

PRESS RELEASE

Growing profit and effectiveness at Appeninn

Budapest, 25 May 2016 – In the first quarter of this year, Appeninn Nyrt., a property investment managing company listed at the Budapest Stock Exchange could considerably improve its effectiveness and profitability by recording EUR 254,000 profit before taxes. The Company's goal is to drive growth based on the opportunities to secure funding that are offered by the Hungarian stock exchange in an effort to double the size of the managed property portfolio.

Listed in the Premium category of the Budapest Stock Exchange, Appeninn Nyrt's profit before taxes in the first quarter of 2016 increased to EUR 254,000 (+5.8%), whereas its profit after taxes grew to EUR 229,000 following a EUR 83,000 figure last year. Such steady operations and the improved profit could be achieved by the Company primarily by bettering its operating efficiency and substantially reducing the interest burdens shouldered by the Company. The utilization rate of the properties handled by Appeninn Group as a property investment manager continues to be outstandingly high, over 95 percent, which is significantly over the market average.

The interest expenses paid by the Company were moderated by a considerable 38 percent in the first quarter of the current year. The underlying reason for the decrease was that at the end of last year Appeninn converted the last tranche of its Swiss Franc-denominated loan to a EUR-based facility after it entered into a EUR 5.5 million loan agreement for the refinancing of its project loan, to which the principal owners of the Company – in addition to the Company's EUR 1.5 million own funds – furnished EUR 1.5 million own contribution, partly in the framework of the Company's bond issue closed in September last year. The credit restructuring decreased the overall volume of the Company's bank credits by EUR 6.5 million, due to which the Company's debt service will be at least EUR 650,000 lower this year. In the light of the figures for the first quarter of the year, the Board of Directors sticks to the plan to pay dividends on this year's profit at Appeninn.

For 2016, the Company is planning further dynamic growth, the acquisition of properties and property-managing projects (companies) in order to enhance its profit-generating capabilities. Gábor Székely, Appeninn Nyrt's Chief Operating Officer opines that the broadening of the property portfolio will continue to focus on the creation of shareholder value. The Company's goal is to find grounds for new acquisitions and growth with reliance on opportunities to secure funding that are offered by the capital market, owing to which Appeninn may be capable of even doubling the size of the managed property portfolio. Appeninn's management has confident hopes in the Budapest Stock Exchange's new strategy where one of the key targets, i.e. the encouragement of the financing of business entities by the means that are available at the stock exchange, coincides with Appeninn's own plans. The Company's Chief Operating Officer also thinks that the prosperity of the stock exchange and the growth of the investors will also attract the attention of investors to companies that promise access to investments connected with the property market via the stock exchange.

In the first half of the year, Appeninn's Board of Directors is focusing on the identification and preparation of projects yielding further growth, as well as the continuation of the optimization of the Company's capital structure. In this context, the Company's subscribed capital was increased by HUF 330 million after the closing of the first quarter, sourced from the bonds issued by Appeninn last year in an amount of EUR 900,000, as well as two new properties, as a consequence of which the Company's equity capital rose by HUF 693 million.

Company information

Listed in the Premium category of the Budapest Stock Exchange, Appenninn Vagyonkezelő Holding Nyrt. is one of Hungary's most dynamically growing property investment companies. The Company founded at the end of 2009 focuses on such niche market segments where favourably priced assets promising high earnings-generating potentials can be acquired for investment purposes. This target area includes –among others –category B office buildings, as well as the segment of industrial and logistics properties. Appenninn Holding has to goal to become a holding company that represents traditional, conservative business policy and readily definable asset-based values through the continuous expansion of the Company's real-estate property portfolio. The aggregate property area owned by the Company in and beyond Budapest exceeds 55,000 square meters.

The Group closed the business year of 2015 with property rent revenues adding up to EUR 4.6 million and EUR 1.2 million profit after taxes.

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