



SHOPPER PARK+



SHOPPER PARK PLUS REIT
IPO ON THE BUDAPEST STOCK EXCHANGE
INVESTMENT PRESENTATION
OCTOBER 2023

INVESTMENT HIGHLIGHTS

Mid-term strategic goal is to become a significant food-anchored retail park brand in the CEE region

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ESG focused development strategy

- Investing in energy efficient measures, modernization, and infrastructure upgrades.
- The Issuer's own **ESG goals** are aligned with Penta Fund's own ESG undertakings made under the SFDR Article 8 classification (funds promoting environmental and social objectives).

REIT tax benefits in Hungary**

- REITs (SZIT) in Hungary enjoy considerable tax advantages: **0% corporate income tax, 0% local business tax**, 2% capital transfer duty (instead of 4%).
- Listing on BSE and 25% free float is required.
- Shares can be acquired through TBSZ (Long Term Investment Account) structure for Hungarian private individual investors.

Robust dividend yield segment

- **Retail parks** offer higher achievable yield than other retail real estate assets.



Proven track record of independent real estate asset management

- The majority owner **has strong track record in the management of CEE commercial real estate assets.**

Well identified growth opportunities

- **CEE expansion strategy** under the Shopland brand.
- Food retailers' „**sale and lease back**” activity drives investment opportunities.
- **Upgrading the tenant mix and holdback utilization** can boost visitor traffic and increase revenues.

Anti-cyclical real estate asset

- Food and convenience-anchored retail is a **crisis-resilient sector that offers stable cash flows.**
- Majority of **lease agreements are EU CPI inflation linked.**
- The portfolio was acquired for a price of app. 740 EUR/sqm, while peers value their portfolio around 3,800 EUR/sqm.*

**compared to the peer group listed on page 13*

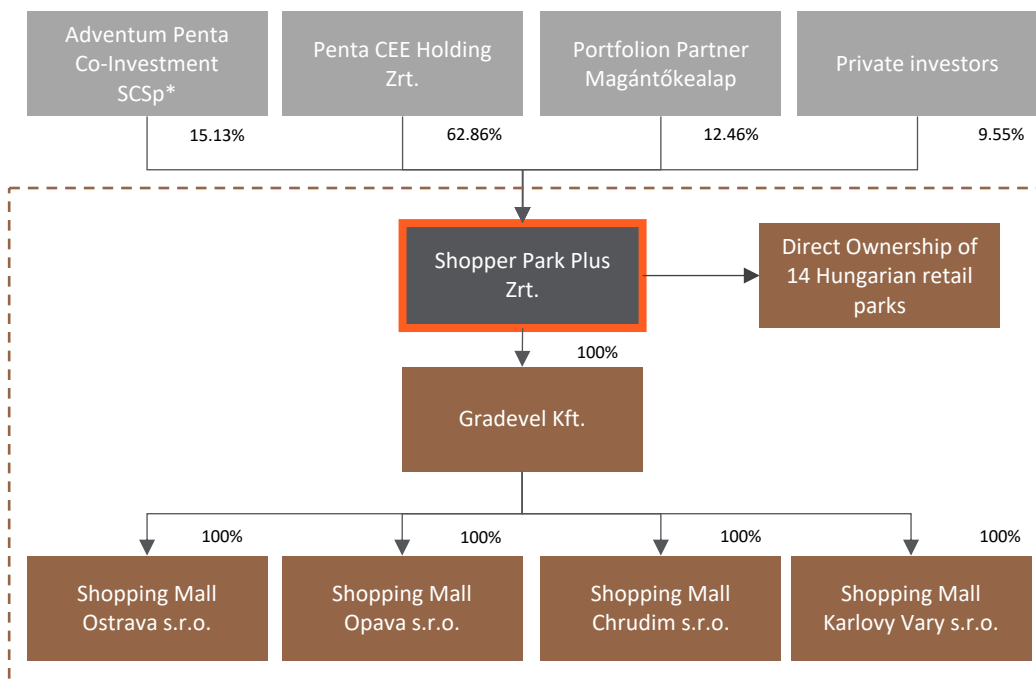
*** the Issuer currently operates as a SZIE (Szabályozott Ingatlanbefektetési Előtvállalkozás), according to Act CII of 2011 on Regulated Real Estate Investment Companies. Following the IPO, the Issuer will request its registration as a REIT (SZIT, Szabályozott Ingatlanbefektetési Társaság).*

THE ISSUER

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Buy, hold and lease of 18 food-anchored retail parks in Hungary and the Czech Republic



Tesco transaction price	June 2022	Ca 740 EUR/sqm
CBRE IPO valuation	June 30th, 2023	876 EUR/sqm
Listed peer group average property value****	September 19th, 2023	3,793 EUR/sqm

*Please see info on EBRD website

TRANSACTION OVERVIEW

TESCO transaction

- In June 2022, Shopper Park Plus Zrt. („Issuer”) acquired a Tesco anchored retail park portfolio for around EUR 240 mn in Hungary and the Czech Republic.
- The acquisition was financed by bank loan (EUR 150 mn) and EUR 96 mn equity. Adventum Penta Fund SCA SICAV-RAIF („Penta Fund”) provided most of the equity, teaming up with a group of institutional investors.
- The portfolio generated a yield of cca. 7.2%**.
- The portfolio generated EUR 20.2 mn adjusted rental income in 2022 (non-audited figures).***
- Bank financing has an 3MEURIBOR linked variable interest rate with 2.5% margin. For 70% of the loan 3MEURIBOR is capped at 2.4%.

Holdbacks

- Downsize holdback* – 30,743 sq m currently leased but not used by TESCO shall be returned to the Issuer for a total one-off payment of EUR 10.4 mn, and is to be leased to new tenants, while TESCO’s absolute rent stays on the current level. The Issuer requested the handover of the downsize holdback area from TESCO until July 2023.
- Vacancy holdback* – 3,713 sq m vacant area at closing, which if leased translates to EUR 1.5 mn one-off payment to the seller.
- Turnover holdback* – if turnover based rental income from selected tenants reaches the 2019 level (pre-COVID), then a one-off payment of maximum EUR 6.8 mn needs to be paid by the Issuer to the seller.

**Calculated as the audited 2022 rental income adjusted for full year divided by the 2022.12.31. GAV of EUR 279.6 mn.

***Run rate figure. The portfolio was owned for 200 days by the Issuer in 2022, this was proportionated for full 365 days.

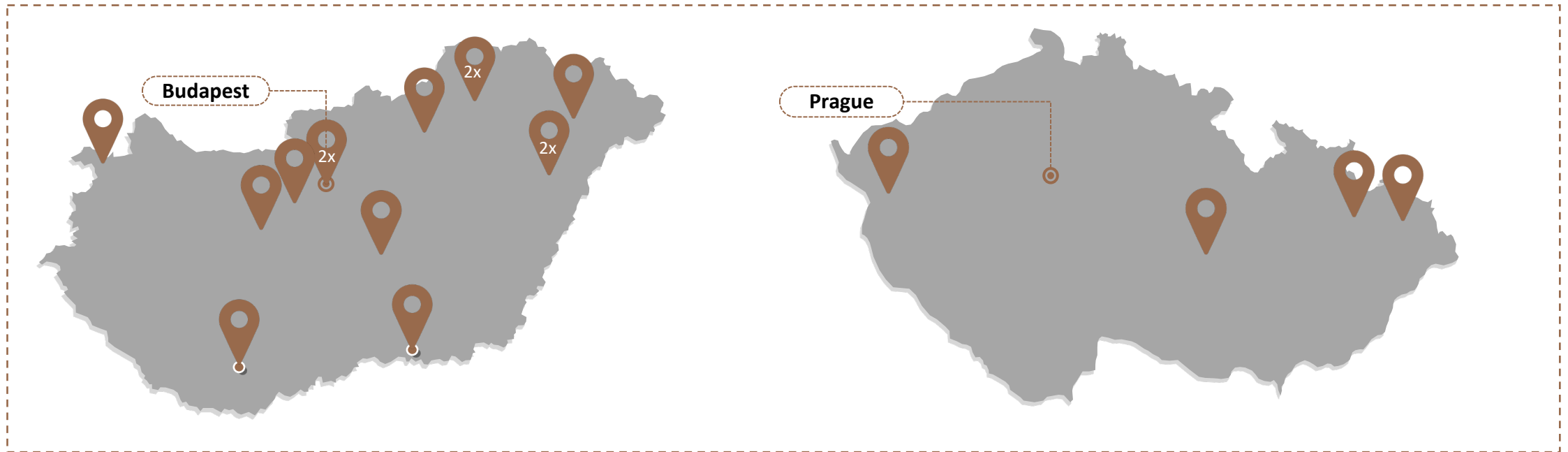
**** Please see page 13.

PROPERTIES




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326 thousand square meters gross lettable area on 18 locations across Hungary the Czech Republic*



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	14 assets	Mall occupancy	97.7%
	261K sq m lettable area	WAULT (incl. TESCO)	5.4
	generates 78% of the portfolio income	Average mall rent EUR/SQM/MONTH	EUR 5.0

	4 assets	Mall occupancy	95.6%
	65K sq m lettable area	WAULT (incl. TESCO)	3.5
	generates 22.0% of the portfolio income	Average mall rent EUR/SQM/MONTH	EUR 5.6

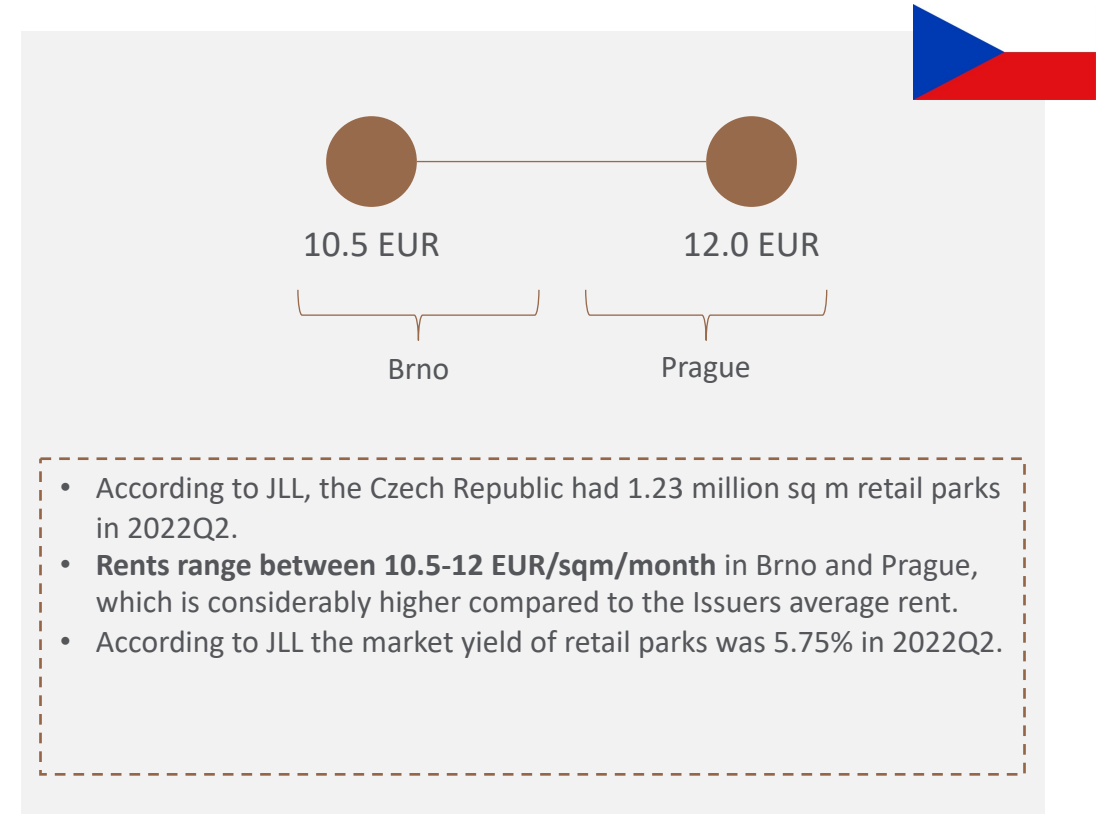
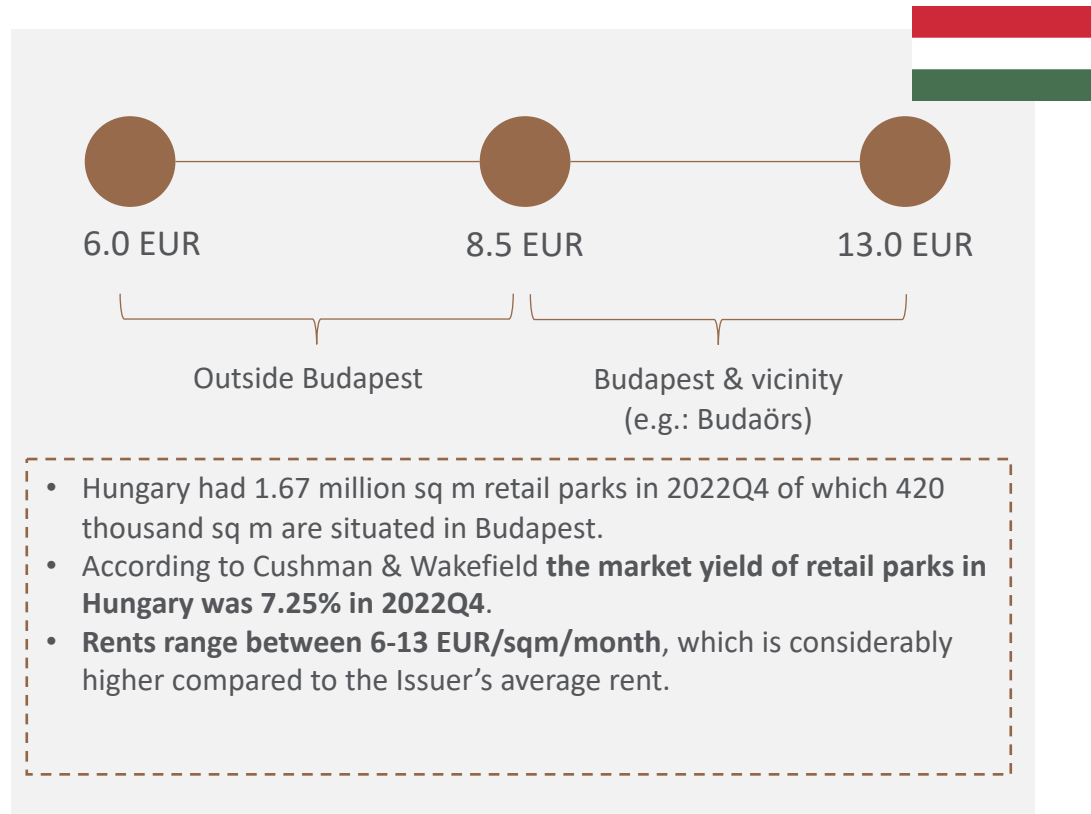
*All data on this slide is based on rentroll for 2022.12.31.

MARKET & LEASE PORTFOLIO

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Reported market rents are higher than the average rent per month in the Issuer's portfolio



CAPITAL STRUCTURE

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Market standard leverage contributes to strong dividend yield potential

KEY CAPITAL STRUCTURE CONSIDERATIONS

- **The Issuer aims to maintain a loan to value ratio between 50-60%.**
- This objective is strongly supported by the strict REIT requirement of not exceeding 65% loan to value ratio.*

ACQUISITION FINANCING

- In June 2022, the Issuer acquired the Tesco portfolio for around EUR 240 mn, financed by a EUR 150 mn loan by the consortium of OTP Bank Hungary, Erste Bank Hungary and Erste Bank Austria.
- **Interest coupon:** 3-month EURIBOR + 2.5% spread. **Interest rate on the 70% of the principal is capped at a 2.4% 3-month EURIBOR rate.** Interest rate on the remaining 30% is variable.
- **Term:** 5 year
- **Amortization:** 20 year (80% bullet)

ADDITIONAL FACILITY

- Subject to certain conditions a **EUR 30 mn facility could be provided by the bank consortium** (commitment fee payment obligation may incur at the Issuer).
- The facility can be used for financing general corporate purposes (incl. CAPEX and dividend payments).

**REIT requirement according to Act CII of 2011 on Regulated Real Estate Investment Companies (SZIT, Szabályozott Ingatlanbefektetési Társaság), which calculates as interest bearing liability divided by the property value.*

INITIAL PUBLIC OFFERING

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First EUR denominated and public REIT IPO in Hungary for a regional business

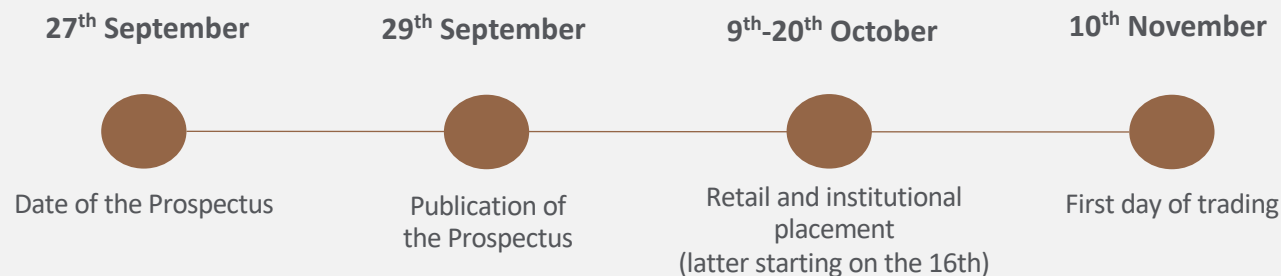
KEY TRANSACTION DETAILS

- **Price range:** 10.8-11.5 EUR per share
- **New issuance:** min. 2 million, max. 4.62 million shares
- **Capital increase:** min. EUR 21.6 mn to ensure 25% free float (REIT requirement), Maximum capital increase: EUR 53.13 mn
- Domestic institutional offering through bookbuilding
- Retail offering in Hungary
- **Joint-lead managers and bookrunners:** Concorde Securities, OTP Bank
- **Subscription period:** 9th-20th October 2023
- Listing on the Budapest Stock Exchange in the “Premium” category

IPO Objectives

- **Achieving REIT (SZIT) status**
 - To reach REIT (SZIT) status, listing on the Budapest Stock Exchange and at least 25% free float is required.
 - REITs (SZIT) in Hungary enjoy considerable tax advantages
- **Growth Financing**
 - Organic growth of the existing portfolio through maximizing revenue and improving operation
 - Acquisitions of other food-anchored retail parks in the CEE region

INDICATIVE TIMELINE



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ADVENTUM GROUP

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The controlling shareholder of the Issuer – a leading real estate fund and asset management group in CEE



A leading, independent real estate investment fund manager operating under the AIFM regime specialised in the CEE region.

The Group's* independence and ownership structure guarantee that both asset and fund management is performed in line with shareholders' interest.

Industry level returns

Previous funds and segregated account performance p.a.

EUR 1 bn

Assets under management
GAV

5

Existing, closed-end, real estate funds

35

Managed properties in CEE

Owned by the management



Mercedes Benz HQ, Warsaw, PL



Sky Tower, Wroclaw, PL



Köki Mall, Budapest, HU



Hermes Business Campus, Bucharest, RO

* Group: Flagship companies are Adventum Investment Fund Management Ltd., registered in Hungary, and Adventum International Ltd., registered in Malta.

MANAGEMENT

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Experienced management with extensive track record in real estate investments and financial markets

BOARD OF DIRECTORS



Kristóf Bárány - Chairman

Real estate investment and venture capital professional with over 15 years of experience across CEE.



András Marton – member

Real estate investment professional with over 15 years of experience across CEE.



András Molnár – member

17 years of experience in venture capital and private equity, CEO of Portfolion Fund Management.



Balázs Deim – member

19 years of experience in fund management, the CEO of Adventum Fund Management from 2007-2023.



Gábor Németh – member

28 years of experience in finance, over 20 years of executive experience in fund management and various industries.

SUPERVISORY BOARD



Dr. Gergely Szűcs – member

20 years' experience in venture capital and private equity, managing partner of Cashline Investments.



Sándor Makra – member

17 years' experience in the real estate industry, currently the CEO of Market Asset Management.



Dr. József Berecz – member

Strong academic background, with over 13 years of experience in investment management.

FINANCIALS (1/2)

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Consolidated, audited P&L for 2022FY and consolidated, non-audited, non-reviewed P&L for 2023H1 in thousand EUR

	2022	2023H1
Rental income	11,047	10,728
Service income	13,088	14,167
Service expenses	15,274	15,884
Gross profit	8,861	9,012
Administrative expenses	3,647	1,439
Net unrealised results of re-valuation of investment	22,002	3,688
Depreciation	0	0
EBIT	27,216	11,261
Financial income	2,923	1,138
Financial expenses	3,386	6,448
Profit before tax	26,753	5,950
Corporate income tax	3,839	0,135
Net profit / loss for the period	22,914	5,816
Other comprehensive income	0,263	0,563

CONSIDERATIONS

- The 2022 audited financial statements reflect the ongoing business in the period between 2022.01.01 and 2022.12.31, while 2023H1 represents the period between 2023.01.01-2023.06.30.
- **Service income:** Service costs invoiced to tenants. The difference between the service income and service expenses is defined as leakage. The industry standard ratio of leakage for retail parks is between 5-10%, which is targeted by the Issuer.
- **Service expenses:** Various expenses connected to the operation of the properties: e.g. utilities (electricity, gas, water), facility management, property management, waste disposal, cleaning, security, regular maintenance, gardening, insurance and property taxes
- **Administrative expenses:** asset management fee (1.2% of NAV), legal, accounting, audit, advisory and property valuation costs including one-off acquisition related expenses in 2022.
- **Net unrealised results of revaluation of investment:** the Issuer reports mark to market property values. The resulting unrealised gains are recorded on this P&L row.
- **Financial income:** Change in holdback liability estimates, FX gains, etc.
- **Financial expenses:** Interest and other costs related to EUR 150 mn loan, change in holdback liability estimates, FX losses, etc.
- **Corporate income tax:** in 2022 mostly deferred tax liability (EUR 3.6 mn) connected to the unrealised results of revaluation (non-cash item) and Czech income tax payment.

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FINANCIALS (2/2)

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Consolidated, audited balance sheet for 31. 12. 2022 and consolidated, non-audited, non-reviewed balance sheet for 30. 06. 2023 in thousand EUR

	31.12.2022	30.06.2023
Non-current assets	279,648	284,207
Investment property	279,645	284,195
Deferred tax asset	0	0
Shares	-	0
Other non-current assets	3	12

	31,234	40,229
Current assets		
Trade receivables	3,711	8,415
CIT tax receivable	249	138
Other receivables	13,069	8,995
Real value of CF hedge	263	826
Restricted cash	9,450	10,750
Cash & equivalents	4,492	11,104

Total assets	310,882	324,435
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Considerations

- **Investment property:** valued by CBRE based on 2022.12.31 and 2023.06.30 rent-roll data
- **Other receivables:** receivables concerning utility pass-throughs
- **Restricted cash:** DSRA and other loan related cash deposits
- **Interest bearing loans and borrowings:** part of principal of the EUR 150 mn acquisition loan which is due after 1 year.
- **Deferred tax liabilities:** stemming from the revaluation result of Czech properties
- **Other long-term liabilities:** holdbacks from TESCO as of 2022.12.31. Until July 2023 the downsize holdback was called by the Issuer, the corresponding amount is accounted for as other short-term liability.

	31.12.2022	30.06.2023
Equity	119,169	121,695
Shareholder's capital	963	963
Share premium	95,357	95,357
Other comprehensive income	263	826
Retained earnings	- 328	18,733
PAT for the year	22,914	5,816

	159,368	147,568
Non-current liabilities		
Interest bearing loans and borrowings	139,834	137,009
Tenant deposits	5,949	6,367
Deferred tax liabilities	3,590	3,465
Other long-term liabilities	9,996	727

	32,344	55,172
Current liabilities		
Short-term interest-bearing loans and borrowings	10,531	15,736
Trade payables	238	11,706
CIT payables	25	41
Other payables	155	146
Other short-term liabilities	21,394	27,544
Total liabilities	191,713	202,740

Total equity and liabilities	310,882	324,435
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Considerations

- **Short-term interest-bearing loans and borrowings:** principal payments due in 1 year and shareholder loans (EUR 10 mn on 30 June 2023)
- **Trade payables:** EUR 9.9 mn out of the EUR 11.7 mn on 2023.06.30. concerns 2022 electricity and gas invoices towards TESCO.
- **Other short-term liabilities:** holdbacks (turnover, vacancy, downsize) as of 2023.06.30. and other deferred costs



APPENDIX

INDICATIVE PEER GROUP

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EUR m	Gross Asset Value [GAV]	Net property & Equipment	GLA [mn m2]	EUR/sqm	LTV	Rental income / GAV	Dividend yield			cur.	
					debt to capital		10yr median	2021	2022		2023F
British Land Co PLC	8.853	6.449	6,8	1.302	30,2	6,8%	4,5	3,8	4,5	5,6	GBp
Shaftesbury	2.465	1.937	n.a	n.a	32,5	4,5%	0,6	0,6	1,2	2,1	GBp
Citycon Oyj	3.589	3.995	1,1	3.263	43,9	7,5%	6,5	6,4	7,0	7,6	EUR
Deutsche Euroshop	3.481	3.330	1,1	3.164	42,1	6,4%	4,5	4,6	5,3	5,6	EUR
Fabege	7.962	7.820	1,3	6.125	43,2	3,6%	2,9	2,7	4,1	3,0	SEK
Hammerson	4.577	1.689	0,5	9.154	39,4	7,9%	4,6	3,9	4,9	5,0	GBp
Immofinanz	7.755	7.906	1,9	4.082	46,8	5,3%	4,1	4,2	4,7	4,4	EUR
Klepierre	17.630	17.867	4,3	4.100	43,3	8,0%	6,2	7,2	8,4	7,8	EUR
Land Securities	12.007	10.972	n.a	n.a	33,3	7,4%	4,5	4,8	5,4	6,0	GBp
LondonMetric	3.385	3.346	5,2	651	33,8	5,0%	4,7	8,1	10,9	11,4	GBp
Mercialys	2.969	1.907	n.a	n.a	57,7	9,1%	7,0	8,1	10,9	11,4	EUR
Merlin Properties	11.180	10.714	3,3	3.388	38,3	4,0%	4,7	4,3	5,8	5,6	EUR
NewRiver	690	713	n.a	n.a	43,9	11,5%	7,7	9,2	7,8	7,6	GBp
Unibail Rodamco	44.838	38.993	11,4	3.933	53,5	5,7%	8,0	6,4	5,8	10,2	EUR
Wereldhave	1.728	2.000	0,6	2.880	43,3	8,1%	7,7	8,3	8,3	8,8	EUR
Supermarket Income REIT	2.009	1.814	0,5	4.019	19,6	2,9%	7,7	7,5	6,2	6,1	GBp
GTC	#N/A N/A	2.270	0,7	3.243	53,0	7,3%	5,0				PLN
avg.	8.551	7.278	3,0	3.793	41	6,5%	5,3	5,6	6,3	6,8	
median	4.083	3.346	1,3	3.388	43	6,8%	4,7	5,6	5,8	6,1	

Source: Concorde Research

Shopper Park	280	55	7,7%	8,0
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DEFINITIONS (as given by Bloomberg)*

- **Total debts to total capital:** short and long-term borrowings divided by short-term borrowings + long-term borrowings + preferred equity + minority interest + total common equity. The Issuer's 2022.12.31. total debts to total capital ratio is 61.0%. The figures in the above table are percentages.
- **Dividend yield (Best Div Yield):** ratio calculated by dividing the dividend per share (DPS) estimate based on the current fiscal year provided by the requested firm/broker by the current price of the security

*Data retrieved from Bloomberg on 19th September, 2023

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