

# STRATEGIC PRESENTATION AND BUSINESS PLAN

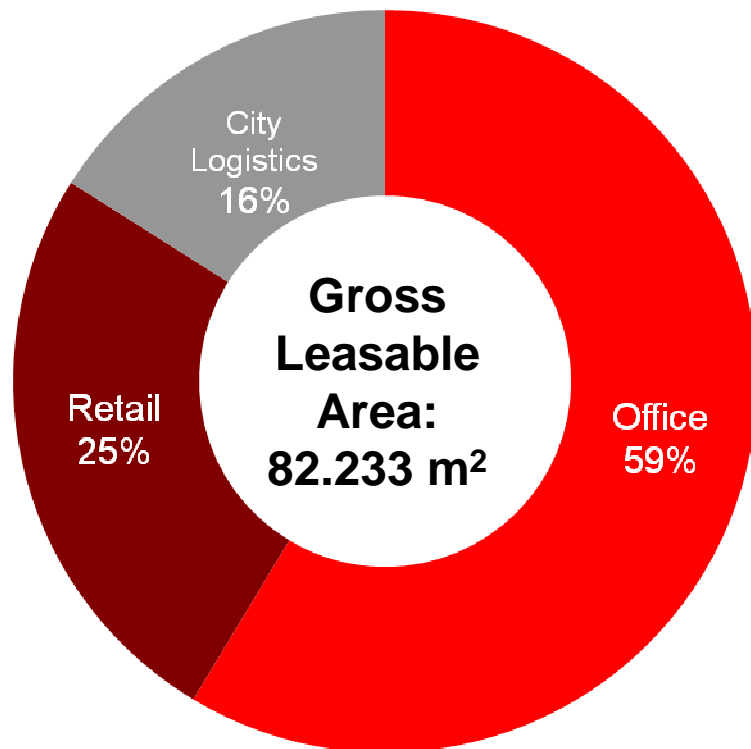


Appeninn  
Holding

# PORTFOLIO OVERVIEW

Appeninn is the most dynamically growing real estate company in Hungary

## Current Portfolio Overview



## Main statistics

- The gross asset value of the portfolio €101.2 million which includes 39 commercial properties
- Over eight years of experience in the real estate market in Budapest
- The 15 largest tenants represent 80% of the annual turnover and with the exception of the two main tenants (SPAR and Takarékbank), none of our tenants have a share in excess of 5% of the total Company revenue
- The Company's WAULT with respect to our 15 largest tenants is 5.4 years
- The Company's property appraiser is JLL

## Our 15 Largest Tenants



# INVESTMENT CONSIDERATIONS

Vision: Appenninn is the commercial real estate investor with the biggest growth potential in Hungary and in Central and Eastern Europe

1. As a part of the KONZUM Group, the Company has been able to leverage benefits in exploiting its market potential, identifying and realising acquisitions, and achieving significant growth due to synergies at group level.
2. Key sources of shareholder value creation include asset purchases below market price, accessing above market yields, as well as benefitting from highly favourable financing resources.
3. Strong growth potential in the category "A" office market in Budapest and in the Hungarian retail market through acquisitions and developments.
4. Dynamically expanding commercial real estate portfolio which provides significant yield and stable cash-flows.
5. Positive market dynamics in Budapest with office yields significantly exceeding the Western European levels, coupled with the favourable economic environment providing additional growth potential.

# GROWTH STRATEGY

Dynamic growth and development fuelled by new acquisitions and future developments



## Property Purchases

- Growth potential in acquisition opportunities previously unavailable to Appeninn and in price negotiations due to the support by KONZUM-OPUS Group (e.g. FHB headquarters, properties in Andrásy út and SPAR portfolio)
- The Company is planning to purchase category "A" office buildings with a total GLA of 69k sqm at a 10% yield in the next 2 or 3 years
- Cooperation with investment partners in larger, regional acquisition opportunities
- The financing mix includes own resources, loans and capital increase

## Development Potential

- Strong development opportunities for Appeninn on the office and retail markets
- To benefit from the expected growth in retail sales Appeninn has significant growth plans: Development of 80 to 100 retail units in Hungary and in the CEE region at a yield of 8.5 to 9.0% in the next five years, and their sale at a yield of 6.5 to 7.0%
- Development of category "A" offices of over 35k sqm in the next five years in Budapest
- Development potential in the existing property portfolio: over 23k sqm development potential (Kecskemét and Budapest 12th district, Normafa út)

## Synergies with KONZUM / OPUS Group

- We expect that our current tenants' mix will shift towards premium clients and fill potential vacancies with Group companies benefiting from synergies within the KONZUM-OPUS Group
- Significant experience in the purchase of vacant offices or offices with a low occupancy rate
- Low-cost loan financing due to the size of the Group and to the financing positive environment expected to remain favourable

# CURRENT PROPERTY PORTFOLIO

Following the contribution of the FHB headquarters and the property at Andrásy út 59, as well as with the purchase of the SPAR portfolio, the Company's gross asset value has significantly increased since December 2017

Portfolio	Type	Gross Asset Value (€)	GLA (m <sup>2</sup> )	Occupancy (%)	Yield (%)
<b>Office</b>					
1082 Budapest, Üllői út 48.	Office	15,400,000	8,145	100%	8.5%
1015 Budapest, Hattyú u. 14.	Office	14,500,000	7,815	98%	7.5%
1022 Budapest, Bég u. 3-5.	Office	12,200,000	6,017	100%	7.5%
1062 Budapest, Andrásy 59.	Office	7,000,000	2,000	100%	6.5%
1118 Budapest, Kelenhegyi út 43.	Office	6,100,000	1,845	100%	8.3%
1133 Budapest, Visegrádi utca 110-112.	Office	5,100,000	3,350	100%	7.7%
1094 Budapest, Páva utca 8. (Liliom u. 11.)	Office	4,700,000	3,628	98%	8.3%
1139 Budapest, Frangepán u. 19.	Office	2,900,000	3,153	100%	8.5%
1062 Budapest, Andrásy 105.	Office	2,800,000	1,516	100%	7.5%
1102 Budapest, Szent László tér 20.	Office	1,900,000	6,050	95%	9.0%
1149 Budapest, Várna u. 12-14.	Office	1,750,000	2,707	95%	8.0%
1023 Budapest, Felhévizi út 24.	Office	1,100,000	732	100%	8.3%
1105 Budapest, Bánya u. (Szent László u. 20.)	Office	340,000	631	5%	9.0%
Total		<b>75,790,000</b>	<b>47,589</b>		
<b>City Logistics</b>					
6000 Kecskemét, Kiskőrösi út 30.	City-Logistics	3,100,000	5,783	5%	11.5%
1047 Budapest, Schweidel utca 3.	City-Logistics	2,300,000	4,495	100%	9.3%
1144 Budapest, Egyenes utca 4.	City-Logistics	1,100,000	1,446	100%	9.3%
2051 Biatorbágy, Vendel Park, Tormásrét u. 2.	City-Logistics	900,000	1,273	100%	8.5%
Total		<b>7,400,000</b>	<b>12,997</b>		
<b>Retail</b>					
18 db SPAR kiskereskedelmi egység	retail SPAR	14,500,000	18,259	100%	12.0%
1044 Budapest, Váci út 76-80.	retail autósport	2,100,000	2,330	78%	8.0%
Total		<b>16,600,000</b>	<b>20,589</b>		
<b>Developmet Area</b>					
1120 Budapest, Normafa út 14.					
Total		<b>1,400,000</b>	<b>1,058</b>	-	-
<b>TOTAL</b>		<b>101,190,000</b>	<b>82,233</b>		

# APPENINN'S CURRENT OFFICE MARKET PIPELINE

Office	Location	GLA	Type	Yield (%)	Date
<b>Office</b>					
Project A	Budapest	15k m2	Purchase	10.0%	2018
Project B	Budapest	27k m2	Purchase	10.0%	2018/2019
Project C	Budapest	30k m2	Purchase	9.5%	2018/2019
Project D	CEE	45k m2	Purchase	10.5%	2018/2019
Project E	Budapest	27k m2	Development	6.5%	2020/2021
Project F	Budapest	35k m2	Development	7.0%	2022
Project G	Budapest	52k m2	Development	6.5%	2022/2023

# 5-YEAR OUTLOOK

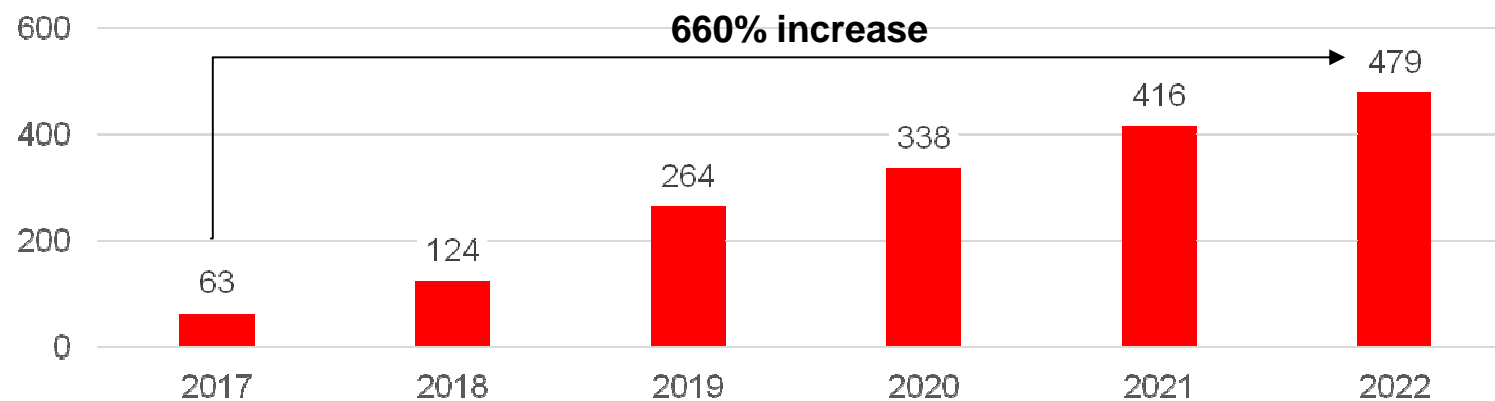
## Property portfolio

- The current pro forma gross asset value of Appeninn is €101.2 million including the impact of the SPAR portfolio purchase and the capital increases
- The Company aims to dynamically increase the gross asset value through the purchase and development of offices and retail units

### Gross Leasable Area (sq. m)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Existing portfolio	53,829	52,749	52,749	52,749	52,749	52,749
Budapest. Üllői út 48.	-	8,145	8,145	8,145	8,145	8,145
Budapest. Andrásy út 59.	-	2,000	2,000	2,000	2,000	2,000
Spar Portfolio	-	15,059	15,059	15,059	15,059	15,059
Purchase of new offices	-	-	42,000	54,000	69,000	69,000
Development of new offices	-	-	-	-	-	35,000
New retail developments	-	10,000	30,000	40,000	50,000	60,000
<b>Total</b>	<b>53,829</b>	<b>87,953</b>	<b>149,953</b>	<b>171,953</b>	<b>196,953</b>	<b>241,953</b>

### Gross Asset Value / Area (million EUR)

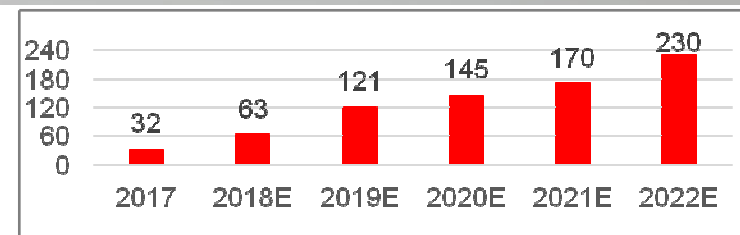


# 5-YEAR OUTLOOK

## Financial data and the Company's forecast financials for the next five years

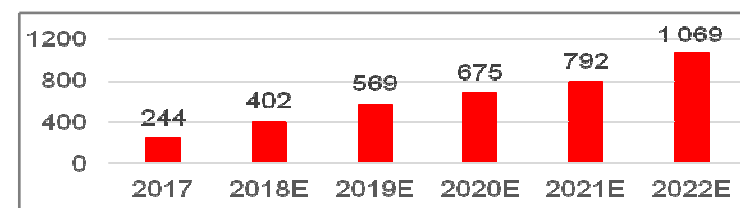
### Net Asset Value (EUR million)

- Appeninn intends to reach a sixfold increase in the net asset value of the Company in the five years
- The Company expects to have a positive financing environment and a further 3% increase in the value of the properties



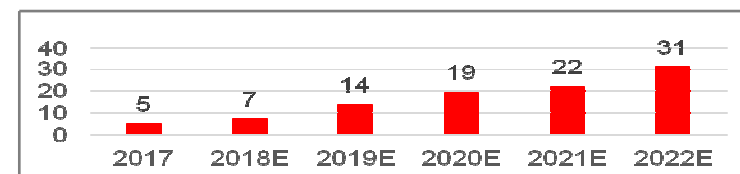
### Net Asset Value per Share (HUF)

- The Company forecasts a net asset value per share exceeding HUF 1,000 by the end of the 5 year period
- In case of contribution or capital increase the Company issues new shares at the current stock exchange rate



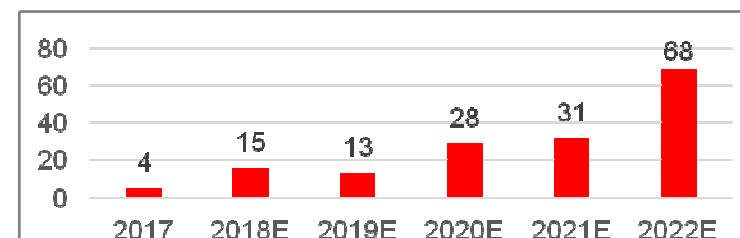
### Revenues from Letting (EUR million)

- In addition to the rents produced by the existing property portfolio, the properties to be purchased and the retail developments will generate a significant income



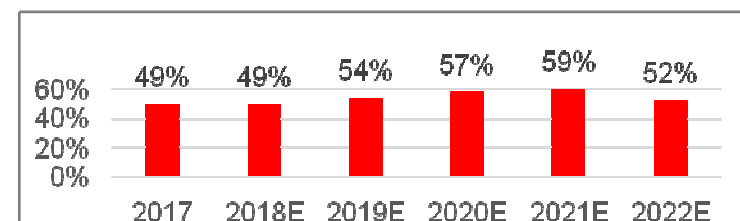
### EBITDA (EUR million)

- In addition to increased income from lettings, it is expected that the EBITDA will significantly increase between 2020 and 2022 due to the profit from the sale of the retail development properties, and to the increase in the value of the completed development



### Financing / LTV

- The Company forecasts keep the Loan to value level below 60%
- The Business Plan assumes a capital increase of EUR 50 million within the framework of contribution or additional external capital





# 5-YEAR OUTLOOK

## Dividend policy

- The main pillar of Appeninn's strategy is the development of a property portfolio generating a high yield and stable cash-flows (including developments and acquisitions) in the next years, which will provide the basis for the dividend payment by the Company.
- In the 2018 and 2019 financial years, Appeninn will focus on dynamic growth, however, based on the current growth targets, the investments requirements, as well as the Company's financing needs, it is expected that the Company will be able to pay dividends to its shareholders from 2020 onwards.

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