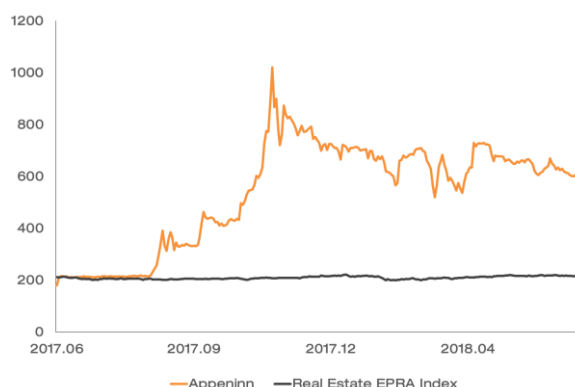


Appeninn

Recommendation: Accumulate

Target price 12M: HUF 743

EUR ths	2017	F2018	F2019
Gross rental Income (GRI)	4,933	6,672	16,002
Clean EBITDA	2,906	4,001	10,610
EBIT	4,403	3,998	10,602
Profit	2,549	2,026	6,014
FFO1	1,728	2,030	6,022
EBITDA margin [%]	65	65	65
Debt	35,446	59,046	133,109
EPS	19.32	8.58	25.47
GLA growth	0%	63%	70%



Share price close as of 04/07/2018	HUF 620	Bloomberg	APPENINN HB
Number of shares [million]	47,4	Reuters	
Market capitalization [HUF mn/EUR mn]	24,9 / 75	Free float	42%
Daily turnover 12M [EUR th]	104	52 week range	HUF 442-1,170

To infinity and beyond?

- We initiate a coverage of Appeninn (or “the company”) and set our 12M ex dividend Target Price (TP) of HUF 743, implying a ca 20% upside potential from the current share price. With its new strategic shareholder (Konzum Group), Appeninn could become the region fastest growing real estate company. According to the company’s business plan, the management expects a revenue of CAGR 44% and EBITDA CAGR of 88% by 2022 that we deem is achievable.
- Appeninn looks to be a good proxy to benefit from growth in the Hungarian real estate market. We believe that placing trust in the ability of Appeninn’s management find undervalued real estate assets and then enhance significantly the quality of these assets should pay off.
- As for valuation, Appeninn seems expensive compare to regional peers (P/BV: 1.6 vs. peers P/BV 0.9), but peers clearly do not offer as much growth potential as Appeninn does. We note that figuring out Appeninn’s relative performance is ferociously problematic. It undoubtedly depends on which other companies are included in comparison. We suggest that investor’s investors should pay attention to growth and to returns on employed capital and whether Appeninn can achieve its growth objectives.
- There are five main factors that we think will drive Appeninn’s equity value in the future, These are 1) how fast the company could increase the occupancy ratio of the office assets they are planning to purchase; 2), EBITDA margin – it is hard to see how it will evolve after the Gross Asset Value (GAV) will quadruple; 3), leverage; 4) how many numbers of new shares they need to issue in order to secure funds for acquiring the office assets (if any fund raising is implemented in a framework of issuing new shares at all) 5) developments in the average monthly rent / sqm rate for newly purchased offices.

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To address these questions we ran numerous sensitivity analysis and scenario analysis. And we conducted sensitivity analyses based on each of them.

- We are reasonably confident that if the growth holds where it is and Appninn has the ability to manage risks and adjust to changes in the economic (yield) environment our TP can easily materialize. In our best case scenario our TP is: HUF 857; in the base case HUF 743; and last but not the least in our worst case it is HUF 520. Since Appeninn is considered as a growth story, the range of potential TP outcomes is relatively wide, compared to a simple dividend stock.

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Investment case:

- We acknowledge that Appeninn could become one of the fastest growing real estate companies in the CEE region, with a ca. 56% CAGR FFO expected in the next four years. In our view, the main question is to what extent Appeninn could exploit the synergies that Konzum could offer going ahead. We believe Appeninn has the ability to conduct value added office investments, leveraging its synergies with its principal stakeholder, Konzum Group, that may add a cumulative valuation gain of ca. EUR 60 million to its equity value during the next four years should it be able to purchase real estate assets at a 10% yield and then improve the tenat mix and occupancy ratios, which should result in higher valuation for those assets (lower yield ca. 6.5%- 7.5%)
- Gross Leasable Areas (GLA) is expected to grow at a fast pace implying a ca. 35% CAGR by 2022, which no doubt would be one of a kind in the CEE region.
- Another pillar of Appeninn's growth story will be developing 90,000 sqm of single tenant retail units across Hungary, out of which two thirds is expected to remain in the portfolio, conceivably allowing the company to generate strong top line growth.
- Out of these growth opportunities less than 50% are priced in on our estimate. Consequently, we believe Appeninn is a unique investment opportunity.
- In our view, if Appeninn could grow 50% in terms of GAV in less than half a year, it has a good chance to fulfill its strategic goals. GAV stood at EUR 72 million at the end of 2017, while it was EUR 102 million five months later – *Appenin indicated in their strategic presentation*).
- Next momentum investor should keep an eye on is the capital increase – Appeninn requires ca. EUR 50 million capital injection in order to carry out its investment plan. Therefore the share price the capital increase will be conducted is pivotal since it determines the dilution effect. In our earning model, we assumed that Appeninn will be able to raise capital at HUF 600 per share, and the number of shares will increase to 73.2m from the current 47.4m. We would like to highlight that any difference from this share price obviously affects our Target Price.

Macroeconomic environment

Real yields on the rise in the euro zone

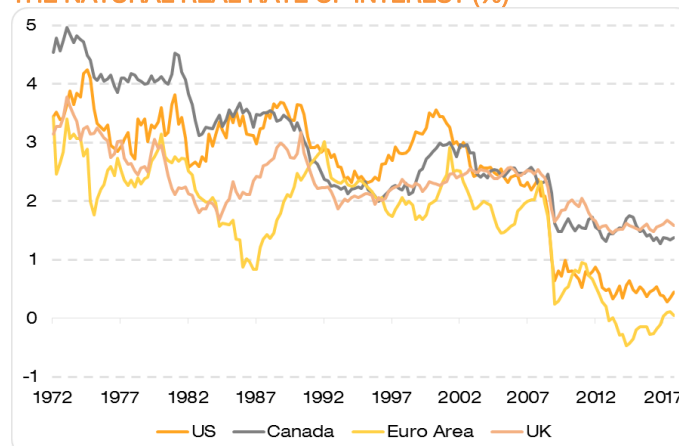
The setting for the euro zone yield environment – naturally significant for the real estate market – is changing. We see the outlook for economic growth as being benign. Short-term conjuncture indicators – namely PMIs and indicators of consumer mood – reflect a broad-based consensus of positive growth rates to come, albeit at a somewhat moderate rate – at least for the near future. Fiscal policies indicate no headwinds to the extension of the current growth rates. While risks abound – especially trade disputes with the US and the opacity regarding the new government in Italy – the most probable scenario remains the continuation of economic growth.

Monetary policy decisions lately have indicated a planned end to the years-long ultra-easy policy of the ECB. The forecasted gradual termination of the QE program could meaningfully contribute to the evaporation of impediments to the rise of core euro zone yields, as the expected move could reduce liquidity on the market.

Yields in the euro zone core have been very closely correlated after the disappearance of the sovereign debt crisis that had threatened a breakup of the monetary union. The historically low level of yields – currently between 0.3 and 1% in the core economies – mask both a low inflation compensation as well as a negative real yield. While the former is an understandable consequence of the moderate inflation environment (which has

picked up somewhat recently), the negative real yields pose a challenge to comprehend. Growth has been picking up lately, thus a recessionary forecast of the low real yields is not warranted on this front (forward-looking real compensation in German yields hovers at around -1.5%).

THE NATURAL REAL RATE OF INTEREST (%)



Source: https://www.frbsf.org/economic-research/files/Holston_Laubach_Williams_estimates.xlsx

The natural real rate of interest – i.e., the real rate consistent with a stable price level in the economy – has been trending downwards in the euro zone (and in the vast majority of developed economies), primarily on the back of declining trend economic growth. Also, global excess savings seem to be persistent, with the primary reason for investment demand remaining depressed. The large savings surplus of the euro zone provides a downward pressure on global yields, consistent with Ben Bernanke’s savings glut hypothesis.

We are of the view that market yields have been depressed on top of the decline in the natural rate by the liquidity impact of the European Central Bank’s QE programme. Our base scenario is for euro sovereign yields to rise in parallel with the dialing down of QE intensity, though the rise in yields could be capped by the aforementioned trend decline in the natural real rate.

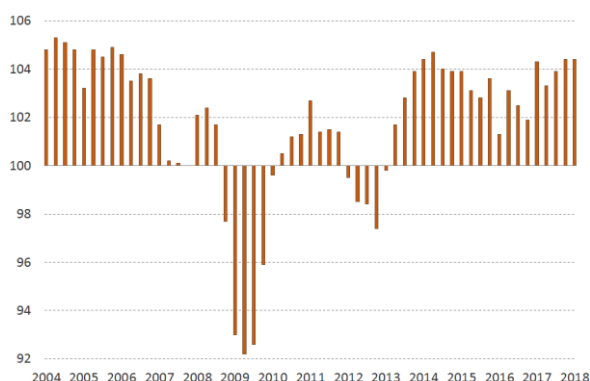
Upside risks regarding the yield environment stem from hopes that a Merkel-Macron cooperation might lead to working on fundamental reform measures for the euro zone, hence pricing in higher trend growth ahead. Also, the euro zone could – at least hypothetically – choose the option to raise domestic demand as a means to avoid a trade war with the US, leading to lower external surplus and a higher yield environment.

Downside risks stem from the mechanical extrapolation of recent developments: the further intensification of trade disputes with the US, or a disintegration of euro zone institutions to be triggered by the new government in Italy. That said, such negative scenarios could also result in a rise in risk premium on riskier assets.

Growth deceleration, tighter monetary conditions to come

The economy has accelerated recently, backed both by a rising investment demand as well as by an increasing household consumption activity. Consumption had been dormant for a decade before it eventually took over to become the number one contributor to economic growth.

GDP GROWTH (SAME QUARTER IN PREVIOUS YEAR = 100)



Source: CSO, Concorde

The outlook of growth hinges on several factors, the bulk of which point to a deceleration of the recent pace of growth.

One is the high wage inflation, which has thus far been supportive. We expect to see a moderation in this field. Also, recently rising market interest rates could prevent the anyway slow rate of borrowing from accelerating, both weighing on the otherwise upbeat outlook on consumption growth.

Investments have been pronounced in recent economic growth releases, supported by the intensified absorption of EU structural fund transfers prior to the general elections held in April. EU fund absorption could fade as the urgency to carry out these investments may become dwarfed by the need to keep the fiscal balance in check as well as by the desire to comply more with the EU’s rules of structural fund use.

While private projects could make up for some of the fall in EU-funded and publicly-financed investments, mainly as some flagship projects (e.g. Mercedes) are carried out and as businesses start replacing some of their more and more expensive labor with capital, we see a plateau of investments in H1 2018.

The already submitted 2019 budget bill envisages a 0.5% of GDP equivalent fiscal consolidation, which would also weigh on domestic demand.

Export opportunities are favorable when judged by the recent growth of the euro zone, however, with the ongoing threat of trade disputes with the US becoming more painful, there is a risk that Hungary’s extremely export-reliant economy could eventually get hit with significantly lower export demand for transport equipment.

The monetary policy has also supported the economic activity, as the MNB has devised a host of unconventional measures in recent years. The result of these policy measures on growth is positive, but resulted in an inconvenient situation of being ill-prepared to cope with the stark change in the international capital market environment. The recent steep weakening in the forint exchange rate is a sign of the MNB being in need of tightening monetary policy to prevent its inflation goal from being missed. Hence, an eventual tightening of monetary conditions is on the cards – otherwise they risk even more tightening somewhat later. While the exact extent of the rise in the short rates is hard to predict, it could be between 1-2% at intra-year maturities.

The current large volatility of monetary conditions has negative implications on the outlook of economic activity. Hence, with the risk of a further rise in the short rates (the MNB has already assisted the rise of rates in the interbank market), the impact of monetary policy might become less accommodative.

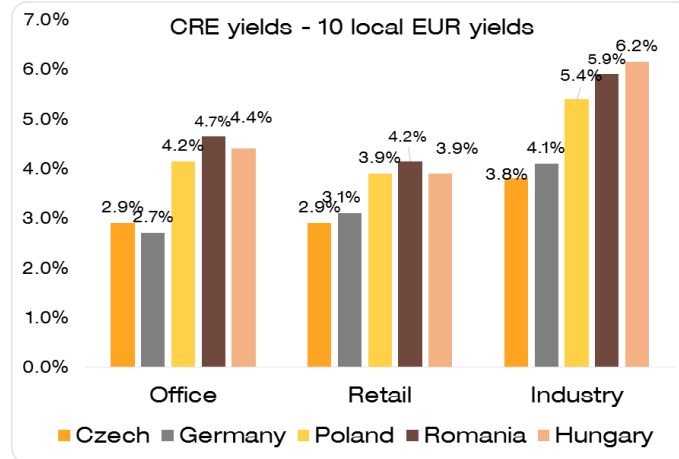
Hence, the economic growth rate is forecast to decline from the current dynamism, and fall below 4% in 2019 and below 3% in 2020 as a base scenario.

Hungarian Real Estate Outlook

Positive outlook for the Hungarian real estate market

Compared to the adjacent countries, we think the Hungarian real estate market could still provide ground to generate meaningful yields, supported by robust economic tailwind (GDP growth is being at 3.4%) however, further yield compression is rather limited as supply side has already started to react to changes in the domestic yield and regulatory environments.

ADJACENT COUNTRIES COMMERCIAL REAL ESTATE YIELD (PRIME)

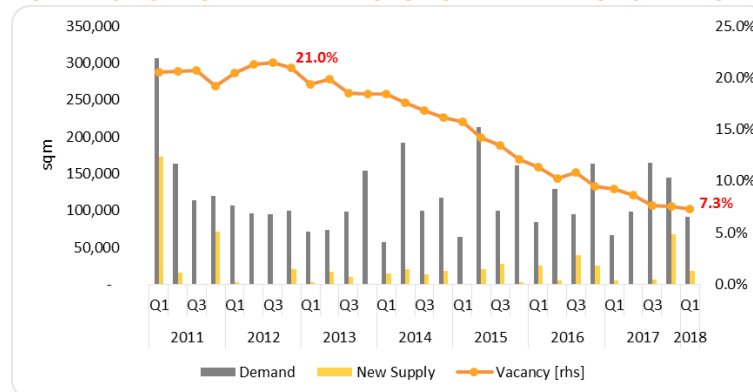


Source: Cushman & Wakefield, CBRE, JLL

Budapest Office market – A healthy market

The Budapest office market has had amazing years, with vacancy rates having declined to a record low levels on persistently strong demand and very limited supply of real estates. Looking ahead the future still looks bright, but further reduction in vacancy rates will likely be less dynamic as speculative development projects appear to have ramped up since last year. New supply for 2018 is forecast to come at in the neighborhood of 253,000 sqm according to Cushman and Wakfield (highest on record is ca. 330,000 sqm in 2009), which is significantly higher compared to sub 100,000 sqm in the last two years, however, delay in completion may push this number even lower.

BUDAPEST OFFICE MARKET EVOLUTION IN THE PAST 6 YEARS.



Source: BRF, Concorde

In the meantime, the demand side is expected to remain healthy – the market is in a so-called landlord driven status meaning that demand for real estates should outstrip the available supply of real estate stocks in 2018 according to Colliers office report¹. The key driver is continues to be the Business Process Outsourcing (BPO) sector, making up roughly one quarter of the take up area. Thus depreciating currency bodes well for long term office demand.

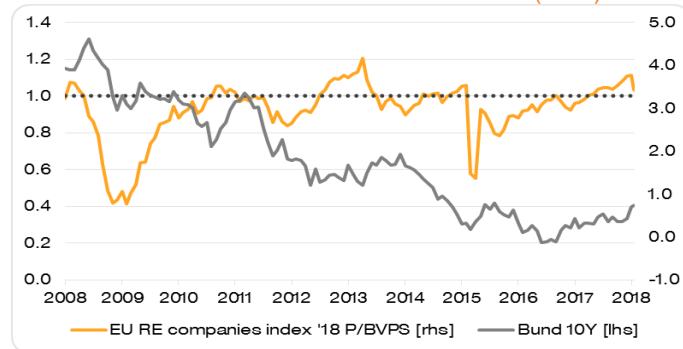
Retail market

Retail prime yields are deemed to be attractive (6%), while economic growth looks also sustanibaly strong, socompared against other CEE peers (Prague 5%, Warsaw 5.5%), further yield compression could not be ruled out in the Hungarian real estate market. To put it in a historical perspective, the previous low in yields on real estates was at 5.75%. Sturdy undamentals attracted international investors, who increased their real estate investment exposures towards Hungary in 2017 by 12% to EUR 1.8 billion according to CBRE – (Starwood Capital – Sofitel Hotel EUR 75 million; NEPI – Arena Plaza EUR 275 million).

Top down view – Development of valuations

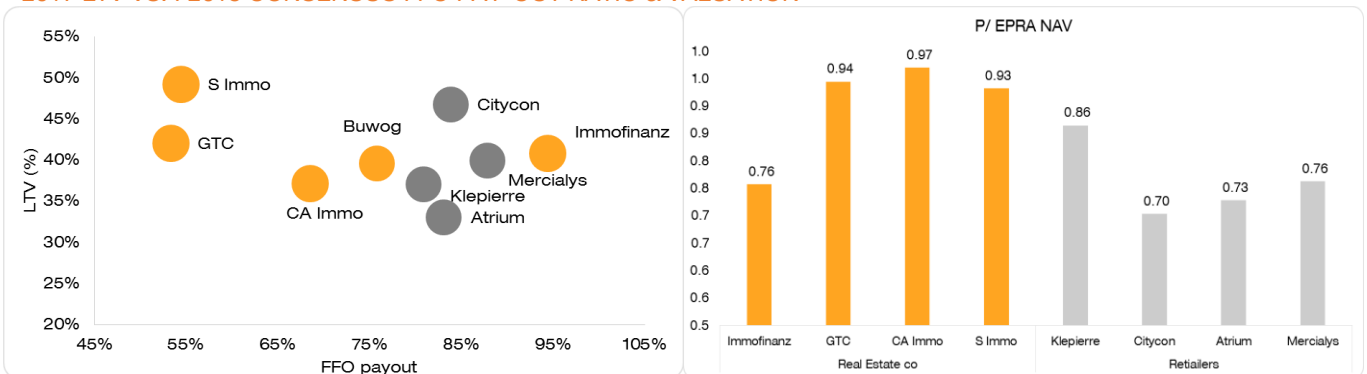
For a valuation standpoint, both EPRA (A capitalization-weighted index consisting of the most traded developed Europe real estate companies.) and EREE (REIT index for large cap. RE) index, tend to fluctuate around its book value per share.

THE DEVELOPMENT OF VALUATION METRICS (P/BV)



Source: Bloomberg

2017 LTV VS. F2018 CONSENSUS FFO PAY-OUT RATIO & VALUATION



Notes: Retailers highlighted in grey, other real estate operators in orange

Source: Company reports, Concorde, Bloomberg

¹ Colliers Office Market report

Payout ratios reflect business strategies. Depending on whether the real estate firms face the years of heavy CAPEX going forward payout ratio is relatively low (S Immo) or high.. Immofinanz seems to be an outlier distributing a large sum of its annual FFO that we believe is possible because of large disposals, but it is a special case, indeed. As for Atrium, it has a similar strategy compared to its WEU peers in respect of profit distribution. We note that if a firm's relative performance is in doubt, so are its goals, because the two are tightly linked.

Gradual hikes should not cause problem but watch out for steepening yield curve

Although one of the engines is to fade as ECB is on the way to phase out its quantitative easing programme, hence a potential rise in government bond yields, but strong economic growth should further support the sector, in our view.

Sector seems well prepared for any hikes in policy rates by hedging interest rate risk using a wide range of derivatives as well as lengthening the maturity of loans paying fix coupons.. With substantial portion of liabilities with fixed interest rates for at least four years, any potential hikes should feed into companies' earnings only gradually. Obviously, as risk free rates rise, so do the discount rates applied for valuing real estate assets.

We are of the view that if short term interest rates increase because of the strong economy (ie: robust GDP), inflation should not cause headwinds because rental income usually inflation indexed. However, cap rates (the difference between CoE and g; which are actually the discount rates used in property valuation) are usually the long term interest rates which are depressed now (bonds with less than seven years to maturity have negative yields in the Eurozone). Therefore a normalization of real rates (steepening of the yield curve) could have a negative effect on property valuations.

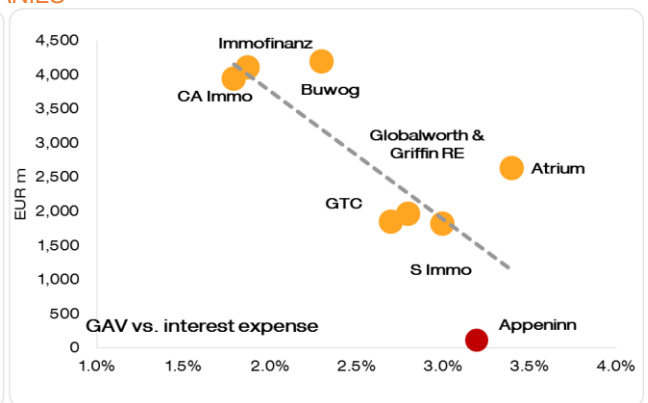
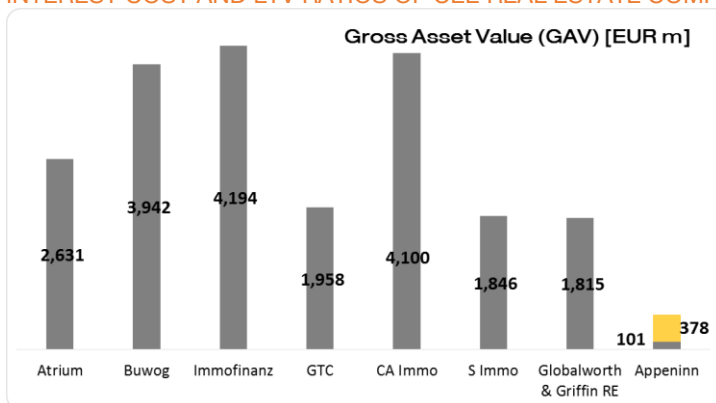
The room for further interest expense reduction has probably ended.

How far interest expenses could go down?

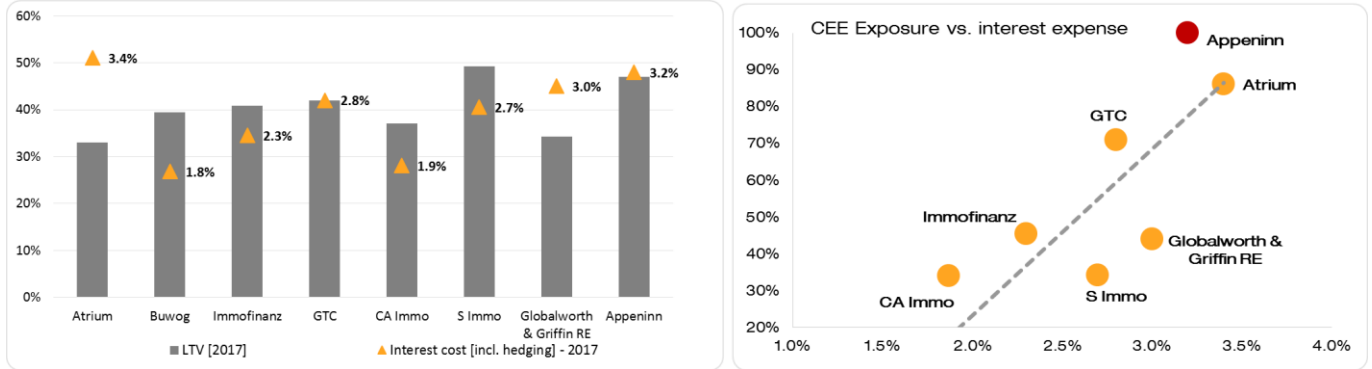
We have gathered 8 listed RE companies with considerable CEE exposures to compare and assess the level of their interest expenses. In a nutshell, we believe that there is very limited if any room for further reduction for interest expense and large part of the CEE real estate companies have already locked in their interest expenses as much as they could.

In this comparison, Appenninn has relatively low interest expenses given its geographic exposure and its GAV, which stems from the fact that its debt carry floating interest rates. We flag, however, that this could become detrimental if interest rates begin to rise and the company fails to react to it quickly.

INTEREST COST AND LTV RATIOS OF CEE REAL ESTATE COMPANIES



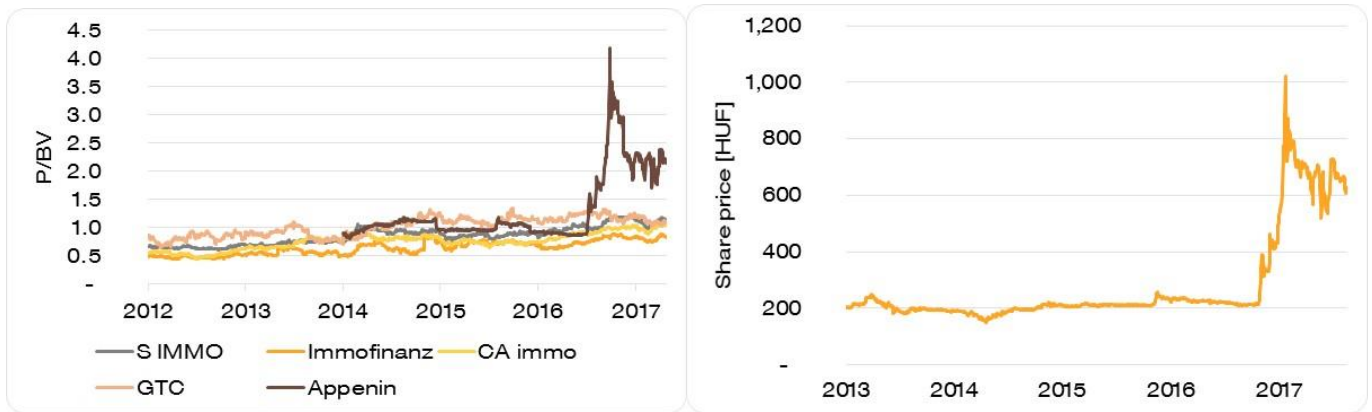
INTERES COST VS. GROSS ASSET VALUE – THE BIGGER THE BETTER



Source: Company reports 2017

Regarding the size of the portfolio and the interest expense, generally we can say that the larger the size of the smaller the level of effective interest expense. This relation stems from potentially better access to the capital market, in our view.

VALUATION LANDSCAPE



Source: BSE, Bloomberg

Investors expect immense growth from Appeninn based on its valuation metrics.

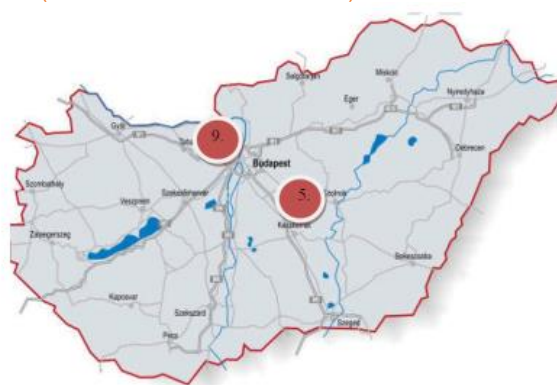
As mentioned above, Real Estate Operators tend to trade around their BVPS (book value per share). When investors sentiment is strong in relation to the the companies' growth straregy of and managements have a proven track record of good execution, real estate companies' P/BV ratio can be higher than 1x. We see positive sentiment towards Appeninn, clearly reflecting high expectations for the company's cash flows and earnings stream in the future. To put it in perspective, the highest level for P / BV for the CEE Real Estate Operators was 1.4x for GTC in the last 5 years.

Appeninn's P/BV ratio skyrocketed to 4x P/BV during the secod half of 2017, since then it has moderated to 2.4x for two main reasons. Firstly, share price has pulled back from HUF 1,000 to ca. 700, secondly there was a significant capital increase (i.e. capital contribution in kind) in an amount of ca. EUR 15 million (total equity was ca. EUR 32m at that time).

Current Portfolio

Currently, Appeninn has a real estate portfolio with assets worth EUR 101 million at GAV. The portfolio consists mainly of office buildings in Budapest. Out of the 37 properties, 13 are offices (GAV: EUR 76 million), 19 retail assets predominantly made up by the SPAR portfolio (GAV: EUR 17 million) and last but not the least 4 logistic assets (GAV: EUR 7 million). The average yield on this portfolio is ca. 8.5%. As of now, majority of Appeninn's office assets categorized as B category, but the company aims to buy new offices in the premium segment as well.

ASSETS IN BUDAPEST AND IN HUNGARY (EXCLUDING SPAR ASSETS)



Source: Appeninn

CURRENT POTRFOLIO

Asset	Type	GLA, sqm	Market Value [EUR m]	Gross Yield
1 1023 Bélg utca 3-5	Office	4,109	8.9	7.5%
2 1022 Bélg utca 4	Office	1,694	3.3	7.5%
3 1133 Visegrádi u 110-112	Office	3,350	5.1	7.7%
4 1094 Páva utca	Office	3,532	4.7	8.3%
5 6000 Kecskemét, Kiskörösi utca	Logistic	6,024	3.1	11.5%
6 1015 Hattyú utca	Office	7,815	14.5	7.5%
7 1047 Schweidel utca	Office	6,574	2.3	9.3%
8 1147 Egyenes	Office	2,061	1.1	9.3%
9 2051 Tomásrét	Logistic	1,273	0.9	8.5%
10 1105 Bánya utca	Logistic	5,107	1.9	9.0%
11 1118 Kelenhegyi utca	Office	3,375	6.1	8.3%
12 1023 Felhévizi	Office	732	1.1	8.3%
13 1139 Frangepán	Office	2,983	2.9	8.5%
14 1149 Várna	Office	2,732	1.8	8.0%
17 1044 Váci út	Retail	2,230	2.1	8.0%
18 1062 Andrassy út	Office	1,516	2.8	7.5%
19 1082 Üllői út 48	Office	8,145	15.4	8.5%
20 1062 Andrassy út 59	Office	2,000	7.0	8.5%
21 SPAR (18)	Retail	18,259	18.3	12.0%
Total		82,233	102.0	8.6%

Source: Appeninn

WAULT (Weighted Average Unexpired Lease Term) of the portfolio is ca. 5.3 which is similar to industry standards.

In the past half year, Appeninn was active acquiring significant assets in an extent of EUR 40 million

- Üllői út 48 – EUR 15.4m
- SPAR portfolio (18 pc. single unit retail assets) –EUR 14.5m
- Andrassy 59 palace – EUR 7m

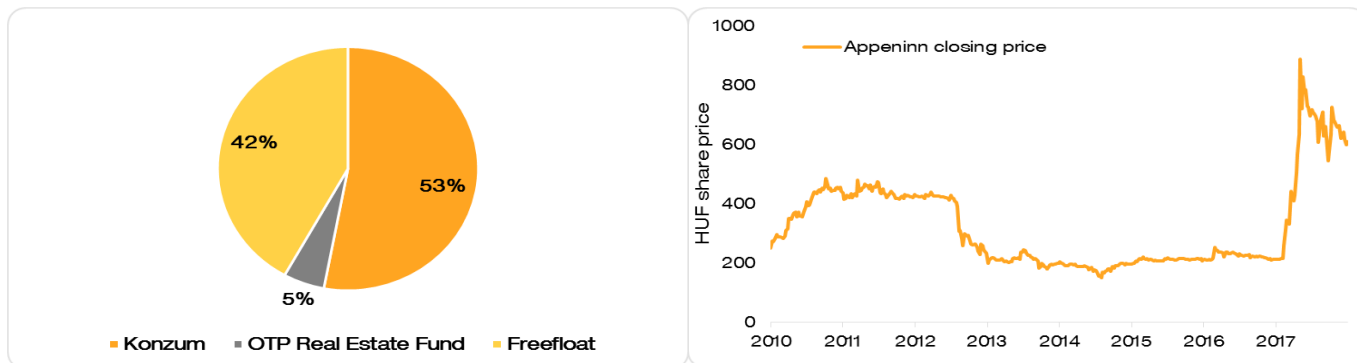
New shareholder on the board and plenty of synergies with it

Appeninn’s main shareholder is Konzum Group owning 53% of the shares via its subsidiaries (Konuzm Private Equity Fund, Konzum Nyrt, Konzum 2 Real Estate Fund). The real estate fund of OTP Bank is also a minority shareholder in Appeninn with ca. 5% stake.

It is worthwhile splitting Appeninn’s history into pre-Konzum and prior Konzum phases as the company’s growth has really got a boost after Konzum Group took control over it. Market sentiment towards the stock has turned into positive after a speculation commenced that Appeninn might join the group of companies which is controlled by a Hungarian tycoon, Lőrinc Mészáros, who is allegedly cultivating a friendly relationship with Hungary’s PPM. It is anyway a fact that since Konzum Group bought controlling ownership in Appeninn the share price has tripled.

With its new shareholder, Appenninn has stepped into a new era with rapid developments. The synergies we see from potentially close cooperation with its main shareholder involves 1) Appenninn's properties could offer place for headquarters for Konzum Group's members; 2,) Appenninn may have better access to superior financing conditions supported by Konzum Group's.

SHAREHOLDER STRUCTURE AND SHARE PRICE DEVELOPMENT



Source: Appenninn

Brief overview about Konzum

Konzum was founded in 1988 being one of the first Hungarian listed companies on the Budapest Stock Exchange. The original focus of the company was on wholesale and production, later its main focus turned to real estate management, investments and other management services. In October 2016 the Konzum Group stepped into the tourism sector by acquiring the Hunguest Hotel franchise possessing 14 of the largest hotels in Hungary. Since then it has started various investments using a complex set of subsidiaries with interest in the real estate, financial, insurance and media sectors, just to mention a few.

The price of Konzum shares stagnated between HUF 50-60 for years until February 2017 when Konzum gained great publicity in Hungarian media after which the share price kick-started with a huge rally running up to the level of HUF 3,110 recorded as at 06/25/2018. The reason behind that unprecedented rise in the share price was the fact that Lőrinc Mészáros, the childhood friend of Hungary's PM gained a 19.57% stake in Konzum with which he has become Konzum's largest individual stakeholder next to another individual investor, Gellért Jászai (10,43%), who is currently the Chairman and CEO of Konzum Group. Both business men are deemed to be well-connected to the ruling party's members. Great expectations for Konzum's future with new influential shareholders drew the attention of Hungarian investors to Konzum shares, the price of which doubled in just 4 days and continued surging a bumpy ride ever since then.

Investor sentiment towards the Konzum Group is apparently greatly influenced by developments in domestic politics. The biggest fall in the share price coincided with an interim election in March 2018 in which a ruling-party candidate lost in a city where the ruling party had previously had strong position, while the landslide victory of FIDESZ in the parliamentary election held in April resulted in an almost 15% rise in the share price the day following the election. Konzum has become the part of BUX index with a weight of 0.45% in September 2017, and the part of CECE index in March 2018.

Fundamentals of the Konzum Group were weak in 2016 with losses generated at both EBIT and net profit levels (consolidated EBIT was HUF -39 541 th, while net profit was HUF -47 362 th). In 2016 only one of the Konzum Group's subsidiaries was under consolidation, KZBF Invest Kft in which Konzum Plc has 90% ownership, but 100% of the results of other shareholdings were stated as well with only two subsidiaries being profitable (Konzum Alapkezelő Zrt and Legatum '95 Kft). According to its Annual Report the Konzum Group had 58 employees in 2016.

By the end of 2017 the profile of the group changed dramatically with several acquisitions among different sectors. The consolidated EBIT of the group rose to HUF 2 613 mln, the total profit to HUF 19 649 mln, of which HUF 8 812 mln is the goodwill coming from the acquisition of Hunguest Hotel franchise and HUF 9 303 mln from the indirectly owned Opus Global's results.

In March 2017 Konzum Plc and its subsidiaries together acquired 40.4% of Opimus shares. Lőrinc Mészáros also bought individually 24.37% of Opimus shares. Opimus (today called Opus Global) is a holding engaged in several sectors such as media, real estates, agriculture and asset management. After the change in the shareholder structure, Opus’s managerial board was also changed. Opus is currently controlled by Lőrinc Mészáros’s family members.

Konzum Group gained a majority in Appeninn in August 2017. Konzum Nyrt acquired 24.51% of Appeninn’s shares while its subsidiary, Konzum PE Magántőkealap took another 24.51% stake in the company. The transaction took place on the OTC market at a 28% discount compared to the closing price of Appeninn shares on the day before the transaction.

In December 2017 the Konzum Group made a mutual share purchase agreement with Cig Pannonia, a listed insurance company in Hungary. As per the agreement the Konzum Group bought ca. 25% of Cig Pannonia’s shares while CIG Pannonia gained a stake of 6% in Konzum Plc. The transactions were implemented by share capital increase and share purchase.

In both cases the share price of companies involved increased dramatically boosting the equity values to elevated levels.

SHARE PRICE DEVELOPMENT
Konzum



Opus Global



Appeninn



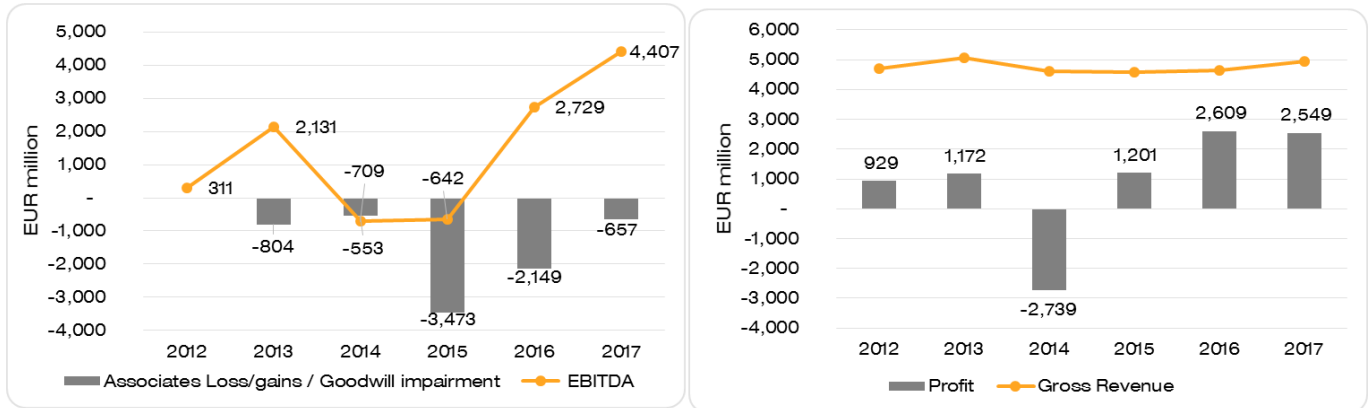
Cig Pannonia



Source: Company reports

The Volatile past

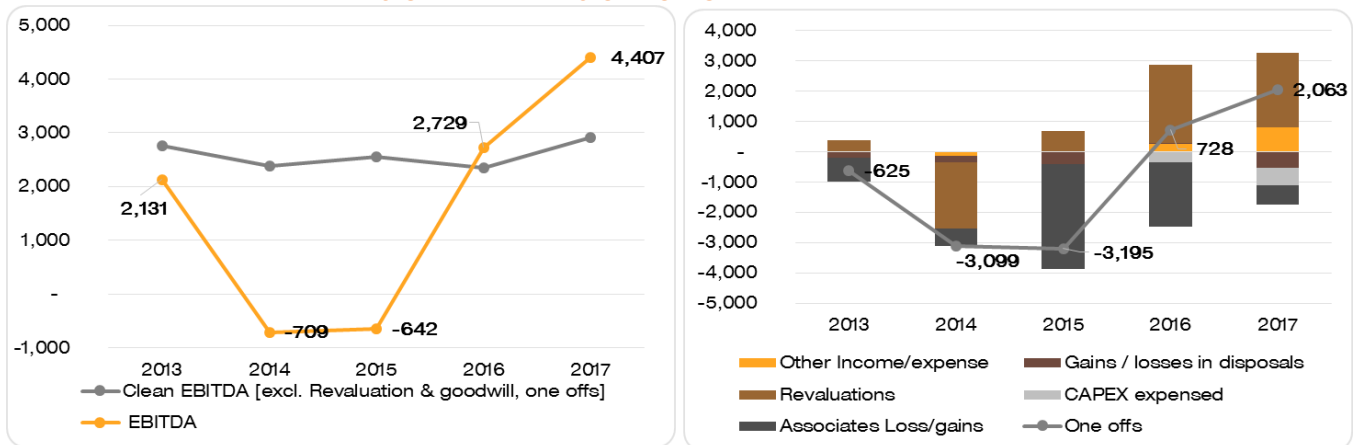
HISTORICAL PERFORMANCE



Source: Appeninn

In the last five years Appeninn's top line was relatively stable, but its bottom line showed more volatility. Appeninn's financial performance improved after it reached a bottom in 2014. Significant goodwill write-offs, currency devaluations, loan remittance took its toll heavily on the bottom-line in 2014. By 2016 Appeninn cleaned its balance sheet from goodwill, hence no write-offs expected, and also converted its CHF denominated loan to EUR and HUF loans.

EBITDA & CLEAN EBITDA & ONE OFFS

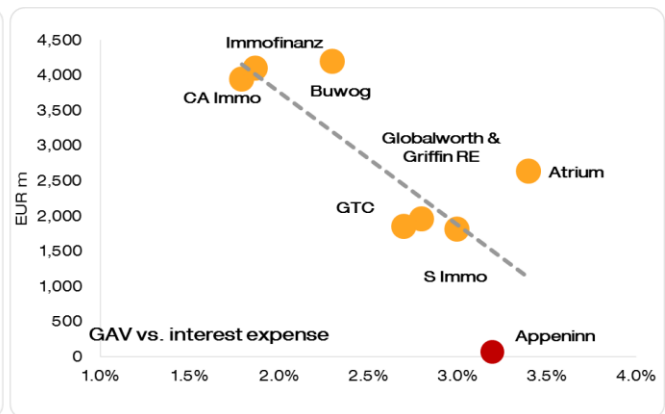
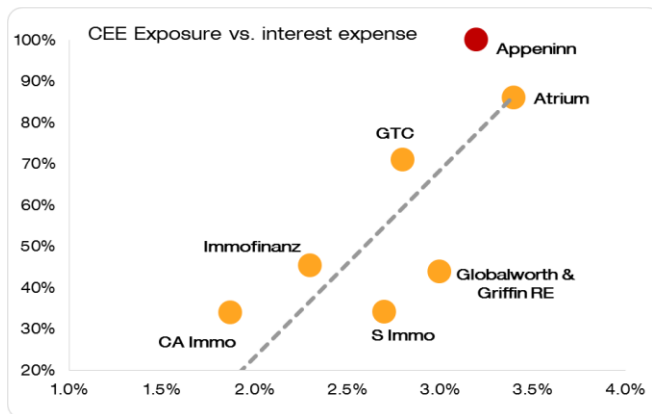
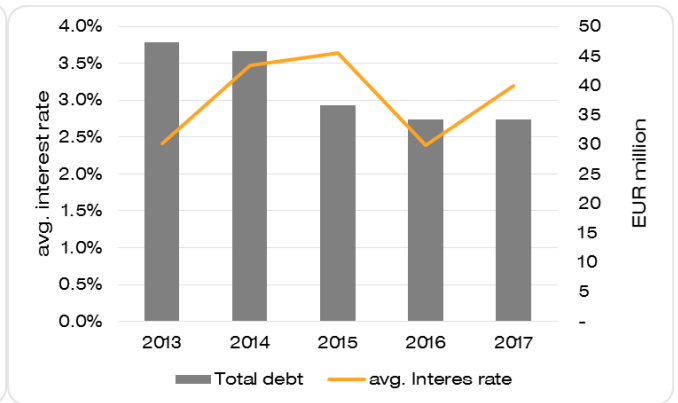
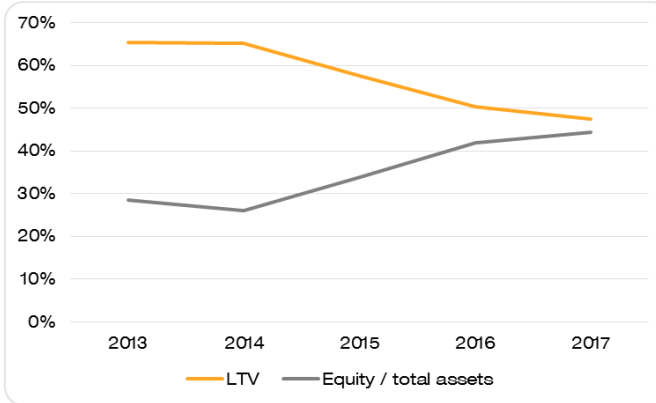


Source: Appeninn

Fix costs increased significantly in the last two years, which was offset by one offs. Administrative expenses were stable until 2015, then jumped by 33% and rose 7% in 2016 and 2017, respectively. The increase in costs in 2016 was the result of higher insurance fees (+EUR 150 million) during a period of converting CHF loans to EUR loans, which in turn was lower in the following year (EUR 77 million) potentially remaining at that level till 2025. Intensified corporate activities also contributed to an increase in fixed costs (with higher legal, audit and advisory fees, in particular).

On the positive side, significant non-recurring effects – mainly revaluations - contributed positively to EBITDA in the last few years, more than offsetting losses generated on associates and disposals.

FINANCING / DEBT LEVEL / AVG. INTEREST RATE



Source: Company reports

Financing caused a lot of troubles for Appenninn in the past. The company was loaded with FX debt (CHF, EUR) which once helped (2012) but sometimes hurt (2014, 2015, and 2016) causing large financial losses for the last time. In 2015 the company managed to convert all of its CHF loan to EUR (liabilities are in ca. 90% EUR denominated, while the remaining part is HUF denominated), with which there is only a little FX mismatch as revenue are linked to EUR CPI.

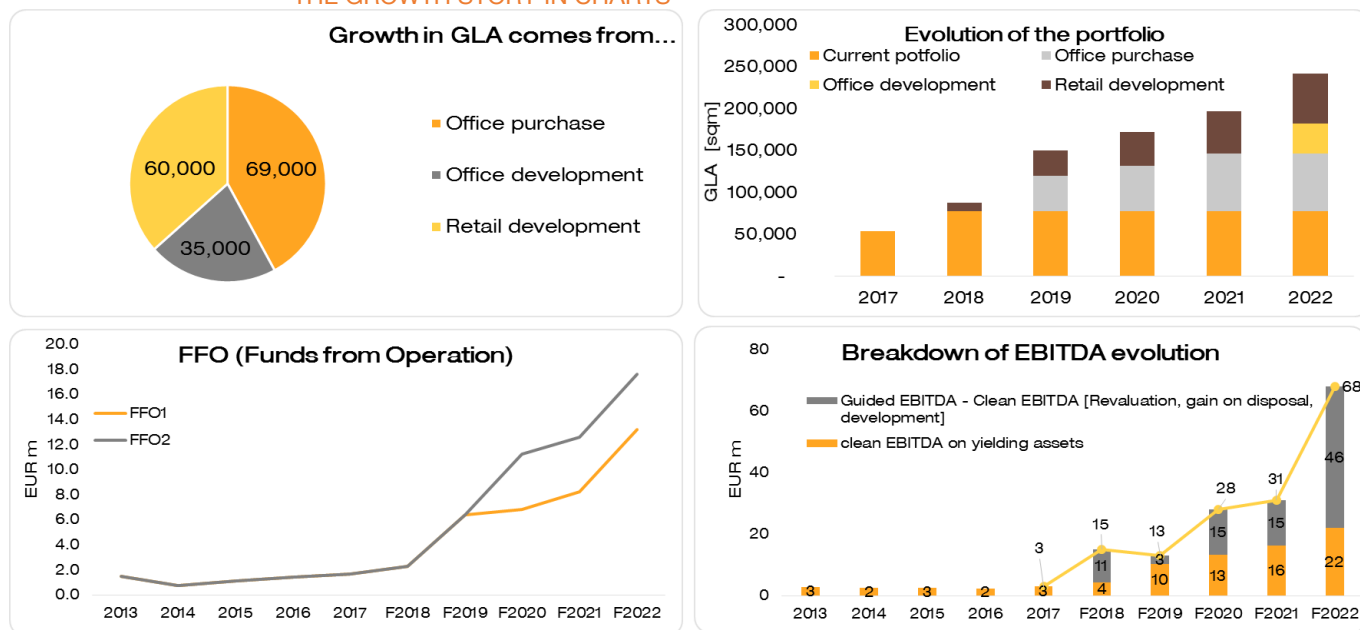
Appenninn has so far variable interest rate, which might cause headaches if management does not fix it.

Interestingly, the most of Appenninn's loans carry floating interest rates linked to EURIBOR. This policy goes clearly against what other CEE real estate companies follow. With this strategy Appenninn was able to borrow loans at an average of 3.2% interest rate in 2017. In our coverage, Atrium and S Immo took efforts to reduce the interest rate risk by lengthening maturities and fixing interest rates. They aimed to take advantage of the currently low interest rate environment by using interest rate swaps or issuing fixed bonds or negotiating fixed-rate loans with commercial banks. We acknowledged that Appenninn's financing strategy has so far worked well – see above – they had slightly lower interest rates compared to what data from its peers suggest, however, we flag this could become a headwind if the yield environment changes markedly and the company reacts late to it.

Growth Strategy – start the engines

Appeninn plans significant growth in the next few years. According to their guidance GLA (Gross Leasable Area) will more than quadruple by 2022, EBITDA will skyrocket from EUR 4.4 million (2017) to EUR 68 million (by 2022) on the back of large expected revaluation gains, development profits and potential disposals). This strategy relies on two pillars: developing ca. 95,000 sqm (mainly retail units and offices); and purchasing office buildings (69,000 sqm).

THE GROWTH STORY IN CHARTS



Source: Appeninn, Concorde

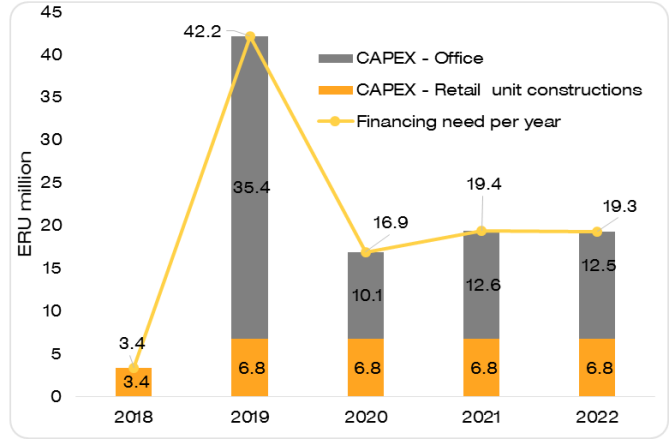
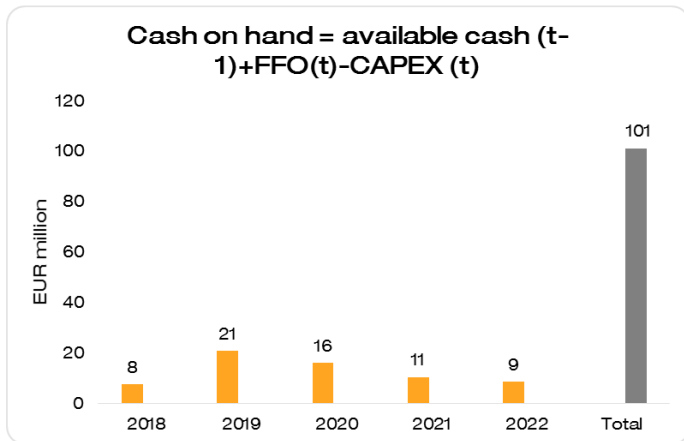
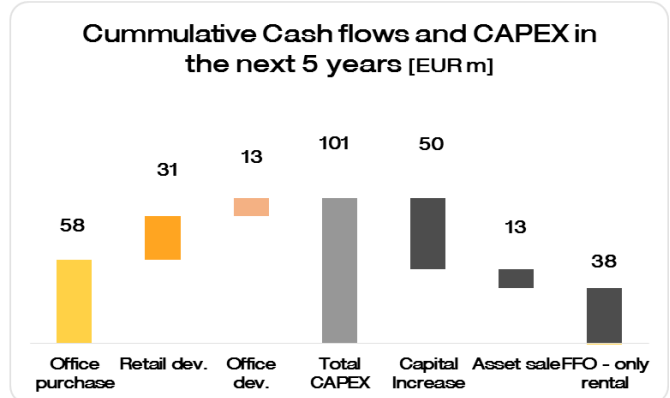
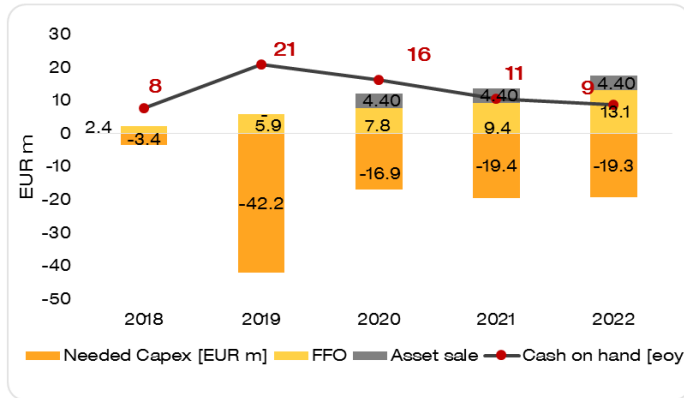
Notes: FFO1 = EBITDA – interest expense – tax; FFO2 = FFO1 + proceeds from asset sale. To exclude the potential non cash item in the EBITDA as being guided by the company, we estimated the potential EBITDA coming entirely from rental income. We arrived at our EBITDA estimate by multiplying a forecasted EBITDA margin by revenue (using the company's guidance) as revenue do not include any revaluation. The remaining part of indicated EBITDA is, in our view, the result of revaluations, gains on disposals etc. With this metric, it is easier to forecast actual cash flows.

Our take on the company's growth strategy is that, on the one hand it depends on Appeninn's ability to find distressed but potentially precious assets (i.e real estates with suboptimal occupancy ratios, or short leasing conditions etc..) and then improve their asset quality. On the other hand, the success of the new strategy is very much dependent on the level of development costs of retail units and, of course, on the final selling price. We are optimistic on the former but less optimistic on the latter.

As for financing, we think Appeninn will need ca. EUR 50 million to finance the planned developments in the retail segment and office building transactions. In this regard CAPEX requirements that we are forecasting are in line with Appeninn's investment guidance of EUR 50 million. When forecasting CAPEX for the coming years we applied a conservative approach, based on which we believe Appeninn's strategic plan is feasible, even though Appeninn's assumptions is overly cautious regarding its top line developments in the future (Gross Income). (See PROFIT AND LOSS TABLE on page 18)

Keeping the scheduled timeline of the investments, we create a simplified version of cash flows for the next 5 years.

NEXT 5 YEARS CASH FLOWS



Source: Appeninn, Concorde

Capital injection should come in 2018 to keep the investment plan schedule.

According to the timeframe indicated in its latest strategic presentation, Appeninn plans to spend heavily in the next few years, especially in 2019, afterwards the amount of investments will level off at ca. EUR 19 million until 2022. Therefore, it can be expected that capital injection will be conducted soon to secure financing for the planned investments in a timely manner.

WE BASED ON OUR FORECAST ON THE BELOW ASSUMPTIONS.

INPUTS			Comments:
Inflation (EUR CPI)	(%)	2.0%	House view
EBITDA margin	(%)	65%	Based on peer group and House view
Interest expense [EUR]	(%)	3%	Last years interest expenses; better accessibility to optimal financing via Konzum
Interest expense in TV [EUR]	(%)	4%	House view; Bloomberg
Development costs	EUR / sqm	1,700	House view; Bloomberg
Transaction yield [retail single tenant after 2019]	(%)	7%	Based on Colliers data; House view
Average transaction price for office assets	EUR / sqm	1,958	avg. Budapest office price (Cushman & Wakefield) * discount Appeninn assumes
Development LTV	(%)	80%	Better accessibility to optimal financing via Konzum
Average LTV	(%)	57%	Guided LTV
Long term Rfr [HUM 10yr]	(%)	4.0%	House view

Office Occupancy	2019	2020	2021	2022
Best Case	50%	75%	85%	95%
Base Case	50%	70%	80%	93%
Appeninn's implied	40%	60%	60%	75%

Source: Concorde

Our assumptions differs the most from Appeninn's in regard to the development of office occupancy.

Implied office occupancy ratios

We arrived to their implied occupancy ratio by

- gathering market rents for their main portfolio parts, and subtracting them from revenue indicated by the company;
- by doing so, we arrived at the necessary rental income from the new office segment;
- assuming that Appeninn intends to purchase assets in one of the Budapest office subsegments except for the best located area (Budapest CBD) - this criteria is needed in order to determine the potential monthly rents / sqm;
- and finally, taking into account the residual rental income from new offices per year based on the average monthly rents / sqm for Budapest excluding rents in the most prestigious areas.

We have concluded that there would be no point to purchase three office assets in less than 1.5 years (15,000 sqm in 2018; 27,000 sqm in 2018/2019 and 30,000 sqm in 2018/2019) unless they are confident that they can generate significant synergies from cooperation with the Konzum Group. Thus we insist on our opinion that this is one of Appeninn's strengths, which it will certainly use and we expect the occupancy ratio to reach the average of Budapest offices (ca. 93%) in a short time.

Why otherwise Appeninn would continue with purchasing distressed office assets if they are not able to fill with tenants?

Rationally, one would ask if we are optimistic regarding the occupancy ratios as well cash flows, it ceteris paribus means that Appeninn will need less money for its investments, hence a lower amount of capital injection and extent of dilution can be expected than our estimate at this point. It is true, however, that we are not that optimistic on the sale of retail assets – Appeninn indicated 6.5-7% transaction yields while we pencil in 7% on average only. Seemingly, it is not a huge difference but even 50 - 75 bps difference in yield can entail a 10% lower sales price which can be further adjusted for the huge level of leverage applied (LTV - 80%). In absolute terms it translates to ca. EUR 5-6 million difference on our estimate.

Number of shares

It is essential to highlight that, we use 73 million outstanding shares for our per share value estimate, implying that Appeninn will need to raise capital in a total of EUR 50 million that they can carry out in a form of a share capital increase at the current market price of HUF 600. It is so, it means that additional 25.8 million share should be issued. Up to this point, we are not aware what method they will eventually choose, whether they will conduct it in a framework of a Secondary Public Offering (SPO) or acquiring the office assets by contribution in kind, carry out all the necessary amount at one or sequentially, or even by issuing subordinated bonds.

Assumptions on margins

We thoroughly examined Appeninn's strategic plan, and concluded that EBITDA numbers are biased by large non-cash items: EBITDA guidance for 2018 is EUR 15 million while revenue guidance is only EUR 7 million. To arrive the underlying EBITDA (from rental income) we applied an average EBITDA margin of selected listed real estate companies in the CEE region, especially using those peers whose asset quality looks similar to that of Appeninn's planned assets (large office share in assets and A category offices). It is worthwhile highlighting that high EBITDA margin could be achieved by acquiring large-sized quality assets (economies of scale) which are fully occupied. Thus, as its focus will shift towards larger offices (avg. 4,000 sqm vs. 29,000 sqm) Appeninn should improve its EBITDA margin from the current 59%. In fact, our base case scenario is that Appeninn will achieve a sustainable 65% EBITDA margin in the coming years, depending on how fast it will be able to increase the occupancy ratios of the distressed office assets it intends to purchase in the future.

Margin-wise, Appeninn should be able to achieve ca. 65% EBITDA margin

PROFIT AND LOSS TABLE

	F2018	F2019	F2020	F2021	F2022
Revenue	7	16	21	25	35
EBITDA	4	11	13	17	23
EBITDA margin	65%	65%	65%	65%	65%
DD&A	- 0.4	- 0.7	- 1.0	- 1.2	- 1.4
EBIT	4	10	12	15	21
Interes Expense	- 2	- 3	- 6	- 7	- 7
EBT	2	6	7	8	14
Tax	- 0	- 1	- 1	- 1	- 1
Profit	2	6	6	7	12
FFO1	2	7	7	8	14
FFO2	2	7	11	13	18

Appennin's assumptions

Guided Revenue	7	14	19	22	31
Guided EBITDA	15	13	28	31	68
Clean Guided EBITDA*	4	9	12	14	20

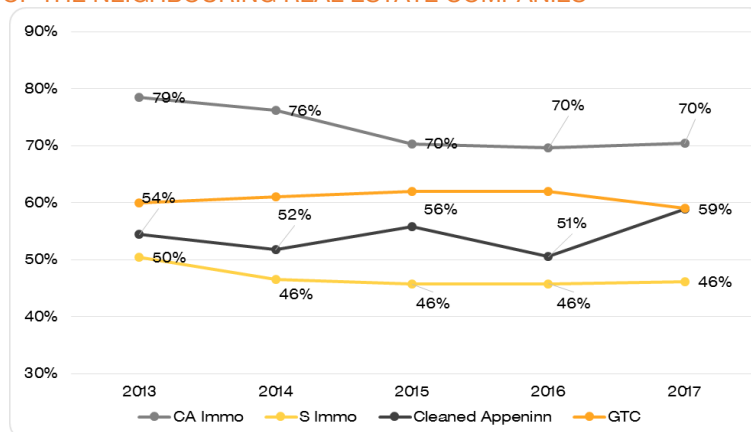
Difference

Revenue	1%	16%	9%	16%	12%
Clean Guided EBITDA	1%	16%	9%	16%	12%

*Excluding revaluation gains, gains on disposals etc..

Source: Concorde

CLEAN EBITDA MARGIN OF THE NEIGHBOURING REAL ESTATE COMPANIES



Source: S Immo, CA Immo, Appennin, GTC

In our model we pencil in a 65% clean EBITDA margin from 2018 onwards, however, admittedly EBITDA margin may converge to our estimate gradually as Appennin finds tenants to its newly purchased office assets. Nevertheless, this will not alter our financial model significantly. We will feel it appropriate to modify our earnings model only if our 65% EBITDA margin estimate is missed permanently in the long term. Appennin should go for more financing than currently indicated only if its clean EBITDA margin fell below 50% on our estimate. In that case we think the company would need ca. EUR 64 million capital (vs. EUR 50 million guided) at least to fulfill its development goals.

SEBSITIVITY ANALYSIS FOR EBITDA MARGINS

SPO / Apport price	No of share	avg. EBITDA margin				
		60%	63%	65%	68%	70%
800	67	-14%	-2%	10%	21%	33%
700	70	-17%	-6%	5%	17%	28%
600	73	-21%	-11%	0%	11%	22%
550	76	-24%	-13%	-3%	7%	18%
500	78	-26%	-17%	-7%	3%	14%

Source: Concorde

Office purchases – the essence of cherry picking

The first pillar of Appeninn’s growth story is purchasing office buildings. Appeninn intends to acquire (69,000 sqm) and construct (35,000 sqm) resulting in a total of 104,000 sqm office buildings added to the portfolio by 2022. In this segment we believe Appeninn offers a unique investment proposition, as the company should be able to benefit from synergies from cooperation with the Konzum Group. As the majority shareholder is a holding group encompassing ca. 30+ companies (and potentially more in the future), Appeninn can make it easy to find tenants for the vacant areas its office buildings, in our view. Therefore, Appeninn may gain the most by seeking distressed office assets (purchasing them at a potentially bargain price) using a relatively large leverage (as they are confident that they will be able to push the occupancy ratios to the maximum level based on long lease conditions).

Revaluation gain could be as high as EUR 62 million for the whole 104,000 sqm office portfolio in the next 4 years, in a cumulative term.

To illustrate our line of thinking below is a table that reflects the revaluation gain potential Appeninn may have by leveraging on its potential synergies with the Konzum Group. The company’s made it clear in its strategic presentation that it targeted purchase prices for these offices based on 10-10.5% yields, which are significantly below (by ca. 30%) the prevailing office yields in Budapest (6.5% - 7.5%). As an example, if they purchase the entire additionally planned office space at a 10.5% yield and then enhance asset quality, they could gain EUR 51 million to EUR 62 million on our estimate.

Of course, yields differ in Budapest depending on which subcategory the office buildings are located in. Therefore, the potential revaluation gain is also subject to location of the assets. Putting it all together, we incorporated ca. 200 bps yield compression due to a better tenant mix and higher occupancy ratio for those assets.

EUR / sqm	yields	sqm	GAV [EUR m]	Debt [EUR] [LTV = 57%]**	NAV [EUR m]	Revaluation gains	Per share *
2,995	6.5%	69,000	206,672,172	76,572,040	130,100,132	72,335,260	307
2,781	7.0%	69,000	191,909,874	76,572,040	115,337,834	57,572,962	245
2,434	8.0%	69,000	167,921,140	76,572,040	91,349,100	33,584,228	143
2,163	9.0%	69,000	149,263,235	76,572,040	72,691,196	14,926,324	63
1,947	10.0%	69,000	134,336,912	76,572,040	57,764,872	-	-

* with the assumptions of ca. 73m shares (capital rise at HUF 600 per share).

**Fixed on GAV with 10% yield

Source: Appeninn, Cushman & Wakefield, Concorde estimates

Notes: Area in orange shows the purchase yields and price of the assets (as Appeninn guided them), while the area in grey represents the average price of the offices in Budapest. Logically, the difference in NAV in different yield price scenarios indicates the appreciation potential. We would like to emphasize that this revaluation potential should realize only gradually as Appeninn proceeds with asset quality improvements.

Purchase at a bargain price?

Appeninn plans to raise its capital base by ca. EUR 50 million– either via a SPO or contribution in kind or capital rise by its majority shareholder, or subordinated bond issuance – to implement its strategic objectives. We are of the view that a large part of that fresh capital if not all would be spent on the office segment. The total value of capital earmarked for these investments is ca. EUR 135 million (69,000 sqm x 1,958 EUR/sqm) out of which 57% would be financed by debt and 43% by equity – in our base case scenario. Furthermore, for office development (in 2021-2022) we expect the same cost structure, implying additional investment costs of EUR 63 million, however in this case leverage could ultimately be significantly higher, indicating a 80% LTV. All this means that a total of ca. EUR 70 million own equity is required at least from Appeninn in the next four years on our estimate.

To calculate the required amount of investments, we relied on the data from Cushman & Wakefield - Office Market Snapshot report (2017 Q4), which provides an overview on the prevailing prime office yields and rental / sqm / months in Budapest. The table below summarizes the prevailing market conditions. In the last two columns, we highlight Appeninn’s guidance for the price range within which they intended to purchase real estate assets in the future.

PRIME OFFICE YIELDS IN BUDEPEST

	sqm / months	yields	10 yr		FV/sqm	Appeninn's targeted purchase yield	Final price FV / sqm
			High	Low			
Budapest CBD	24.0	6.0%	7.8%	6.0%	4,800	10%	2,880
Budapest Central Buda	16.0	6.5%	8.0%	5.8%	2,954	10%	1,920
Budapest Váci Corridor	15.3	6.5%	8.5%	6.3%	2,815	10%	1,830
Budapest Periphery	10.0	8.5%	9.5%	7.0%	1,412	10%	1,200
Avg.	16.3	6.9%	8.4%	6.3%	2,995	10%	1,958
Avg. Excl. CBD	13.8	7.2%	8.7%	6.3%	2,394		1,650

Source: Appeninn, Cushman & Wakefield - Office Market Snapshot '17Q4, Concorde's estimate

In calculating the rental income, we place our assumptions for office segment on the average rental fee / sqm / months for Budapest (13.8 EUR / sqm / months) excluding the CBD (most expensive districts of Budapest). Appeninn declared its intention to shift its focus from B category offices to A category, which should lead to a large increase in monthly rents from current average of 8.4 EUR / sqm / months to 12 – 15 EUR / sqm / months.

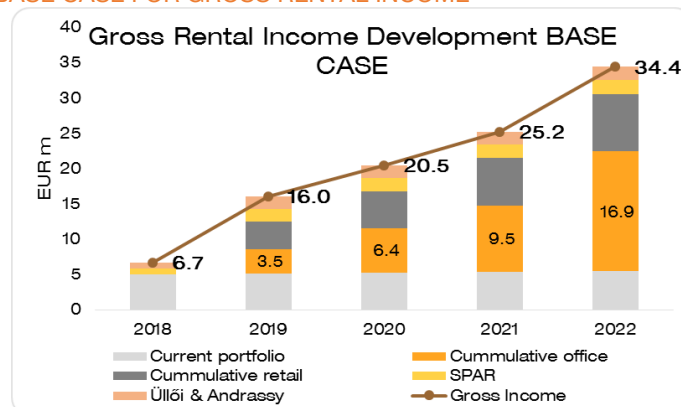
We stress once again that monthly rents are mainly determined by the location of the potential office assets. Since the locations of real estates to be purchased are unknown yet we use the average rents in Budapest. Consequently, if the majority of these buildings are located in the outskirts our Price Target will be lower as the average rents in that area hovers around 10 EUR / sqm / months (implying 20%-30% discounts to the prime rates)

TARGET PRICE SENSITIVITIES TO NEW OFFICE SEGMENT'S RENT

Rent - sensitivities					
EUR / sqm / months	10	12	14	15	17
Difference to base case	-35%	-17%	0%	11%	30%

Source: Cushman & Wakefield, Concorde's estimate

BASE CASE FOR GROSS RENTAL INCOME



OCCUPANCY ASSUMPTIONS

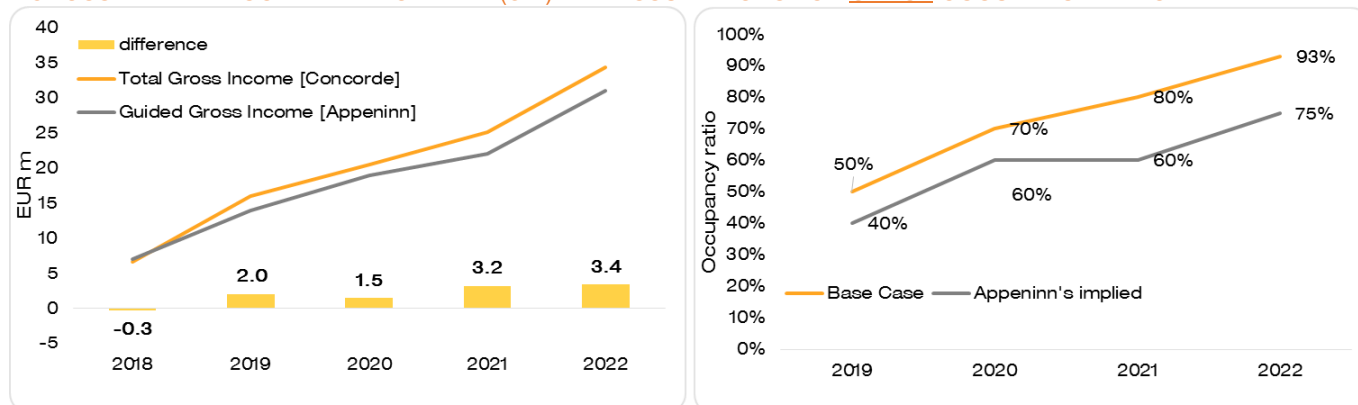
Office Occupancy	2019	2020	2021	2022
Best Case	50%	75%	85%	95%
Base Case	50%	70%	80%	93%
Worst case	50%	60%	65%	75%

Why otherwise Appeninn would continue with purchasing distressed office assets if they are not able to fill with tenants?

The charts below show Appeninn's assumptions regarding the development of rental income coming from its office assets. What strikes us the most is the extremely conservative assumption for the occupancy ratio of the office assets (We got that number by 1) subtracting all rental income arising from other assets in the portfolio from the Gross Rental Income as being guided by the company and 2), applying the average rental / sqm / months fee that can be observed in Budapest). We believe that the office occupancy ratio will convergence to the average of Budapest and that Appeninn should be able to leverage its synergies with the Konzum Group to improve its tenant mix and occupancy ratio of its real estate assets.

One of our strongest arguments for expecting a higher occupancy ratio is that Appeninn would probably not continue buying seemingly distressed office assets year by year, if it would not be able to find tenants – they are planning to acquire four office assets by 2019 (15,000 sqm in 2018; 27,000 sqm in 2018/19; 30,000 sqm in 2018/19; 45,000 sqm in 2018/19) and even developing three more assets with an average size of ca 38,000 sqm after 2021. It would be irrational to start further developments without having a bold plan on how to fill the vacant offices..

GROSS RENTAL INCOME DEVELOPMENT (GRI) AND ASSUMPTIONS FOR OFFICE OCCUPANCY RATIO



Source: Concorde' estimate

This differences in the development of occupancy rate causes ca. 10% higher GRI on average.

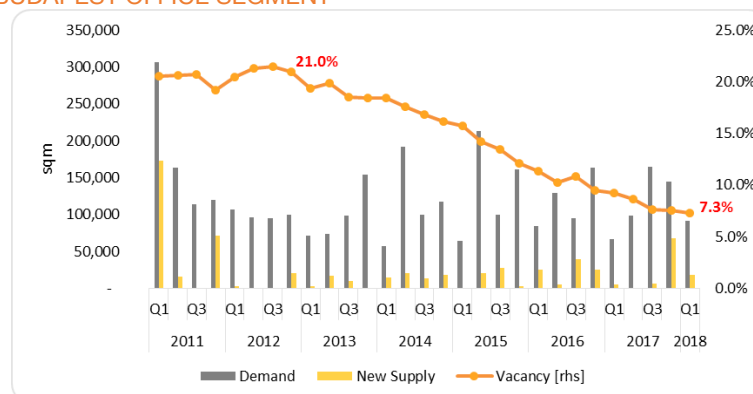
OFFICE RENTAL INCOME FORECAST

		2019	2020	2021	2022
New Office segment	sqm	42,000	54,000	69,000	104,000
Fair value	EUR m	82	106	135	226
Rent / sqm / months	EUR	13.8	14.0	14.3	14.6
Gross Income yield @	10%	6.93	9.09	11.84	18.21
Occupancy		50%	70%	80%	93%
Gross Income w/ occupancy adjustment		3.5	6.4	9.5	16.9
Yield		9.5%	8.5%	8.0%	7.5%

Source: Appeninn, Cushman & Wakefield, Concorde's estimate

In a nutshell, we are rather optimistic on this segment. The office market environment looks benign, the estimated demand for units is outstripping the next year's supplies, though not to the extent as was seen in the previous years. Still some yield compression (25bps) is on the cards in our view. We believe given this favourable circumstances, Appeninn should be able to add value to the distressed assets management intended to acquire.

BUDAPEST OFFICE SEGMENT



Source: BRF, Concorde

Developments – bet on strong retail consumption

Appeninn plans to construct ca. 90,000 sqm retail units across Hungary in the next four years and ca. 35,000 sqm office around Budapest. Given the strong tailwind of Hungarian retail sales, and our future estimate for robust consumption going forward, we believe the company’s strategy has solid fundamentals. However, on the execution side, labour shortage may spoil the game due to notoriously high wage cost that could exert a drag on development margins.

Appeninn plans to build ca annually 20,000 sqm (in total of 90,000 sqm) retail units (altogether 80-100 units) which can not definitely be a shopping centre (as those tend to have a size of more than 10,000 sqm; like MOM park with 31,000 sqm, or Campona with 41,000 sqm). These retail assets could rather be located in retail parks similar to Immofinanz’s Stop Shop parks (av. 6,000 – 7,000 sqm) or be similar retail units that Appeninn acquired in Q2 (the SPAR portfolio). We are of the view, that the latter would be logical as they could leverage on knowledge exploited from that portfolio.

As for total development costs, we estimated that they should be around 1,500 – 2,000 EUR / sqm resulting in a total cost of EUR 153 million in the next 5 years. With the desired high level of financial leverage (LTV at 80%) it would require ca. EUR 31 million equity from Appeninn, which could be mitigated significantly by selling some of the assets after completion. Actually, we assumed this happening in our base case scenario (mgmt. indicated ca. 30,000 sqm sale after 2019). Furthermore, Appeninn’s management announced that in their business plans they calculate with an 8.5% - 9% yield on cost and intended to sale certain assets at a 6.5% - 7% yield. We are a bit worried about the trends in development costs, and assumed conservatively a 7.5% replacement yield based on an average development cost of ca. 1,700 EUR / sqm. For the selling price, we assumed a 7% yield in line with the current prime single tenant’s units yields of around 6.75-7.25%, (units yield at secondary location at 7.5%-8%) which should slightly shrink in the coming two years at a pace of ca. 25 – 50 bps p.a. in Hungary based on Colliers data.

Our reference point for estimating the development cost is the transaction price (of EUR 1,000 EUR / sqm implying a 12.43% yield) at which Appeninn purchased the SPAR portfolio in early 2018. We admit that our development cost estimate significantly higher than the transaction price of the SPAR portfolio, though during certain times, especially when labour market is very tight, the replacement cost vs. the fair value could differ significantly from each other. Additionally, we believe the purchase price of the SPAR portfolio was moderately below the average market price. According to Colliers data, yield’s range applied to single tenant retail units fluctuates between 7% - 8% depending on the locations (prime yields are at 6.75% - 7.25%, while in secondary cities at 8%) vs. 12% yield at which SPAR² units are priced in Appeninn’s strategic presentation.

BRIEF PLAN OF THE RETAIL SEGMENT

Retail development	F2018	F2019	F2020	F2021	F2022	Total
incremental sqm / year	10,000	20,000	20,000	20,000	20,000	90,000
avg EUR/sqm	1,700					
LTV	80%					
Capital need [EURm]	3.4	6.8	6.8	6.8	6.8	30.6

Potential sale [sqm]			10,000	10,000	10,000	30,000
Transaction yield	7%					
Transaction price	1,800					
Profit on dev.	6%					
Proceeds * [EURm]			4.4	4.4	4.4	13.2

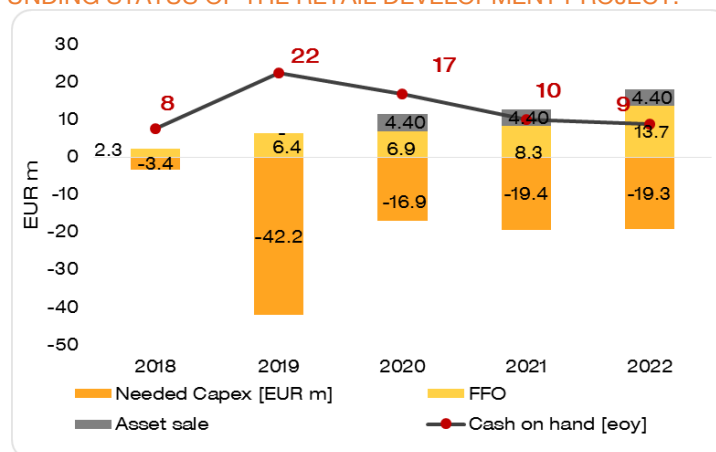
*Full price - debt

Source: Concorde

Appeninn had ca. EUR 9 million in cash on its balance sheet (half year FFO is ca. EUR 1.4 million) at the end of 2017, with which it can start the construction projects

2 We expect high revaluation gain on the SPAR portfolio as they are valued on 12% yield.

FUNDING STATUS OF THE RETAIL DEVELOPMENT PROJECT.



Source: Concorde's estimate

All in all, we are less optimistic regarding this line of business than the company for two reasons. Firstly, this segment is entirely new activity of the company thus it raises the question whether it will be able to reach the margins that investors may expect from a construction project. Secondly, labour shortage might cause headwinds to margins via elevated expenses for labour and materials (see NBH's charts below). However, the aforementioned phenomenon, Appeninn might benefit from the uncertainties of the reduced tax rate for newly built houses as any new residential real estate projects planned to kick off in 2019 could be put off, leading to a reduction in high labour costs in the domestic construction industry.

Due to these uncertainties, we conducted sensitivity analysis for the potential development cost.

SENSITIVITY ANALYSIS FOR DEVELOPMENT COST VS. TARGET PRICE

SPO / Apport price	No of share	Development cost				
		1,500	1,600	1,700	1,800	1,900
800	67	18%	14%	10%	6%	1%
700	70	13%	9%	5%	1%	-3%
600	73	7%	4%	0%	-4%	-7%
550	76	4%	1%	-3%	-7%	-10%
500	78	0%	-3%	-7%	-10%	-14%

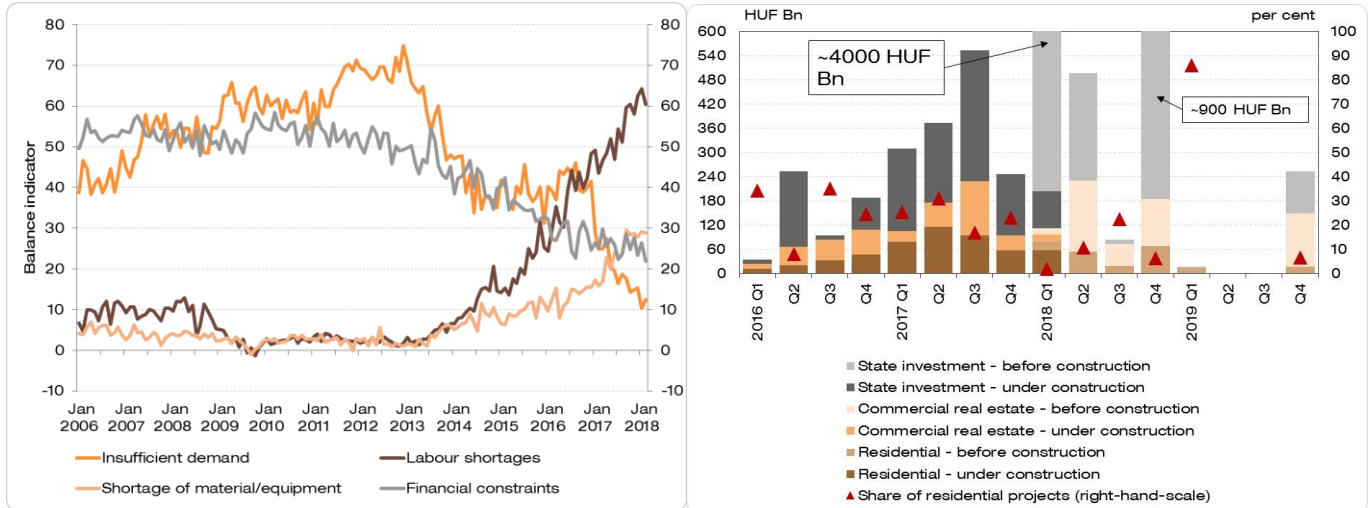
Source: Concorde's estimate

SENSITIVITY ANALYSIS FOR SELLING PRICE / YIELD VS TARGET PRICE

SPO / Apport price	No of share	Transaction yield for asset sale				
		6.5%	6.8%	7.0%	7.5%	8.0%
800	67	12%	11%	10%	8%	6%
700	70	8%	6%	5%	3%	2%
600	73	2%	1%	0%	-2%	-4%
550	76	-1%	-2%	-3%	-5%	-7%
500	78	-5%	-6%	-7%	-8%	-10%

Source: Concorde's estimate

LABOUR SHORTAGE MAY SPOIL THE GAME?



Source: NBH

On the right chart, we depict the distribution of the estimated value of the planned projects, suggesting that from 2019 onwards there should barely be any new developments. Thus, one could assume that the tight labour market conditions may ease, giving room to contract at more moderated prices. Nevertheless, the uncertainty regarding the lowered VAT rate for newly built residential houses may benefit Appeninn’s market position.

As for the topline, we forecast a 7.5%-9% average yield for the retail portfolio (10 EUR / sqm / month³), meaning a gradual increase of Gross Rental Income from EUR 3.9 million to EUR 8.2 million on the back of a continuous increase in GLA in the medium term – see our total portfolio chart below.

³ Colliers indicates supermarket rents range between 8-12 EUR/sqm in Hungary, we used the middle of this range.

Total portfolio

EUR m	2018	2019	2020	2021	2022
Cummulative office		3.5	6.4	9.5	16.9
Cummulative retail		3.9	5.2	6.7	8.2
SPAR	0.9	1.8	1.9	1.9	2.0
Úllóí & Andrassy	0.8	1.7	1.8	1.8	1.9
Current portfolio	5.0	5.1	5.2	5.3	5.5
Gross Income	6.7	16.0	20.5	25.2	34.4

		2017	2018	2019	2020	2021	2022
New Office segment	sqm			42,000	54,000	69,000	104,000
Fair value	EUR m			82	106	135	226
Rent / sqm / months	EUR			13.8	14.0	14.3	14.6
Gross Income yield @	10%			6.93	9.09	11.84	18.21
Occupancy				50%	70%	80%	93%
Gross Income w/ occupancy adjustment				3.5	6.4	9.5	16.9
Yield				9.5%	8.5%	8.0%	7.5%
Retail	sqm		10,000	30,000	40,000	50,000	60,000
Fair value	EUR m		14.0	42.8	58.3	74.3	90.9
Rent / sqm / months	EUR		10.5	10.7	10.9	11.1	11.4
Gross Income yield @	9.0%		1	4	5	7	8
Yield			9.0%	8.5%	8.0%	7.5%	8.0%
Current Portfolio	sqm	53,829	53,829	53,829	53,829	53,829	53,829
Fair value	EUR m	63.0	64.3	65.5	66.9	68.2	66.6
Rent / sqm / months		8.0	8.2	8.3	8.5	8.7	8.9
Gross Income yield @	8.2%	5	5	5	5	5	5
Occupancy		94%	95%	95%	95%	95%	95%
Yield		8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Spar Portfolio	sqm		18,529	18,529	18,529	18,529	18,529
Fair value	EUR m		14.5	21.6	22.1	22.5	23.0
Rent / sqm / months	EUR		8.1	8.3	8.4	8.6	8.8
Gross Income yield @	12.4%		1	2	2	2	2
Yield			12%	8.5%	8.5%	8.5%	8.5%
Andrassy út 69	sqm		2,000	2,000	2,000	2,000	2,000
Fair value	EUR m		7	7.7	7.9	8.0	8.4
Rent / sqm / months			19	19	20	20	21
Gross Income yield @	6.5%		0.4	0.5	0.5	0.5	0.5
Yield			6.5%	6.0%	6.0%	6.0%	6.0%
Úllóí út. 48	sqm		8,145	8,145	8,145	8,145	8,145
Fair value	EUR m		15	15	15	16	16
Rent / sqm / months			12.8	13.0	13.3	13.5	13.8
Gross Income yield @	8.5%		1.2	1.3	1.3	1.3	1.4
Yield			8.5%	8.5%	8.5%	8.5%	8.5%

Source: Concorde, Appeninn

To arrive at the monthly rents we used gross values and yields of the portfolio assets as indicated in Appeninn's strategic presentation. On average we expect 35% annual GLA growth over the course of the forthcoming four years.

Valuation

We applied two methods to assess the fair value of Appeninn and conducted several sensitivity and scenario analysis for the main variables. We set our 12M TP at HUF 743 per share with an Accumulate recommendation on Appeninn, assuming that the company will be able to rise its share capital at current share price (HUF 600). Obviously, a lower SPO price will decrease our TP, as the impact of dilution is higher, and we do not rule out other form of fund raising than share capital increase, either.

12M TARGET PRICE

12M Target price	
FCFF	750
NAVPS discount	736
Average	743

Source: Concorde's estimate

Accepting every figures from the strategic presentation at face value but SPO at the price of (HUF 800 per share), our target price would land at HUF 736.

As for the methods. the equity value can be derived purely from the NAVPS (Net Asset Value per Share) metric that the management gave in their strategic presentation. This approach assumes that 1) every goal Appeninn's management aims to achieve will be reached according to the company's business plan (we use their figures) 2) since Appeninn plans to distribute dividend from 2020, it is fair to assume that its earnings will normalize (ie. growth will decelerate) from 2020 onwards thereby allowing investors to compare Appeninn's performance against that of its peers, which trade usually on their NAVPS; 3) the only difference comes from the fact that we used other numbers of outstanding shares in calculating the fair value for Appeninn . We used the current market price (HUF 600 per share) for pricing the new shares rather than the issue price Appeninn assumed in its strategic presentation (HUF 800 per share).

Cost of Equity	
Rfr	4%
ERP	5.5%
Beta	1.2
Revaluation & Developments	1.5
% share of EBITDA	56%
Real Estate Operation	0.9
% share of EBITDA	44%
CoE	11%

NAV [2022] HUF million*	69,523
No of share [million]**	73
NAVPS [2022]	950
12m Target Price	736

*Based on Appeninn's guidance

**Calculated with capital increase at HUF 600 per share

Source: Concorde's estimate

To choose the appropriate beta we examined the sources of EBITDA throughout the next four years. We found that more than half of the EBITDA should come from the sale of development, assets, and revaluation gain. Given that we have limited visibility on execution and more generally on the development tends to be financed with large leverage, investors may reasonably require more compensation for this additional risk, thus we opt for a higher Beta to calculate the required rate of return for equity. On the other hand, the real estate operation is a less risky segment this we added lower than 1.0 for beta. Last factor to mention is the number of shares, based on the latest available information Appeninn had 47,4 million outstanding shares, which should be increased by ca. 25.8 million to 73.2 million⁴ due to the EUR 50 million capital increase that we currently assume.

⁴ At this point we exclude the effect of depreciation of HUF, and calculated with EURHUF 310.

Alternatively, we built a DCF model to have a better understanding on the PV of cash flows to be potentially generated in the future based on our assumptions.

DCF MODEL

[EURm]	2018	2019	2020	2021	2022	2023	2024	TV	
EBITDA	4	10	13	16	22	23	23	24	
Tax	0	1	1	1	2	2	2	2	
growth CAPEX	3	42	17	19	19	0			
Maintenance	0	1	1	1	1	1	1	1	
Asset sale		0	4	4	4			0	
FCFF	0	-33	-1	-1	4	19	20	20	
WACC	6%	6%	6%	6%	6%	6%	6%	7%	
DF	1	0.94	0.89	0.84	0.79	0.74	0.70	0.69	
PV FCF		0.2	-31.4	-1.2	-1.1	3.2	14.4	13.9	298
SUM PV FCF	296								
Debt [2019]	134								
Equity value	162								
No of shares	73								
EURHUF	310								
Price HUF 2018 eoy	686								
12M target price	750								

Source: Concorde's estimate

Our TP reflects that we have a bit more optimistic view than what it is in Appeninn's latest strategic presentation. The main difference stems from the fact that we think Appeninn can improve more the cash flow paying capacities / abilities of the offices that they intend to purchase vs. the pace they originally assumed.

We arrived to their implied occupancy ratio by

- gathering market rents for their main portfolio parts, and subtracting them from revenue indicated by the company;
- by doing so, we arrived at the necessary rental income from the new office segment;
- assuming that Appeninn intends to purchase assets in one of the Budapest office subsegments except for the best located area (Budapest CBD) - this criteria is needed in order to determine the potential monthly rents / sqm;
- and finally, taking into account the residual rental income from new offices per year based on the average monthly rents / sqm for Budapest excluding rents in the most prestigious areas.

Three scenarios: Appeninn's potential

We display three scenarios for Appeninn's potential future depending on what we think about where the company will be heading for. Our TPs vary between HUF 520 –860 a share, largely depending on the pace of developments in office occupancy, financial leverage, and whether there is higher or lower effect of a potential fund raising compared to our the base case scenario (EUR 50 million).

SCENARIO ANALYSIS

Scenarios		Worst case	Base case	Best case
1. Leverage office	[LTV]	55%	57%	62%
2. Leverage Development	[LTV]	70%	80%	80%
3. EBITDA margin		65%	65%	65%
4. Office occupancy development				
MAX [2022]		75%	93%	95%
MIN [2019]		50%	50%	50%
Duration of convergence		4	4	4
5. Needed Capital increase	[EUR m]	71	50	42
12M Target price		519	750	857

Source: Concorde's estimate

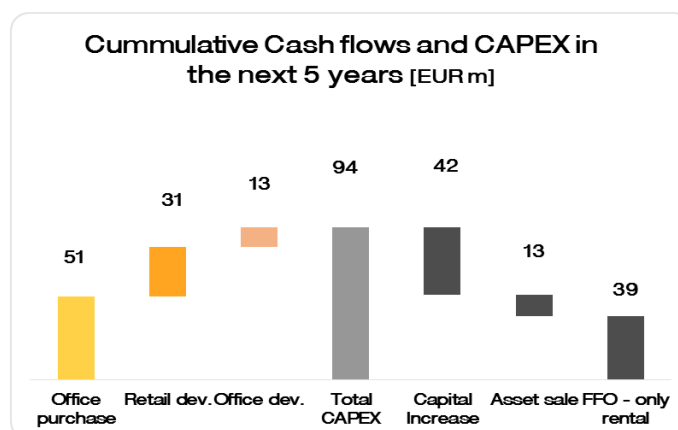
Office Occupancy	2019	2020	2021	2022
Best Case	50%	75%	85%	95%
Base Case	50%	70%	80%	93%
Worst case	50%	60%	65%	75%

Source: Concorde's estimate

Best case scenario: Blue sky scenario

In our best case scenario Appeninn's fair value is HUF 857 per share. This case we assume that

- office occupancy ratio will converge to 95% in the shortest time, and will exceed the average of Budapest by 2022. Thanks to the high occupancy ratio and consequently strong cash flow generation in tandem with a bit higher level of leverage (LTV: 62% vs. the base case 57%), a lower amount of investments is required to achieve strategic goals on our estimate. Given the reduced level of CAPEX requirement the dilution effect can also be lower compared to our base case scenario pushing our TP north.
- LTV will be at a high level (62%) - amplifying the upside for both development and revaluation gains.
- Although it not realistic as of now, but we could not exclude the case that any capital increase may be conducted at a higher price than the current HUF 600. The simple reason for considering this option is the fact that Appeninn expects a higher share price for a capital increase (namely HUF 800 a share). If it turns out to be the case, our Target price increases to HUF 890 a share.



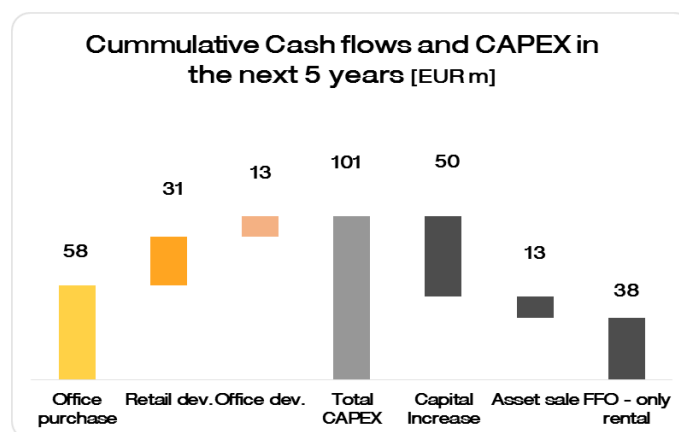
DEVELOPMENT OF OCCUPANCY RATIO

		2019	2020	2021	2022
New Office segment	sqm	42,000	54,000	69,000	104,000
Fair value	EUR m	82	106	135	198
Rent / sqm / months	EUR	13.8	14.0	14.3	14.6
Gross Income yield @	10%	6.93	9.09	11.84	18.21
Occupancy		50%	75%	85%	95%
Gross Income w/ occupancy adjustment		3.5	6.8	10.1	17.3
Yield		9.5%	9.0%	8.5%	8.0%

Base case: Business as Usual

In our base case scenario, we are still more bullish than what Appeninns strategic presentation suggests in terms of occupancy ratios for office assets. Investments progress according to the original plans. Appenin can extract potential synergies from its deep cooperation with the Konzum Group (hopefully resulting in better access to financing, and helping to find tenants for the new vacant offices).

- We believe the occupancy ratio will improve year by year and converge towards the average level seen in Budapest by 2022.
- CAPEX will be in line with the company’s guidance of EUR 50 million.
- LTV ratio remains in the guided range 50-60%

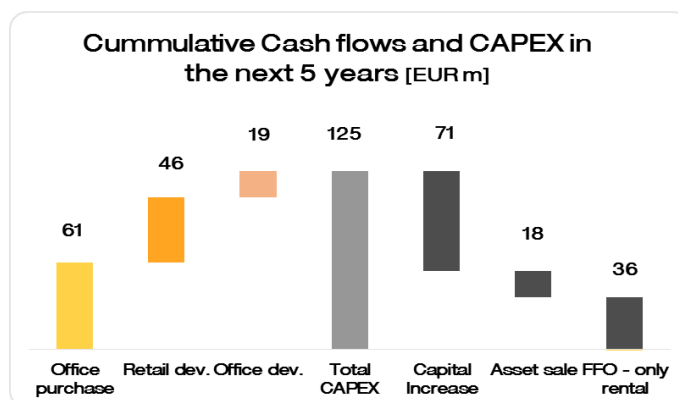


DEVELOPMENT OF OCCUPANCY RATIO

		2019	2020	2021	2022
New Office segment	sqm	42,000	54,000	69,000	104,000
Fair value	EUR m	82	106	135	198
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Gross Income yield @	10%	6.93	9.09	11.84	18.21
Occupancy		50%	70%	80%	93%
Gross Income w/ occupancy adjustment		3.5	6.4	9.5	16.9
Yield		9.5%	9.0%	8.5%	8.0%

Worst case: Dilution bites into shareholders value

This case we assume that financial leverage will remain at 55% as Appenin takes a more cautious approach to developments in the view of financial turmoil that could emerge. To illustrate a negative outcome, we show a scenario in which lower leverage bite into shareholder value. Meaning that due to a more conservative stance from management, or due to financial turmoil leverage ratio will be only 55% (LTV). Consequently, the required amount of CAPEX to achieve strategic objectives could be higher entailing higher dilution (in the number of outstanding shares). At the same time, the occupancy ratios should converge at a slower pace to the the average level witnessed in Budapest.



DEVELOPMENT OF OCCUPANCY RATIO

		2019	2020	2021	2022
New Office segment	sqm	42,000	54,000	69,000	104,000
Fair value	EUR m	82	106	135	198
Rent / sqm / months	EUR	13.8	14.0	14.3	14.6
Gross Income yield @	10%	6.93	9.09	11.84	18.21
Occupancy		50%	60%	65%	75%
Gross Income w/ occupancy adjustment		3.5	5.5	7.7	13.7
Yield		9.5%	9.0%	8.5%	8.0%

How much of this growth story has been already baked into the price?

As a sanity check we applied the PVGO approach (Present Value of Growth Opportunities) to estimate how much of the upside has already priced in the stock price. Based on this method we claim that less than 50% of the growth opportunities are already reflected in the share price. In this case we used the company’s estimates in calculating the fair equity value for Appennin shares.

Priced Growth - per share	
Price	600
NAVPS [2018]*	400
PVGOPS	200
NAVPS [2022]*	953
NAVPS [2018]	400
Growth in NAV	553
Present Value of NAVPS growth	404

Priced growth 49%

* According to Appennin’s NAV assumptions but with 73 million share

Source: Concorde’s estimate

The results are in sync with our findings in our base case scenario. Usually, market give a 50% probability to the future opportunity given the uncertainties that lies ahead, and as time passes by and positive / negative news appears, investors adjust their expectations for the potential amount of PVGO accordingly.

We would like to highlight that Appennin is first and foremost a growth story, thus any difference in variables might alter the results of our valuation model significantly.

Again, our assumptions

CONCORDE'S ASSUMPTIONS

INPUTS			Comments:
Inflation (EUR CPI)	(%)	2.0%	House view
EBITDA margin	(%)	65%	Based on peer group and House view
Interest expense [EUR]	(%)	3%	Last years interest expenes; better accessibility to optimal financing via Konzum
Interest expense in TV [EUR]	(%)	4%	House view; Bloomberg
Development costs	EUR / sqm	1,700	House view; Bloomberg
Transaction yield [retail single tenant after 2019]	(%)	7%	Based on Colliers data; House view
Average transaction price for office assets	EUR / sqm	1,958	avg. Budapest office price (Cushman & Wakefield) * discount Appeninn assumes
Development LTV	(%)	80%	Better accessibility to optimal financing via Konzum
Average LTV	(%)	57%	Guided LTV
Long term Rfr [HUM 10yr]	(%)	4.0%	House view

Office Occupancy	2019	2020	2021	2022
Best Case	50%	75%	85%	95%
Base Case	50%	70%	80%	93%
Appeninn's implied	40%	60%	60%	75%

Source: Appeninn, Colliers, Cushman & Wakefield, CBRE, Budapest Research Forum, Concorde's estimate

Downside risk

- Execution risk is arguably high, therefore caution should be advised in assessing Appeninn's ability to create value by its development activity.
- If the company fails to carry out its strategic goals in a timely manner, it may lose investors' confidence which could entail heavyselling in shares as the company is valued with a large premium compared to its peers. If it were to materialize, the BVPS would be the next price entrenchment which would be the same valuation at which Appeninn's peers are trading presently.
- Any delay in the capital rise that we think is imperative to implement investments as per the company's strategic plan might cause hiccup in the investment schedule.
- High financial leverage and simultaneously deteriorating financial conditions for loans would significantly affect Appeninn's profitability. Currently we expect 3% interest rate on Appeninn's loans on average for the period between 2018 and 2022, and 4% in the terminal value.

Upside

- Opportunistic real estate transactions will take place at a bargain price – lower than our estimation ca. 2,000 EUR/sqm
- Huge revaluation potential - Appeninn expects 3% appreciation per year throughout 2022 (meaning a cumulative gain of EUR 35 million), which may prove too conservative if the company can manage to renegotiate rental leases, improve the occupancy ratios, lengthen duration of the leases etc. In our view, revaluation gains could be significantly higher, even reaching as much as EUR 70 million (+ HUF 150 per share). Currently, the targeted offices can be purchased at a yield of 10% according to Appeninn's strategy report, and once the company leverage its expertise, they believe yields could be reduced to the average office yield in Budapest 6.5% – 7%.

Office portfolio appreciation potential

EUR / sqm	yields	sqm	GAV [EUR m]	Debt [EUR] [LTV = 57%]**	NAV [EUR m]	Revaluation gains	Per share *
2,995	6.5%	69,000	206,672,172	76,572,040	130,100,132	72,335,260	307
2,781	7.0%	69,000	191,909,874	76,572,040	115,337,834	57,572,962	245
2,434	8.0%	69,000	167,921,140	76,572,040	91,349,100	33,584,228	143
2,163	9.0%	69,000	149,263,235	76,572,040	72,691,196	14,926,324	63
1,947	10.0%	69,000	134,336,912	76,572,040	57,764,872	-	-

* with the assumptions of ca. 73m shares (capital rise at HUF 600 per share).

**Fixed on GAV with 10% yield

Source: Appeninn, Cushman & Wakefield, Concorde's estimate

Notes: Area in orange shows the purchase yields and price of the assets, while the area in grey represents the average price of the offices in Budapest. Logically, the difference in NAV at different yield price scenarios indicates the appreciation potential. We would like to highlight that this revaluation potential should realize only gradually as they proceed with asset quality improvements.

- Higher selling price than the price we assumed for any asset sale (x > EUR / sqm 1,800)

Sensitivities

For sensitivities analysis we estimated the outcome of our DCF model which in base case gave a target price of HUF 750. So this is the reference point.

Our model is the most sensitive to the following variables: growth at terminal value, EBITDA margin, financial leverage, and monthly rental / sqm fee for new office segment.

RISK FREE RATE

SPO / Apport price	No of share	Risk Free rate				
		3.0%	3.50%	4.0%	4.50%	5.0%
800	67	20%	15%	10%	5%	0%
700	70	15%	10%	5%	1%	-4%
600	73	10%	5%	0%	-5%	-9%
550	76	6%	1%	-3%	-8%	-12%
500	78	2%	-2%	-7%	-11%	-15%

EBITDA MARGIN

SPO / Apport price	No of share	avg. EBITDA margin				
		60%	63%	65%	68%	70%
800	67	-14%	-2%	10%	21%	33%
700	70	-17%	-6%	5%	17%	28%
600	73	-21%	-11%	0%	11%	22%
550	76	-24%	-13%	-3%	7%	18%
500	78	-26%	-17%	-7%	3%	14%

AVERAGE LTV

SPO / Apport price	No of share	Average LTV - to acquire office assets				
		50%	55%	57%	60%	62%
800	67	-17%	2%	10%	23%	32%
700	70	-20%	-2%	5%	18%	26%
600	73	-24%	-7%	0%	12%	20%
550	76	-26%	-10%	-3%	8%	16%
500	78	-29%	-13%	-7%	4%	12%

DEVELOPMENT LTV

SPO / Apport price	No of share	Development LTV				
		60%	70%	80%	85%	90%
800	67	-3%	4%	10%	13%	16%
700	70	-7%	-1%	5%	8%	11%
600	73	-11%	-6%	0%	3%	6%
550	76	-14%	-9%	-3%	0%	2%
500	78	-17%	-12%	-7%	-4%	-1%

TRANSACTION YIELD FOR ASSET SALE

SPO / Apport price	No of share	Transaction yield for asset sale				
		6.5%	6.8%	7.0%	7.5%	8.0%
800	67	12%	11%	10%	8%	6%
700	70	8%	6%	5%	3%	2%
600	73	2%	1%	0%	-2%	-4%
550	76	-1%	-2%	-3%	-5%	-7%
500	78	-5%	-6%	-7%	-8%	-10%

GROWTH AT TERMINAL

SPO / Apport price	No of share	Growth at terminal				
		1.0%	1.5%	2.0%	2.5%	3.0%
800	67	-31%	-13%	10%	37%	73%
700	70	-34%	-16%	5%	32%	66%
600	73	-37%	-20%	0%	25%	57%
550	76	-39%	-23%	-3%	21%	52%
500	78	-41%	-26%	-7%	17%	47%

DEVELOPMENT COST

SPO / Apport price	No of share	Development cost				
		1,500	1,600	1,700	1,800	1,900
800	67	18%	14%	10%	6%	1%
700	70	13%	9%	5%	1%	-3%
600	73	7%	4%	0%	-4%	-7%
550	76	4%	1%	-3%	-7%	-10%
500	78	0%	-3%	-7%	-10%	-14%

AVG. PURCHASE PRICE FOF OFFICE ASSETS

SPO / Apport price	No of share	average purchase price of Office assets				
		1,700	1,800	1,958	2,100	2,200
800	67	20%	16%	10%	4%	0%
700	70	15%	11%	5%	0%	-4%
600	73	9%	6%	0%	-5%	-8%
550	76	6%	2%	-3%	-8%	-11%
500	78	2%	-1%	-7%	-11%	-15%

RENTAL INCOME FOR NEW OFFICE - EUR / SQM / MONTHS

SPO / Apport price	No of share	avg. Monthly rent / sqm / for targeted offices				
		10.0	12.0	13.8	15.0	17.0
800	67	-29%	-9%	10%	22%	43%
700	70	-32%	-12%	5%	17%	37%
600	73	-35%	-17%	0%	11%	30%
550	76	-37%	-19%	-3%	8%	26%
500	78	-39%	-22%	-7%	4%	22%

Source: Concorde's estimate

Appendix

APPENINN P&L [EUR THS]

	2017	F2018	F2019	F2020	F2021	F2022
Gross rental Income (GRI)	4,933	6,672	16,002	20,460	25,194	34,386
Clean EBITDA	2,906	4,001	10,610	13,408	16,653	22,974
EBT	4,403	3,998	10,602	13,398	16,640	22,959
Net financials	-1,114	-1,771	-3,993	-4,803	-6,121	-8,008
EBT	3,290	2,226	6,609	8,595	10,519	14,951
Profit	2,549	2,026	6,014	7,821	9,572	13,605
FFO1	1,728	2,030	6,022	7,832	9,585	13,620
FFO2	1,728	2,030	6,022	12,223	13,844	17,581
CAPEX	-4,176	-17,000	-116,215	-57,490	-63,363	-96,640

BALANCE SHEET [EUR THS]

	2017	F2018	F2019	F2020	F2021	F2022
Non Current Assets	62,999	114,440	234,937	276,047	323,673	430,578
Goodwill	-	-	-	-	-	-
Properties	62,999	114,440	234,937	276,047	323,673	430,578
Current Assets	9,528	60,187	24,651	20,756	16,262	16,299
Cash	8,757	58,882	21,974	17,422	12,231	10,916
Account receivables	159	477	1,143	1,461	1,800	2,456
Other Short term receivables	227	505	1,212	1,550	1,908	2,604
Other	385	323	323	323	323	323
Total Assets	72,527	174,627	259,588	296,803	339,935	446,877
Equity	32,186	108,795	119,694	129,919	129,115	173,152
Capital	26,863	101,446	106,331	108,735	98,358	128,789
Retained Earnings	2,774	5,323	7,349	13,363	21,185	30,757
Profit	2,549	2,026	6,014	7,821	9,572	13,605
Non current liabilities	35,446	59,046	133,109	160,098	204,034	266,939
Loans	32,675	56,275	130,338	157,327	201,263	264,168
Bonds	-	-	-	-	-	-
Other non current liabilities	2,771	2,771	2,771	2,771	2,771	2,771
Current liabilities	4,895	6,786	6,786	6,786	6,786	6,786
Short term liabilities	1,702	3,593	3,593	3,593	3,593	3,593
Payables	3,193	3,193	3,193	3,193	3,193	3,193
Total Assets	72,527	174,627	259,588	296,803	339,935	446,877

CASH FLOWS [EUR THS]

	2017	F2018	F2019	F2020	F2021	F2022
Operative Cash Flow	4,328	3,525	5,244	7,949	9,835	13,613
Investing Cash Flow	-4,176	-17,000	-116,215	-53,090	58,963	92,240
CAPEX	-4,176	-17,000	-116,215	-57,490	-63,363	-96,640
Asset sale	-	-	-	4,400	4,400	4,400
Financing Cash Flow	-898	63,600	74,063	40,589	43,937	77,312
Loan		13,600	74,063	40,589	43,937	77,312
Equity issuance		50,000	-	-	-	-

MARKET INDICATORS

EUR ths	2017	F2018	F2019	F2020	F2021	F2022
Number of shares [ths]	40,893	73,205	73,205	73,205	73,205	73,205
Market capitalization	24,944	44,655	44,655	44,655	44,655	44,655
Debt	35,446	59,046	133,109	160,098	204,034	266,939
Enterprise Value	60,390	103,701	177,763	204,753	248,689	311,594

MARGIN AND MAIN RATIOS

	2017	F2018	F2019	F2020	F2021	F2022
EBITDA margin	59%	60%	66%	66%	66%	67%
Profit margin	52%	30%	38%	38%	38%	40%
RoE	9%	3%	6%	7%	9%	12%
RoA	4%	2%	3%	3%	3%	4%

DEBT METRICS

EUR ths	2017	F2018	F2019	F2020	F2021	F2022
debt	35,446	59,046	133,109	160,098	204,034	266,939
Interest rate	-3%	-3%	-3%	-3%	-3%	-3%
LTV	49%	34%	51%	54%	60%	60%
Interest coverage	2.6	2.3	2.7	2.8	2.7	2.9
Net debt to EBITDA (X)	12.20	14.76	12.55	11.94	12.25	11.62

VALUATIONS

	2017	F2018	F2019	F2020	F2021	F2022
FFO yield	2%	1%	4%	5%	7%	9%
FFOPS	13.10	8.59	25.50	33.16	40.59	57.68
BVPS	244.00	460.71	506.87	550.17	546.76	733.25
P/BV	2.5000	1.3240	1.2035	1.1088	1.1157	0.8319
P/FFOPS	46.57	70.97	23.92	18.39	15.03	10.58
EPS	19.32	8.58	25.47	33.12	40.54	57.61
P/E	31.6	71.1	24.0	18.4	15.0	10.6

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