egyenes u. 4.	(750.000)	0
1105 Budapest, Bánya street 20.	(1.370.000)	0
1023 Budapest, Felhévízi u. 24.	(940.000)	0
1139 Budapest, Frangepán u. 19.	(1.760.000)	0
Reclassified assets	**0**	**(570.799)**
Pasaréti right of use asset	0	(570.799)
Acquired real estate	**0**	**69.460.120**
8000 Zalaegerszeg, Balatoni út 5-7.	0	11.268.808
8900 Székesfehérvár, Szent Flórián krt. 11.	0	11.757.060
8000 Nagykanizsa, Táborhely u. 4.	0	10.891.187
Wisniowy Business Park	0	35.543.065
Change in Fair value	**(6.296.000)**	**7.617.880**
Of which:		
Capitalisations	1.135.987	2.045.738
Incentives to hire	-	(1.037.808)
Fair value increase	1.623.456	25.767.525
Fair value reduction	(9.055.443)	(19.157.576)
Total changes	***(16.666.000)***	***76.507.201***
Closing value	**167.922.000**	**184.588.000**

The effect of the increase and decrease in the market price related to continuing operations is recognised in total comprehensive income, of which a gain of EUR 4,636,925 in 2023 and a loss of EUR 9,314,377 in 2024 is recognised in other comprehensive income due to the effect of the revaluation to the presentation currency.

On 4 March 2024, the Group announced a mandate to sell properties owned by the Group's subsidiaries and to identify potential buyers, the fair value of which has been reclassified to the Assets held for sale balance sheet line (see note 18).

A breakdown of the change in the property portfolio by property compared to 31 December 2024 and 31 December 2023 is presented in the following tables:

	31 December 2023	**Acquisition and reclassification**	**Capitalisations**	**Incentive**	**Market price increase**	**Market price decrease**	**31 December 2024**
1149 Budapest, Várna u. 12-14.	1.453.000	(1.110.000)				(343.000)	-
1047 Schweidel street 3.	2.210.000	(1.950.000)				(260.000)	-
1023 Budapest, Bég u. 3-5.	9.263.000		41.253		225.747		9.530.000
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3.420.000		618.354			(458.354)	3.580.000
1094 Budapest, Páva u. 8.	2.858.000	(2.490.000)				(368.000)	-
1015 Budapest, Hattyú street 14.	8.710.000		88.784			(648.784)	8.150.000
1118 Budapest, Kelenhegyi út 43. (office)	3.451.000		26.189			(357.189)	3.120.000
1118 Budapest, Kelenhegyi út 43. (residential building)	1.701.000					(210.000)	1.491.000
1133 Budapest, Visegrádi u. 110-112.	4.250.000		7.316		62.684		4.320.000
17 SPAR store	19.669.000		6.188			(24.188)	19.651.000
6000 Kecskemét, Kiskőrösi street 30.	2.350.000		16.144			(46.144)	2.320.000
1082 Budapest, Üllői út 48.	20.860.000				240.000		21.100.000
1147 Budapest, Egyenes u. 4.	723.000	(750.000)			27.000		-
1105 Budapest, Bánya street 20.	1.840.000	(1.370.000)				(470.000)	-
1023 Budapest, Felhévízi u. 24.	1.070.000	(940.000)				(130.000)	-
1139 Budapest, Frangepán u. 19.	2.280.000	(1.760.000)				(520.000)	-
3525 Miskolc, Szűcs Sámuel u. 5.	1.440.000					(180.000)	1.260.000
1013 Budapest, Pauler street 2.	1.210.000				30.000		1.240.000
8000 Zalaegerszeg, Balatoni út 5-7.	15.250.000		129.784			(89.784)	15.290.000
8900 Székesfehérvár, Szent Flórián krt. 11.	13.510.000		5.176		234.824		13.750.000
8000 Nagykanizsa, Táborhely u. 4.	17.200.000		196.799		803.201		18.200.000
Wisniowy Business Park	49.870.000					(4.950.000)	44.920.000
Total	**184.588.000**	**(10.370.000)**	**1.135.987**	**-**	**1.623.456**	**(9.055.443)**	**167.922.000**

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

	31 December 2022	**Acquisition and reclassification**	**Capitalisations**	**Incentive**	**Market price increase**	**Market price decrease**	**31 December 2023**
1149 Budapest, Várna u. 12-14.	2.000.000					(547.000)	1.453.000
1047 Schweidel street 3.	2.500.000					(290.000)	2.210.000
1023 Budapest, Bég u. 3-5.	11.300.000					(2.037.000)	9.263.000
1022 Budapest, Bég u. 4. (Törökvész u. 30.)	3.900.000					(480.000)	3.420.000
1094 Budapest, Páva u. 8.	5.200.000					(2.342.000)	2.858.000
1015 Budapest, Hattyú street 14.	14.500.000					(5.790.000)	8.710.000
1118 Budapest, Kelenhegyi út 43. (office)	3.149.000				302.000		3.451.000
1118 Budapest, Kelenhegyi út 43. (residential building)	1.551.000				150.000		1.701.000
1133 Budapest, Visegrádi u. 110-112.	4.900.000					(650.000)	4.250.000
17 SPAR store	21.950.000		502.225	(571.649)		(2.211.576)	19.669.000
6000 Kecskemét, Kiskőrösi street 30.	2.800.000					(450.000)	2.350.000
1082 Budapest, Üllői út 48.	22.300.000					(1.440.000)	20.860.000
Rental property on Pasaréti road	570.799	(570.799)					-
1147 Budapest, Egyenes u. 4.	700.000				23.000		723.000
1105 Budapest, Bánya street 20.	2.100.000					(435.000)	1.665.000
1023 Budapest, Felhévízi u. 24.	1.500.000					(430.000)	1.070.000
1139 Budapest, Frangepán u. 19.	2.500.000					(220.000	2.280.000
1105 Budapest, Bánya street	260.000					(85.000)	175.000
3525 Miskolc, Szűcs Sámuel u. 5.	2.600.000					(1.160.000)	1.440.000
1013 Budapest, Pauler street 2.	1.800.000					(590.000)	1.210.000
8000 Zalaegerszeg, Balatoni út 5-7.	-	11.268.808	55.177		3.926.015		15.250.000
8900 Székesfehérvár, Szent Flórián krt. 11.	-	11.757.061			1.752.939		13.510.000
8000 Nagykanizsa, Táborhely u. 4.	-	10.891.187	678.937		5.629.876		17.200.000
Wisniowy Business Park	-	35.543.065	809.399	(466.159)	13.983.695		49.870.000
Total	**108.080.799**	**68.889.322**	**2.045.738**	**(1.037.808)**	**25.767.525**	**(19.157.576)**	**184.588.000**

18. Assets held for sale

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

- Office premises and garage parking spaces located at 24 Felhévízi street, Budapest II. district;
- Farm building and adjacent land plot located at Schweidel József street 3./Attila street 146, Budapest, District IV;
- Office and service building located in Budapest IX. district, Páva street 8./Lilom street 11;
- Business, industrial and commercial building complex located at 20 Bánya street, Budapest X. district;
- Office building located at 19 Frangepán street, Budapest XIII. district;
- Budapest XIV. district, Egyenes street 4. located factory building and related land plot;
- Office, commercial and warehouse buildings located at 12-14 Várna Street, Budapest XIV. district.

The properties held for sale comply with IFRS 5, which states that the assets are held for sale and are expected to be sold within 12 months and are ready for sale in their present condition. At the balance sheet date, the assets have all the necessary conditions to be sold and it is foreseeable that they will be sold.

The valuation of the above properties is presented in note 9.

19. Tangible assets

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

Data in EUR	Total
Gross value	
31 December 2022	**75.762**
Growth and reclassification	8.249
Reduction and reclassification	
31 December 2023	**84.011**
Growth and reclassification	6.425
Reduction and reclassification	(20.064)
31 December 2024	**70.372**
Accumulated depreciation	
31 December 2022	**48.149**
Annual description	8.451
Decrease	
31 December 2023	**56.600**
Annual description	9.280
Decrease	(20.064)
31 December 2024	**45.816**
Net book value	
31 December 2022	**27.613**
31 December 2023	**27.411**
31 December 2024	**24.556**

The gross value of the assets written down to zero is EUR 15,762 at 31 December 2023 and EUR 0 at 31 December 2024. No impairment has been recognised for tangible fixed assets. The Group has no intangible assets.

20. Participations in associated enterprises

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
50% stake in Wisniowy Management Sp. Z.o.o.	7.979	7.590
Total	**7.979**	**7.590**

21. Receivables beyond one year

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Restricted funds - Hungary	1.838.384	454.774
Total	**1.838.384**	**454.774**

22. Trade receivables

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Gross value of trade receivables	2.408.618	2.934.516
Opening balance for impairment	(89.497)	(43.445)
Impairment recognised in the period	(128.371)	(46.052)
Impairment losses recognised in the period	27.424	-
Impairment of derecognised subsidiary	-	-
Closing balance of customer impairments	(190.444)	(89.497)
Total net trade receivables	**2.218.174**	**2.845.019**

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

23. Other current receivables

Data in EUR	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Balance of tax receivables (VAT, local taxes)	533.130	331.849
Advances granted	59.345	239.792
Lease receivables	-	307.353
Other loans granted	9	-
Restricted funds	337.975	-
Other	84.189	90.508
Total	**1.014.648**	**969.502**

24. Accrued income and prepaid expenses

Data in EUR	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Accrual of unbilled rental income receivable	1.098.561	1.296.117
Accrual of invoiced costs not included in the current period	175.654	123.228
Total	**1.274.215**	**1.419.345**

25. Income tax assets and liabilities

Data in EUR	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Income tax receivables	8.257	16.712
Income tax liabilities	178.180	542.399

26. Cash and cash equivalents

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Petty cash HUF	673	992
Bank account money HUF	550.768	419.823
Bank account money EUR and PLN	28.840.585	1.005.540
Short-term bank deposit	17.612.579	18.936.420
Total	**47.004.605**	**20.362.775**

A short-term bank deposit is a deposit with a maturity of 1 month. The Group has no undrawn credit as at 31 December 2024 and 2023.

The Group's cash and cash equivalents increased significantly in 2024 as a result of loans taken out by subsidiaries. The Group holds its funds in banks with credit ratings B1 and A2 (Moody's).

27. Share capital

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

Appeninn Plc share data	
face value	100
currency	HUF
ISIN code	HU0000102132
place of traffic maintenance	Budapest Stock Exchange Ltd. share section
Issue date:	2 July 2010
share register management	Appeninn Plc. Board of Directors, 1022 Budapest, Bég street 3-5.
Number of shares outstanding at 31.12.2024 (number)	47.371.419
Number of shares outstanding at 31.12.2023 (number)	47.371.419

Share capital	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Ordinary shares issued and paid by holders at par value:		
Opening value at 1 January (EUR)	**15.217.006**	**15.217.006**
Closing share capital at 31 December (EUR):	**15.217.006**	**15.217.006**
Number of shares issued with a nominal value of HUF 100 (pcs):		
Opening value (pieces)	47.371.419	47.371.419
Issues (pieces)	-	-
Closing value (pieces)	47.371.419	47.371.419
Presentation currency conversions:		
HUF-EUR exchange rates:		
Average calculated market value of the opening share capital:	311,32	311,32
Release	-	-
Average closing share capital price	311,32	311,32
Value of share capital in the currency in which the company is registered (thousand HUF)		
Opening value on 1 January:	4.737.142	4.737.142
Release	-	-
Closing value at 31 December:	4.737.142	4.737.142

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

28. Treasury shares repurchased

	for the financial year ending 31.12.2024		**for the financial year ending 31.12.2023**	
	EUR	**Piece**	**EUR**	**Piece**
Opening value	1.171	1.848	1.171	1.848
Purchase of own shares				
Sale of own shares				
Closing value	**1.171**	**1.848**	**1.171**	**1.848**

29. Capital reserve

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Asian equity issue opening value	25.645.230	25.645.230
Closing value	**25.645.230**	**25.645.230**

30. Translation reserve

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Opening value	**(12.529.413)**	**(16.238.045)**
annual changes:		
Other comprehensive income for the year	(8.090.066)	3.708.632
Reclassification	-	-
Divestments related to the sale of subsidiaries	-	-
Closing value	**(20.619.479)**	**(12.529.413)**

31. Retained earnings

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Opening value	**82.729.235**	**59.962.450**
annual changes:		
Result for the year	15.578.475	22.766.785
Transaction with non-controlling interest while retaining control	0	0
Closing value	**98.307.710**	**82.729.235**

32. Non-controlling interest

The balance of the non-controlling interest in 2023 relates to Solum-Invest Ltd.

Data in EUR	**for the financial year ending 31.12.2024**	**for the financial year ending 31.12.2023**
Opening value	**-**	**(1.334.558)**
annual changes:		
Acquisition of new subsidiaries		
Reclassification		
Profit for the current year		
Other income for the year		
Sale of subsidiaries		1.334.558
Closing value	**-**	**-**

33. Long and short-term loans and leases

Leasing

Data in EUR	**Minimum value of lease payments**		**Present value of lease payments**	
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**
Due within one year	45.292	271.749	45.235	266.730
Due in two to five years	0	45.292	0	45.235
Details overdue after five years	0	0	0	0
	45.292	**317.041**	**45.235**	**311.965**
Financing cost	(57)	(5.076)		
Present value	**45.235**	**311.965**		**311.965**

Presented as a liability in the balance sheet:		
Short-term lease liabilities	0	266.730
Long-term lease liabilities	45.235	45.235
	45.235	**311.965**

The lease obligation matures on 16 March 2025, denominated in euros. The related asset has been derecognised for subleasing. The Group recognises interest expense on the lease liabilities using the effective interest method. The Group has no short-term, low value leases.

Long and short-term loans

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

Appeninn-EGRV loan
In 2024 Appeninn-EGRV Ltd. took out a loan of EUR 15,000,000 at a fixed interest rate of 3%. The loan matures on 30 June 2034, with quarterly repayments and interest payments. The principal amount payable at the end of the term of the loan is EUR 4,477,696. In determining the market interest rate and the cost value, the Group has taken into account the bid prices paid by independent market participants, the present value of the cash flows payable under the contract discounted at the market interest rate thus determined is lower than the funds actually raised in the issue. The difference, as an interest subsidy, has been accrued by the Company and will be released as government grant over the life of the loan using the effective interest method. The carrying amount of the long-term debt liability plus interest subsidy differs from its carrying amount because of the significant effect of discounting. The loan was taken out under the Baross Gábor Re-industrialisation Loan Programme. Given that the Group carries its financial liabilities at amortised cost, the subsidy difference has been allocated in the balance sheet to accrued expenses and deferred income of approximately EUR 1,241,280 and EUR 215,275 to accrued expenses and deferred income during the year.

Kantrum Properties loan
In March 2024 Kantrum Properties Ltd. borrowed a loan of EUR 7,300,000. The interest rate on the loan is EURIBOR + 2.5%. The Group has entered into an IRS (Interest Rate Swap) transaction for 70% of the interest on the loan, fixing the base rate at 2.85%. The remaining 30% remained on a EURIBOR basis.
The Group has an interest rate swap with a 5-year maturity, under which it exchanges the floating interest rate (EURIBOR) for a fixed rate. Details of the transaction:

- Transaction: loan denominated in EUR
- IRS transaction maturity: 5 years
- Transaction type: interest rate swap (IRS)
- Details: the company is exchanging a floating rate (EURIBOR-based) liability for a fixed rate liability.
- Interest rates:
    - Fixed interest: 2,85 %
    - Variable interest: 3 months EURIBOR + 2.5%

Financial assets and liabilities related to interest rate swaps are recorded at fair value. The fair value of IRS transactions is updated by the Group on an ongoing basis based on current market interest rates and other relevant factors.
The Group has measured the derivative at fair value with a liability balance of EUR 135,721 at 31 December 2024, which has been recognised in profit or loss. The fair value of interest rate swaps is determined by calculating the present value of the future cash flows associated with the transaction.

Details of the loans are presented in the table below:

Funders	Primary debtor company	Maturity within one year 31.12.2024 EUR	Maturity beyond 31.12.2024 EUR	31.12.2023 Maturity within one year EUR	Maturity beyond 31.12.2023 EUR	Financing currency	Interest margin	Original Expiry date	Insurance
Magyar Takarékszövetkezeti Bank Zrt.	Appeninn-Bp 1047 Zrt.	-	-	42.808	462.781	EU	1 month EURIBOR + 3.5%	2033.04.30.	Lien on real estate in 1st rank; Prohibition of alienation and encumbrance; Lien on receivables on proceeds from the use of the collateral property; Collection right on debtor's bank accounts with other banks; Pledge agreement to create a lien on receivables; Bailment on rental income; 3-month DSRA on blocked account; - Exclusive account turnover
MFB-Erste syndicated loan	Appeninn E-Office Zrt.	1.097.420	21.811.832	1.065.634	22.902.127	EUR	Fixed 2.95% until 15.09.2029, afterwards 3 months EURIBOR + 2.65% (at least 2% per year)	2041.06.15.	Mortgage on real estate; Eminent domain; Mortgage on right and claim; Bailment on rental income; DSRA charging on blocked account; - Exclusive account turnover, Right to purchase real estate
Takarékbank Zrt.	Tidaholm Properties Ltd.	892.735	9.834.217	932.886	10.853.403	HUF	2,5%	2035.08.18.	Mortgages on real estate; Eminent domain; Mortgages on rights and claims; Bailment on rental income; DSRA replenishment of blocked account; - Exclusive account turnover
K&H Bank	Kantrum Properties Ltd.	278.482	6.744.404	-	-	EUR	EURIBOR + 2.5%	2033.12.31.	Mortgages on real estate; Eminent domain; Mortgages on rights and claims; Bailment on rental income; DSRA replenishment on blocked account; - Exclusive account turnover
MBH Bank	Appeninn-EGRV Ltd.	772.835	12.575.786	-	-	EUR	3%	2034.06.30.	Mortgages on real estate; Eminent domain; Mortgages on rights and claims; Bailment on rental income; DSRA replenishment on blocked account; - Exclusive account turnover
Total bank loans		**3.041.472**	**50.966.239**	**2.041.328**	**34.218.311**				
Total lease liabilities		45.235	-	266.730	45.235				
Total balance sheet value		**3.086.707**	**50.966.239**	**2.308.058**	**34.263.546**				

Deferred income - based on purchase price allocation - Tidaholm Properties Ltd.	Tidaholm Properties Ltd.	-	1.623.108	-	1.777.689	HUF	2,5%	2035.08.18.	
Deferred income - State aid, Appeninn-EGRV Ltd.	Appeninn-EGRV Ltd.	215.275	1.241.280	-	-	EUR	3%	2034.06.30	
		215.275	**2.864.388**						

34. Debt securities issued by own issuers

On 22 November 2019, the Company issued EUR 60,510,710 (eFt 20,000,000) HUF bonds through the Growth Bond Programme launched by the National Bank of Hungary, which were subscribed at a premium in the amount of EUR 327,100 (108,113 thousand HUF). The consideration for the bond was paid to the Company. The maturity date of the bond is 22 November 2029, when the principal amount of the bond is payable in one lump sum of 20,000,000 thousand HUF. Interest on the bond is payable at a fixed rate of 3.5% per annum. The bond is recorded at amortized cost with an effective interest rate of 3.459%.

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Bond debt	48.769.782	52.249.334
Bond premium	278.736	313.766
Total bond liabilities	**49.048.518**	**52.563.100**

35. Deposits paid by tenants

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Open at	2.785.574	1.300.579
New rental event	611.613	413.144
Purchased liabilities with new subsidiaries	-	1.168.709
Reclassification to short-term	(931.538)	-
Items charged on termination of tenancies	(609.913)	(96.858)
Closing value	**1.855.736**	**2.785.574**

36. Other current liabilities

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Deferred considerations	571.300	612.061
Untaken holidays	11.954	5.213
Short-term tenant deposits	1.322.824	107.778
Closing value	**1.906.078**	**725.052**

37. Supplier's obligations

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Liabilities to suppliers	**823.607**	**1.218.472**
According to the due date:		
0-30 days	762.177	1.109.514
31-60 days	3.342	2.240
61-90 days	137	42.405
91-180 days	2.111	-
181-360 days	2.822	32.339
361- days	53.018	31.974
Closing value	**823.607**	**1.218.472**

38. Tax and duty obligations

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
VAT liability	123.882	182.712
Building tax liability	-	2.146
Wage-related taxes and contributions	5.184	2.968
Other taxes, duties and charges	173.281	261.494
Closing value	**302.347**	**449.320**

39. Accruals and deferred income

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Accrual of costs and expenses	1.379.259	1.651.645
Deferred income	507.188	1.345.386
EGRV loan interest subsidy (see point 34)	215.275	-
Closing value	**2.101.722**	**2.997.031**

40. Transactions with related parties

Through a company owned by a member of the Board of Directors, the Group used legal services of EUR 43,979 in 2024 and EUR 35,084 in 2023. Transactions with the operating company owned by a significant influence person amounted to EUR 1,984,763 in 2024 and EUR 1,437,618 in 2023. At 31 December 2024, there was a liability of EUR 7,805 to the operating company owned by a significant influence person. The payment terms of transactions with related parties are similar to those with unrelated parties and are invoiced on a contractual basis with monthly invoicing.

Remuneration of key managers

The members of the Board of Directors received a remuneration of 200 thousand HUF/person in both 2024 and 2023. The Company has no contracts with the executive officers that would create future obligations for the Company by changing their contracts.

	2024 (in thousand HUF)	2023 (in thousand HUF)
Board members' fees (2 persons) - for 11 months	2.200	-
Board members' fees (3 persons) - 12 months	2.400	-
Fees of members of the Management Board (5 persons	-	2.400
Audit Committee members' fees (3 persons)	-	-

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

Benefits for key senior and middle management

Data in EUR	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
Wages and other wage-type payments	105.731	97.958

41. Segment information

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

- Office rental service
- commercial property rental services
- logistics
- other segment

Consolidated income statement by segment for 2024

for the financial year ending 31.12.2024	**Office rental**	**Retail**	**Logistics**	**Total**
EUR				
Income from the rental of immovable property	14.932.765	7.745.477	448.447	23.126.689
Direct costs of letting a property	(5.514.836)	(1.408.263)	(302.408)	(7.225.507)
Gross margin	**9.417.929**	**6.337.214**	**146.039**	**15.901.182**
Result of property revaluation	**5.603.390**	**1.262.000**	**(4.983.000)**	**1.882.390**
Income producing properties	**97.451.000**	**66.891.000**	**3.580.000**	**167.922.000**
Assets held for sale	**6.300.000**	**-**	**4.070.000**	**10.370.000**
Capex/ renovation costs	**781.896**	**337.946**	**16.144**	**1.135.986**

Consolidated income statement by segment for 2023

for the financial year ending 31.12.2023	**Office rental**	**Retail**	**Logistics**	**Total**
EUR				
Income from the rental of immovable property	12.297.745	4.439.227	2.750.963	19.487.935
Direct costs of letting a property	(6.262.078)	(867.285)	(357.192)	(7.486.555)
Gross margin	**6.035.667**	**3.571.942**	**2.393.771**	**12.001.380**
Result of property revaluation	**(2.798.230)**	**9.097.254**	**(4.326.000)**	**1.973.024**
Income producing properties	**110.396.000**	**65.629.000**	**8.563.000**	**184.588.000**
Capex/ renovation costs	**809.399**	**1.247.853**	**-**	**2.057.252**

42. Financial instruments

Financial instruments include trade receivables, loans granted and cash and cash equivalents, as well as borrowings, loans, liabilities arising from bonds issued, receivables and liabilities arising from derivative transactions and trade payables.

31 December 2024	**Book value**	**Fair value**
Financial instruments		
Carried at amortised cost		
loans and receivables		
Trade receivables	2.218.174	2.218.174
Loans granted	9	9
Cash and cash equivalents	47.004.605	47.004.605
Financial liabilities		
Carried at amortised cost		
Liabilities		
Long-term loans	50.966.239	43.496.029
Bond obligation	49.048.518	35.877.329
Short-term loans and borrowings	3.086.707	3.086.707
Supplier's obligations	823.607	823.607
Fair value through profit or loss		
Derivative liability	135.721	135.721

31 December 2023	**Book value**	**Fair value**
Financial instruments		
Carried at amortised cost		
loans and receivables		
Trade receivables	2.845.019	2.845.019
Cash and cash equivalents	20.362.775	20.362.775
Financial liabilities		
Carried at amortised cost		
Liabilities		
Long-term loans	34.263.546	30.852.899
Bond obligation	50.283.324	38.437.050
Short-term loans and borrowings	2.308.058	2.308.058
Supplier's obligations	1.218.472	1.218.472

The fair value of financial instruments measured at amortised cost approximates their carrying amount in both years, except for the bond liability. The fair value was determined in both years at fair value corresponding to level 3. In the calculation of the fair value of the bond liability, the forint risk-free yield curve has been supplemented by a risk premium for Appeninn. The risk premium is not an observable parameter.

43. Risk management

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

The Group is exposed to the following financial risks:

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

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

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

43.1 Capital Markets

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

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

Regulated real estate investment trusts have strict rules on the level of leverage to ensure financial stability. Companies are required to ensure that their total liabilities do not exceed 70% of their assets, with a maximum debt ratio of 70%. Furthermore, companies must have appropriate risk management mechanisms in place to avoid excessive indebtedness.

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

43.2 Credit risk

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

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Group's maximum exposure to credit risk at 31 December 2024 and 31 December 2023.

Maximum claim exposure	for the financial year ending 31.12.2024	for the financial year ending 31.12.2023
	EUR	EUR
Trade receivables	2.218.174	2.845.019
Other current receivables	1.014.648	662.149
Accruals	1.274.215	1.419.345
Cash and cash equivalents	47.004.605	20.362.775
	51.511.642	**25.289.288**

The Group's exposure to credit risk has increased compared to the previous year, mainly as a result of an increase in cash and cash equivalents, and Group considers the credit risk of its financial instruments to be low. See also note 26.

43.3 Market risk

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

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

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

The sensitivity of the Company's balance sheet to changes in EUR- HUF is presented based on the amount of exposure. The EUR value underlying the change in the 2024 balance sheet was EUR 145.8 million and the EUR value underlying the change in the 2023 balance sheet was EUR 162.7 million. The analysis was performed for a shift of 0.5-1%. The Company's exposure to a 1% shift in the foreign currency translation rate is EUR 1,458 thousand in 2024 and EUR 1,627 thousand in 2023.

43.4 Business risk

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

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

43.5 Interest rate risk

The Group manages the uncertainties arising from interest rate risk through derivatives. To hedge interest rate risk, the Group has entered into interest rate swaps (IRS) to reduce the interest rate risk arising from floating rate debt. The purpose of the transaction is to mitigate the risk of interest rate movements and increase the predictability of the company's financial liabilities. The valuation models and methods used to determine the fair value of the derivative transaction are selected and applied in accordance with IFRS 13 (Fair Value Measurement). The valuation of the IRS transaction is in accordance with IFRS 13 Level 2.

43.6 Liquidity risk

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

On April 5, 2024, Scope Ratings published the results of its review of the rating of the Company and its bonds "APPENINN 2029/I" issued under the Central Bank's Growth Bond Programme. In the release, Scope affirmed the Company's 'B+/Stable' credit rating and the bond's 'B+' rating.

If the rating of the bond falls below "B+", the Company is obliged to repay the nominal value of the bonds plus accrued interest.

The maturity structure of the financial liabilities contracted and actually payable (undiscounted) is summarised in the table below for 31 December 2024 and 2023:

31.12.2024	due within 1 year	Due in 2-5 years	Overdue after 5 years	Total
Financial liabilities				
Loans and leases	4.616.588	24.553.554	45.212.275	74.382.417
Bond debt	1.706.942	5.120.827	48.769.782	55.597.551
Deposits paid by tenants		1.855.736		1.855.736
Other current liabilities	1.906.078			1.906.078
Liabilities to suppliers	823.607			823.607
Passive accruals	2.101.722			2.101.722
Derivative liability	135.721			135.721
Financial liabilities	11.290.658	31.530.117	93.982.057	136.802.832

31.12.2023	due within 1 year	Due in 2-5 years	Overdue after 5 years	Total
Financial liabilities				
Loans and leases	3.253.105	16.561.057	34.869.384	54.683.547
Bond debt	1.828.727	7.314.907	54.078.061	63.221.695
Deposits paid by tenants		2.785.574		2.785.574
Other current liabilities	725.052			725.052
Liabilities to suppliers	1.218.472			1.218.472
Passive accruals	2.997.031			2.997.031
Financial liabilities	10.022.387	26.661.538	88.947.445	125.631.370

44. Changes in liabilities related to financing activities

	1 January 2024	Currency flows	Exchange rate changes and reclassification	Inclusion of a subsidiary	31 December 2024
Short-term bank loans and leasing liabilities	2.308.058	(2.308.058)	3.086.707		3.086.707
Bank loans and leasing liabilities long	34.263.546	12.895.652	6.671.429		53.830.627
Bond debts	52.563.100	(1.771.614)	(1.742.968)		49.048.518
Total	**89.134.704**	**8.815.980**	**8.015.168**	**0**	**105.965.852**

	1 January 2023	Currency flows	Exchange rate changes and reclassification	Inclusion of a subsidiary	31 December 20234
Short-term bank loans and leasing liabilities	1.331.856	(2.943.092)	2.986.408	932.886	2.308.058
Bank loans and leasing liabilities long	24.780.123		(1.369.980)	10.853.403	34.263.546
Bond debts	50.283.324	(1.832.701)	4.112.477		52.563.100
Total	**76.395.303**	**(4.775.793)**	**5.728.905**	**11.786.289**	**89.134.704**

45. Contingent liabilities

The Group has not recognised any other contingent liabilities as at 31 December 2024.

46. Events after the balance sheet date

On 21 January 2025, the Company established a project company under Act CII of 2011 on Regulated Real Estate Investment Companies.

On 12 March 2025, the Company acquired a project company subject to Act CII of 2011 on Regulated Real Estate Investment Companies. The subsidiary has no real estate assets.

Management has not identified any significant impact or risk that would affect the valuation of assets or liabilities or have a material effect on operations. Management has not identified any event or risk related to the war in Russia and Ukraine that would have a material effect on the measurement of assets or liabilities or the ability to continue as a going concern or the applicability of this principle. Management continuously monitors the potential impact of inflationary increases and as a result, leases are indexed annually to the rate of inflation determined.

There were no other material events after the reporting date.

47. Information on the preparation of the consolidated accounts

The consolidated financial statements for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, have been prepared on the basis of the individual accounting data i under the Hungarian Accounting Act. The name and registration number of the accountant responsible for the Hungarian accounting service is Éva Kecskeméthy (registration number 192714).

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

48. Audit of consolidated accounts, auditor's fees

The company and the auditor responsible for auditing the Group are elected by the General Meeting of the Company. The auditor appointed by the Group's General Meeting to audit the 2024 management accounts:

- Ernst & Young Audit Ltd (auditor in person: János Varga) , registration number: 007319

Remuneration of the auditor:

- The individual annual accounts of Appeninn Plc, prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in accordance with IFRS, and the consolidated IFRS accounts of Appeninn Plc and its subsidiaries are audited for a fee of EUR 107,210 + VAT.

Other assurance services, tax advisory services and non-audit services were provided to the Group by the auditors for an amount of EUR 12,300.

49. Authorisation of financial statements for issue

The Board of Directors of Appeninn Asset Management Holding Plc. approved the consolidated financial statements of the Group for the year 2024, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, at its meeting of 1 April 2025. The Group's Board of Directors has approved the issuance of these consolidated financial statements of the Group, but the Annual General Meeting of Shareholders, which is entitled to approve the financial statements, may accept or reject the financial statements.

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

Budapest, 1 April 2025

Chairman of the Board of Directors

Statements

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

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

Budapest, 1 April 2025

Chairman of the Board of Directors