

PRESS RELEASE

Stable growth and evaluation loss at Appeninn

Budapest, August 23, 2017 – Appeninn’s revenue increased by more than 20 percent in the first quarter, mostly due to the utilization of the real estates acquired recently, and the increasing demand on the office lease market. At the same time, the net income of the real estate investment group was negative, following the devaluation of one of its investment properties by one million euros.

The Appeninn Nyrt. is listed in the Budapest Stock Exchange in the Premium category. Its revenue from leasing real estates (according to the IFRS and consolidated data) increased by 21 percent to EUR 2.6 million in the first half of 2017. Besides the favorable processes, the net income of the real estate investment company presents a loss of EUR 37,000, as during the evaluation of the real estates, the company accounted for a 1 million euro loss resulting from devaluation carried out for reasons of prudence convention. This was necessary because the lease agreement of a prominent tenant of one of the office buildings – concluded before the 2008 crisis – expired, and its continuation will involve a lower rent, so the real estate’s revenue producing capability will temporarily decrease.

Gábor Székely, Appeninn Nyrt’s Chief Operating Officer is basically satisfied with the first half year’s result of the group, which already clearly shows the positive effects of the real estates purchased in 2016-2017. The management of the company is still working on the sales and investment assessment of the real estates purchased this year; the results are not significant in the data of the first six months. Appeninn continues to look for opportunities for purchasing investment properties on favorable prices.

The accounting data of Appeninn Nyrt. (IFRS)*

| | 2016 Q1–Q2 | 2017 Q1–Q2 | Changes |
|--|------------|------------|---------|
| Revenue from leasing | 2,152 | 2,604 | +21% |
| Property management costs | 672 | 738 | +9.8% |
| Revaluation of revenue producing investment properties | 35 | -1,000 | - |
| EBITDA | 1,098 | 718 | -34.6% |
| Net income | 412 | -37 | - |
| Net asset value (NAV) per share in EUR** | 0.59 | 0.7 | +18.6% |

* the data of the table are provided in thousand euros; the data are not audited ** data provided in euros

Company information

The Appeninn Vagyonkezelő Holding Nyrt. is listed in the Budapest Stock Exchange in the Premium category. It is one of Hungary’s dynamically expanding real estate investment firms. Founded in 2009, the company focuses on niche market segments, in which low-price assets can be acquired with the promise of yielding high interest. Such target areas include B-category office buildings as well as the industrial and logistic real estate segment. The main objective of the Appeninn Holding is to operate as a holding company that represents traditional, conservative business policy and readily definable asset-based values through the continuous expansion of its real-estate property portfolio. The total area of the company’s properties in Budapest and the countryside is over 64,000 square meters. The consortium closed the 2016 fiscal year with a revenue of EUR 4.6 million from leasing, and with a net income of EUR 2.6 million.

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