



KONZUM PE Private Equity Fund  
Represented by: KONZUM Befektetési Alapkezelő Zrt.  
1062 Budapest, Andrásy u. 59.

## **Independent Expert's Report**

### **related to the contribution in kind of BLT Group Zrt.**

#### **Background**

A KONZUM PE Private Equity Fund (hereinafter referred to as „KONZUM PE”, „Client”) has an intent to contribute its business quota in BLT Group Zrt (hereinafter referred to as „BLT”, „Company”) as contribution in kind into KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaságba (hereinafter referred to as „KONZUM Nyrt.”) (hereinafter referred to as „Transaction”).

With regard to the transaction, KONZUM PE requested PricewaterhouseCoopers Magyarország Kft. (hereinafter referred to Pwc) to determine the value of the non-financial capital contributions (contribution in kind) related to the business quota to be contributed, and prepare the relevant independent expert's report (hereinafter referred to as “Expert's Report”).

Accordingly, we prepared our Expert's Report on the increase of capital by way of non-financial pecuniary contribution (contribution in kind) in KONZUM Nyrt., planned by KONZUM PE, in consideration of the Resolution of the Board of Directors 1/2018 (03.07.) of KONZUM Nyrt.

#### **The performed job and the relevant facts**

During the preparation of the Expert's Report, we performed the task specified below:

- Market-based valuation of 100% of the equity of BLT Group Zrt. using the net asset value methodology, including the valuation of business using the income-based methodology related to the subsidiaries, namely BALATONTOURIST Kft., a BALATONTOURIST CAMPING Kft., a Balatontourist Füred Club Camping Kft. (hereinafter referred to as „Balatontourist Group”).

The cut-off date of the valuation was 31 August 2018. We exclusively took into consideration the information, which were known and available at the time of the



valuation. Information, which became available subsequent to the cut-off point, and their possible effect on the value are not included in the valuation.

Until the date of issue of this Independent Expert's Report, we had not been informed of any matter or case, which would have had a material effect on the financial statements related to the period ending on 31 August 2018, and the information made available to us in connection with the same, or caused or would have brought about a material, favourable or unfavourable change to the financial situation, plans or activities of the Company.

When preparing our Independent Expert's Report, we used the information related to the existing macroeconomic, market, financial and effective regulatory environment. Our valuation is only related to the cut-off date of the valuation. Our assignment does not include any obligation related to further updates of the Expert's Report.

The primary information basis of the valuation was made up of the information provided to us by BLT Group Zrt. and Balatontourist Group, mostly including economic data, information related to previous periods, business plans and other documents made accessible to us as well as the interviews made with the management of KONZUM PE, BLT Group Zrt and Balatontourist Group (hereinafter referred to as "Management"). With regard to the data and information made available to us, we did not perform any examination related to audit, applicable to the practice of audit, and we did not investigate the authenticity of the data; we assumed that the provided data and information were precise and comprehensive.

### **Introduction of BLT Group Zrt.**

BLT Group Zrt. has been operating since 2016. Its main activity is property management.

Subsequent to the increase of capital in 2018, the Company has been owned by Konzum Management Kft. and Gellért Jászai in a 40-60% rate.

BALATONTOURIST Kft., BALATONTOURIST CAMPING Kft., and Balatontourist Füred Club Camping Kft. also belongs to the holding.

- At present, BALATONTOURIST Kft. rents Révfülöp Camping and Balatonberény Camping from the local governments. The former is operated by the same, while the latter is operated by a subcontractor, Zalak Kemping Kft.
- BALATONTOURIST CAMPING Kft. was founded in 2014. Its main activity is also the operation of campings. The Company operates campings in Balatonakali, Keszthely, Balatonszemes and Zalakaros as a part of the Balatontourist Group. The latter is operated by an external operator.



- Balatontourist Füred Club Camping Kft. was established for the purpose of the operation of Balatonfüred Camping. Operation started in 2016.

## **The methodology of business valuation**

### Business valuation methodologies

Based on international standards, we differentiate between three fundamental valuation methods: income-based, market comparison based and asset-based valuation methodologies. The selection of the appropriate methodology for the determination of real market value is in all cases subject to the character of the examined company and the circumstances related to the certain situation.

When using, the *income-based methodology*, the cash flow related to the operation of the businesses is examined, the same is discounted with the appropriate capital cost, and this is how the value of the business is determined. The method is based on the company's long-term business plan.

When using the *market valuation approach*, that is valuation based on comparable businesses, valuation is made based on a financial or operational parameter of the company. According to the market comparison approach, the market value of the company's equity is determined based on the data of comparable companies, the business activity, composition of revenues and economic environment of which are similar to the valued company.

When using the *net asset-based method*, the value of the equity of the valued company is specified by the determination of the market value of assets and liabilities. The methodology is based on the revaluation and total sum of certain elements of the balance sheet. Based on the method, the market value of 100% of the equity can be estimated from the difference of the market value of assets and liabilities.

### Selected business valuation method

With regard to the character of the activity of BLT Group Zrt. (property management activity), we performed the business valuation of the Company using the net asset-based valuation method, during which the market value of the equity of BLT Group Zrt is determined by the revaluation of the assets and liabilities to market value. The methodology is based on the revaluation and total sum of certain elements of the balance sheet. Based on the method, the market value of 100% of the equity can be estimated from the difference of the market value of assets and liabilities.

The valuation of the business quota owned by BLT Group Zrt., namely BALATONTOURIST Kft., BALATONTOURIST CAMPING Kft. as well as Balatontourist Füred Club Camping, with regard to the actual activity, continuous



operation and incomes of the examined companies, was performed using the income-based method, namely the discount cash flow (“DCF”) methodology. In accordance with the DCF method, the business value of a company is determined by the amount of finances expected from the same in the future. The method is a net present value calculation, in the scope of which, we transform future free finances with the capital cost expressing the time value and risk of the amount.

### Valuation criteria

During our work, we performed the valuation based on the below criteria:

- Definition of market value: Fair market value can be defined as a price, agreed by a well-informed seller, with the intent and not the constraint of selling and a well-informed buyer, with the intent and not the constraint of buying on a not limited, free market, under reasonable circumstances, both parties acting in their own business interests, and being appropriately informed about the market circumstances, the financial situation and future prospects of the company in question.
- Assumption of continuous operation: We assumed that the Company would perform its activities as planned, complete its projects in progress, and start operating them alongside its already operating assets – with the purpose, efficiency and usefulness specified in their business plans.

### **Introduction of the main value drivers influencing the value of the Company**

The starting point of the income-based valuation of the subsidiaries of BLT Group Zrt. was given by the 2018-2027 business plan of the Companies, which we reviewed as necessary based on market expectations. Introduction of the main value drivers influencing the value of the Company:

- In the present operating concept, the operation and success of Companies are influenced by the term of the operating agreements related to the campings, the size and standard of supporting projects as well as the profitability levels expected from the utilization of the campings at present.
- The long-term efficiency of operation is largely dependent on the present condition of the campings and the future strategic directions of the Company; the Company started the preparation of a comprehensive camping development concept in order to upkeep them on the long run, widen the scope of services and increase the level of quality. The source and timing of potential



development concepts are still in progress, thus the effects on operation were taken into account subject to this.

### **Limitations**

This Expert's Report was prepared in accordance with the relevant laws and regulations, for KONZUM PE, as Client. The Expert's Report can only be used for the purpose specified in our agreement and named in the Expert's Report. The Expert's Report can be published in accordance with the relevant Hungarian laws and regulations. The publication, summary and disclosure of or any reference to the Expert's Report in any other form, but as specified above shall be approved by PwC in advance.

Unless otherwise expressly provided by any mandatory law or regulation, PwC shall not take any responsibility to third persons for possible damages or obligations arising from the use of the Report or any information specified in the Report.

Decisions based on the Report shall be made in consideration of our Report and other analysis independent from our work as well as other available information.

PwC shall take responsibility for any decision, the failure of a planned transaction, or the unfavourable consequences arising from the transactions, with special attention to the financial and other consequences arising from the fact that subsequent to the performance of a transaction or as a result of the failure of a transaction any of the persons concerned do not receive the expected benefit.

The management of KONZUM PE is responsible for making a suggestion at its own discretion related to the conditions of the Transaction. The Independent Expert's Report, and the relevant supporting processes do not aim at the provision of an exclusive basis for any decision related to the Transaction. Accordingly, it cannot be used for the replacement of other examinations and procedures, which the parties participating in the Transaction should perform when specifying the conditions of the Transaction.

The used information was gathered by PwC from several and, in certain cases, publically available sources and the Management of the Company to which the valuation is related. We did not review, examine or have a third party examine the available data, nor did we perform an audit in compliance with the audit standards, or give legal or tax advice.

We do not take responsibility for the validity or the examination of the financial data received from the Management, or the publically available sectoral information or information related to other companies. We assume that the financial and other information provided to us by the Management are valid and comprehensive. We also assume that all significant (actual or contingent) obligations related to the operation of the Company in question are included in the financial statements. We accepted the



statement of the Management, according to which they are not aware of any fact, which would question the validity, reliability or comprehensiveness of such financial and other information.

We would like to raise the attention to the fact that the financial forecasts applied during our valuation are based on expectations and business assumption related to the future. Due to the insecurity related to the forecasts, there may be significant differences between the finances to be actually realized in the future and the finances forecasted for the same period.

With regard to the forecasts, tendencies and financial processes provided by the Management, we had the assumption that the information used for the preparation of such forecasts were reasonable and reflect the most probable forecasts and expectations of the Management with regard to the Company's course of business. Upon the estimation of the business value, we assumed that there would not be any significant changes in the future in the management of the Company.

The valuation, due to its nature, cannot be regarded as standardized and exact science, and the conclusions drawn by the analyst partly comprise of subjective value judgements and decisions, thus there is no one single and indisputable value.

During the preparation of the valuation, we did not perform an examination at the legal title related to the property owned directly or indirectly by KONZUM PE or the obligations related to the same. Our analysis assumes that the owner's claim is valid, the ownership rights are appropriate and marketable and there are no restrictions, which could not be settled by way of a simple process.

All conclusions, results and facts, included in the Report are based on the facts, expectable events and value judgements that became available on or shortly after the cut-off date.

The Expert's Report does not include the possible effects of events and circumstances, which occurred subsequent to the date of the Expert's Opinion, or information, which became available after such date.

## **Independence**

PwC is independent from the Client, the Target Company, KONZUM Nyrt, as well as the management and owners of these companies.

The content of the Report is independent from the amount of the fee, and the fact of the fee is not dependent on the achievement of any kind of predetermined result of the analysis. The analysis and its conclusions reflect the professional standpoints of PwC.



### **The result of the valuation**

Based on the performed valuation, the real market value of 100% of the equity of BLT Group Zrt. is HUF 977,290,000 as at the cut-off date of 31 August 2018. If the new shares to be issued during the actual capital increase are issued at the issue value specified by the Resolution of the Board of Directors 1/2018 (03.07.) of KONZUM Nyrt, that is HUF 314.1/share (with regard to the amendment of the structure of ordinary shares specified in Resolution of the Board of Directors 4/2018 (06.14.) of KONZUM Nyrt (break-up at the rate of 1/10), then as the countervalue - as contribution in kind - of 100% of the business quota owned in BLT Group Zrt, parity is achieved between the value of the capital increase and the value of the contribution in kind by the issue of 3,111,397 shares.

Budapest, 19 November 2018

Yours sincerely,

Dr. Csaba Polacsek  
Business Partner  
PricewaterhouseCoopers Magyarország Kft.