



**Proposal to the Ordinary General Meeting
relating to Agenda Item 1 "Report of the Board of Directors on the Company's operations in
the business year of 2015 – the management, the Company's financial standing and business
policy", as well as Agenda Item 2, 3, 4**

Substantial elements of the report of the Board of Directors in connection with Agenda Item 1–4 of the General Meeting:

In the business year of 2015, as a holding company for asset-management PannErgy Plc continued to act via its subsidiaries to implement its strategy formerly announced primarily for the utilization of geothermal energies. As a result, the subsidiaries operated the existing facilities at a steady technical level, and at the same time managed the investments in progress. At the end of 2015, the Geothermal Project of Győr was opened, and consequently two significant and quality customers could be added to our district heat generation operations: Győr-Szol Ltd, the district heat supplier of the Municipality of Győr and AUDI Hungaria Motor Ltd. The Company is still in search of opportunities to exploit its currently available capacities for secondary heat utilization to the largest possible extent. To this end, the marketing of secondary heat has already been started in Miskolc, though in rather small quantities in comparison with the primary heat volumes. In Győr, it is primarily the business operators located along PannErgy's heat transmission lines that we want to connect to our system.

Concerning the results of the work of the Board of Directors, as well as the operation of PannErgy Plc and PannErgy Group, the Company prepared and published reports in conformance to the Hungarian accounting regulations and IFRS, and in the associated period released a number of public disclosures that were essential to judge and evaluate the Group's performance and the activities of the Board of Directors.

IFRS-based consolidated profit after taxes in the year under review was HUF 78 171 000 profit with the balance sheet total being HUF 26 818 777 000.

The profit according to the balance sheet under the Hungarian accounting regulations was HUF 177 572 000 profit with the balance sheet total being HUF 13 657 778 000.

The Company publishes extraordinary and other information in view of material issues concerning the shareholders, and such disclosures can be accessed on the website of the Company and Budapest Stock Exchange.

The Audit Committee operated at the Company has reviewed the Company's statements and the auditor's reports, as well as the financial reporting processes existing at the Company, and judged them to be acceptable.

With respect to the expected investment demand of the expansion of the geothermal business line, the sustenance of the high-level financial and operating stability, no dividend payment has been proposed.

This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.