



*Unique development opportunity
in the heart of Budapest*



A prime development opportunity in downtown Budapest's most vibrant location. The site has a building permit for a 291 room hotel and a retail passage whilst also enjoying potential for an array of alternate uses



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●●● Investment Highlights

The project

- 01 | **Prime development opportunity**
The site offers development agility, being a highly sought-after destination for hospitality, high-end residences, offices or leisure and gastro
- 02 | **One of a kind within downtown Budapest**
Among the last remaining mixed-use development opportunities in the city centre of Budapest capable of accommodating almost 20,000 sq m GBA above ground.
- 03 | **Valid building permit**
For a vibrant lifestyle hotel with a food and entertainment emporium, including 4 levels of car parking

Location

- 04 | **The ultimate lifestyle location**
The surrounding area is Budapest's primary nightlife, leisure and gastro destination and is recognized amongst the liveliest locations in Europe
- 05 | **The centre of tourism, culture & business**
With its stunning architecture, Budapest is one of Europe's most renowned city break destinations and has become a key business destination due to its quality and cost of human capital
- 06 | **A unique heritage site**
Located adjacent to Europe's largest and the world's second largest Synagogue, one of Budapest's most famous magnetisms cultural destinations

Accessibility

- 07 | **International accessibility**
Budapest has excellent infrastructure and is within 3 hours of most major European capitals by air and features 3 international train stations
- 08 | **Exceptional connectivity**
One of the best-connected sites in Budapest with multiple metro, tram and bus lines being located within 250 - 500m
- 09 | **A new planned metro line within 250m**
Connecting Csepel, with Szentendre, via the city centre the north-south regional rapid railway (also known as Metro line 5) is expected to start construction in 2023

Market

- 10 | **Best performing hotel market in CEE**
In 2021 in terms of RevPAR with similar performance YTD April 2022
- 11 | **ESG as a value driver**
Through ESG implementation, better occupier terms, risk mitigation and regulatory demands, improved liquidity, and disposal premiums can be achieved compared to the dated competing set
- 12 | **Office & residential markets demonstrate strong KPIs**
Residential prices being amongst the fastest growing in the world, whilst the office market has demonstrated excellent resilience

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The heart of one of Europe's most vibrant capital cities

The ultimate lifestyle location, it sits in the heart of downtown, adjacent to the leading gastro, nightlife, shopping, and business districts. The surrounding environment is home to the city's world-renowned tourism and cultural hotspots.



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Budapest & Hungary

A European Centre of tourism, business & culture

On the 2022 Hot List of Condé Nast Traveller

#1 European Destination European Best Destination 2019

Top Hotel Market in CEE recovery performance in 2021

145 and 122 Destinations Accessible via BUD Airport in 2019 and 2022

The Spa Capital of the World With 123 natural hot springs

7.1% GDP Growth in Hungary in 2021

Lowest Corporate Tax in Europe with 9.0%

0% Withholding tax on profit distributions to treaty countries

0% Capital Tax on foreign profits received by Hungarian holding companies

2nd Highest Concentration of Universities & Lowest Human Capital Cost in CEE

34% Increase in Business Service Centres Since 2017

3.70% Unemployment

2nd Largest Office Market in CEE with 4.0m sq m of office stock

Home to offices of global brands such as:



ExxonMobil

MOLGROUP



BLACKROCK

vodafone

Morgan Stanley

otpbank

Raiffeisen BANK



ING

citibank



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●●● Downtown Budapest's Most Vibrant Location



One of Europe's most exciting gastro and night life districts

The surroundings are home to an array of trendy bars including the world famous ruin bar - Szimpla kert and a burgeoning gastro scene represented by fine dining establishments such as the 2 Michelin starred Onyx to trendy street food gardens.



A European tourism hotspot

From the Danube river which features the stunning Hungarian parliament building and opposing castle district to the range of thermal baths such as Széchenyi, Budapest city centre is increasingly recognized as one of the best travel destinations on the continent.



A city with iconic religious pilgrimage destinations

The neighbouring Dohány utca synagogue and nearby Szent István's Basilica are amongst Europe's most revered places of worship and attract a significant amount of pedestrian traffic towards the city.



An established and growing business destination

Located next to Budapest's CBD, the city is recognized as a leading location for global brands such as BlackRock, Citi Bank, IBM, Microsoft, ExxonMobil, Vodafone, BT and many more.



Outstanding connectivity

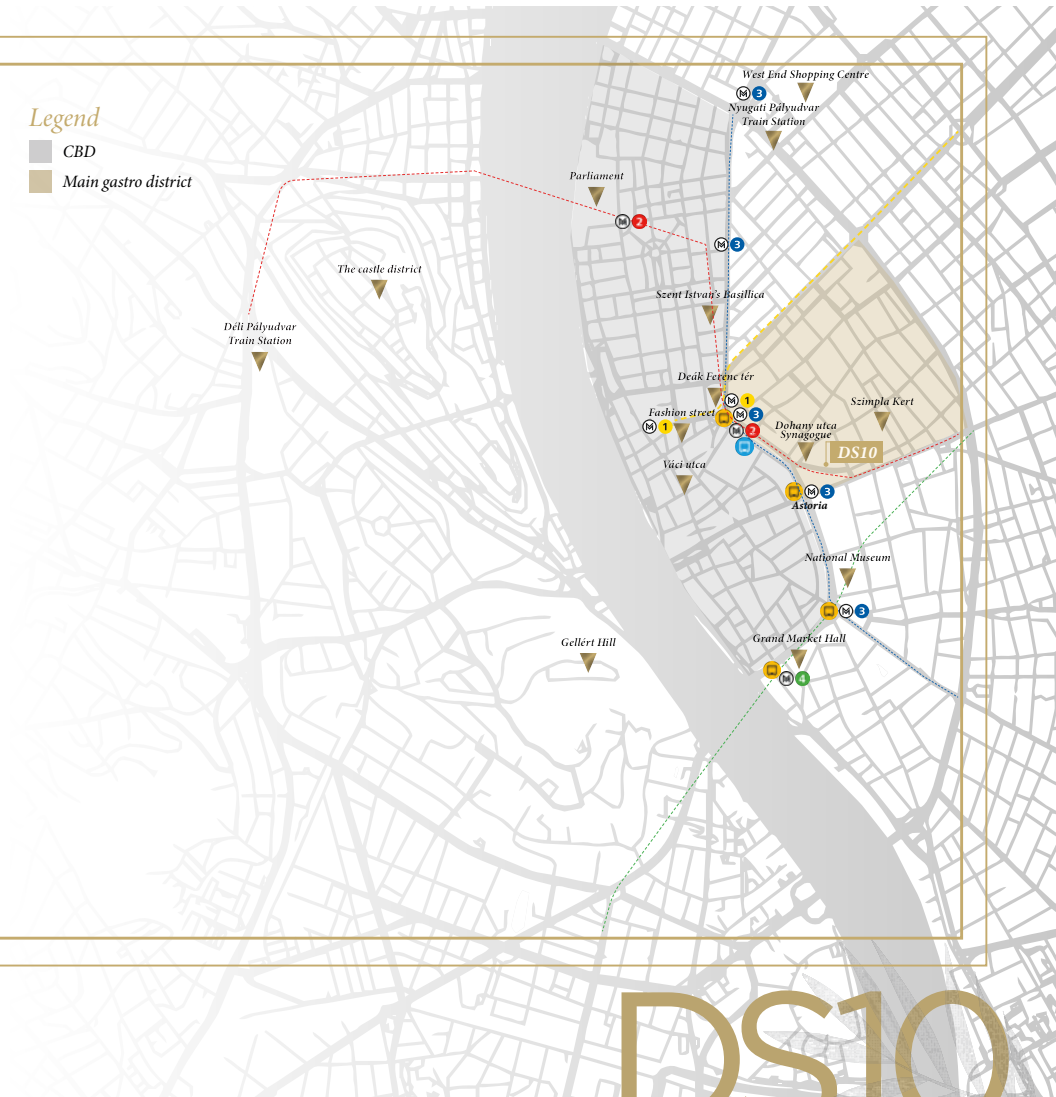
The nearest metro station Astoria (M2 line) is located within 250m, whilst the city's primary interchange, Deák Ferenc tér, which features lines M1, M2 and M3 is located within 450m

The nearest tram stop is located within 225m at Astoria which offers services on the 47, 48 and 49 lines

Several bus services including the 5, 7, 8E, 9, 100E (airport shuttle bus), 108E depart from around the Astoria area within a 225-300m walk

Legend

- CBD
- Main gastro district

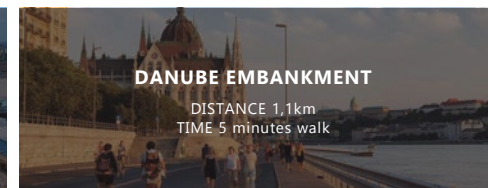
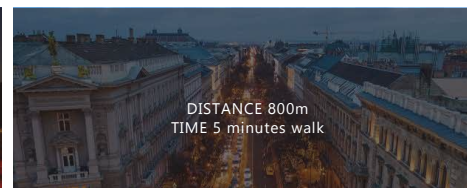
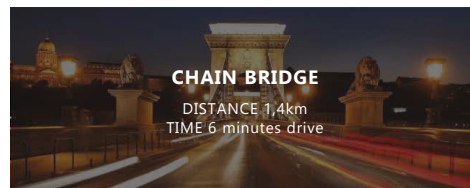
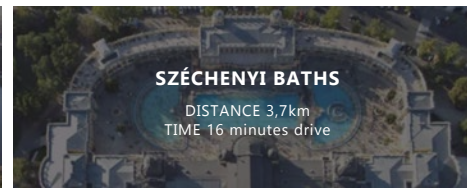
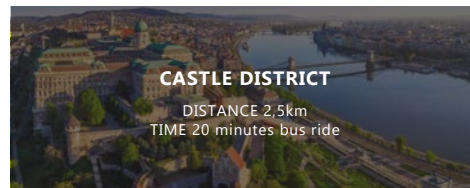
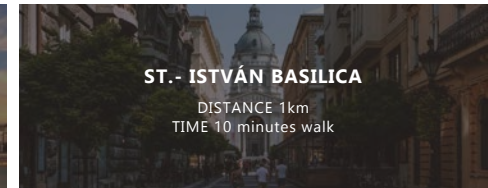
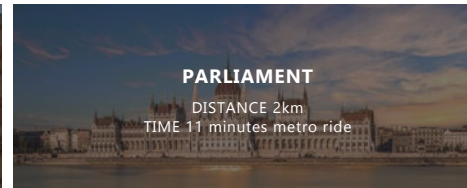
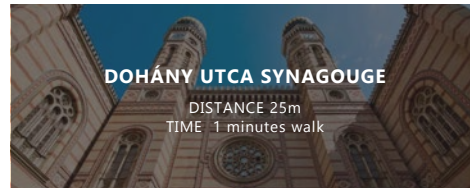


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●●● Magnificent Budapest

Widely considered to be one of the most beautiful cities in Europe, many of Budapest's leading tourist attractions are within walking distance of the property.

Situated next to Dohány utca Synagogue – also known as the Great Synagogue - Europe's largest Synagogue and the second largest in the world. It is one of Budapest's leading attractions with over 570,000 visitors per year .





●●● Key Property Facts

Address

Dohány utca 10 and Sip utca 8-10,
1074 Budapest, Hungary

Plot area

4,123 sq m

Total area

With 15,700 sq m GBA above
ground and 28,300 sq m GBA in
total

Existing building permit

For a new 291 key upscale lifestyle
hotel and facilities including a food
and entertainment passage and
underground parking

Hotel facilities

291 rooms (181 with kitchenettes),
breakfast area, lounge bar, spa &
fitness area

Average size per key

24,1 sq m per room

Passage NLA

3,743 sq m in total

Parking facilities

269 car parking spaces bicycle
storage under ground

Number of floors

Situated over four underground,
one ground and seven upper floors

Number of courtyards

Four separate courtyards with
flexible use potential

Tenure

Freehold

Monumental buildings

On Dohány utca and Sip utca



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●●● Building permit

An existing building permit allows the development of a 28,300 sq m GBA mixed-use complex across 13 floors.

The development's functions include a 291 room upscale lifestyle hotel with extended stay components, food and beverage facilities and a Spa and Wellness outlet, a passage to create a destination through a food and entertainment emporium and an extensive parking facility with 269 underground parking spaces.

Furthermore, advanced conversations have been held with the Jewish community to create the Great Synagogue's exit through the building's passage, potentially increasing the passage's footfall by thousands of annual visitors.



●●● Site & Tenure and alternate use potential

The prime location and efficient layout of the site offers outstanding potential for alternative uses to those stipulated in the building permit.

This is a highly sought-after location for offices, residential and branded residential, whilst the ground floors are in an excellent location for leisure use, being located within the core gastro and nightlife district.

There is also potential for a complimentary mixed-use development by combining hospitality with commercial or living uses.

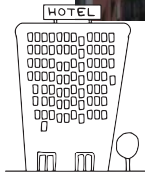
The site is one of few remaining undeveloped land plots in the historic city centre capable of accommodating almost 20,000 sq m GBA. The city's historic and protected nature makes it an extremely rare opportunity to develop a new landmark.

Address:	
West façade	Dohány utca 10
East façade	Síp utca 8-10
Plot number	34508
Zoning	Vt-V/1
Max. gross buildable area	19,790 sq m in the event that the green area initiative is implemented
Total plot size	4,123 sq m
Maximum footprint	70%/(80%)*
Minimum green area ratio	10%
Max. number of floors	6
Max. permitted height	22.5 m

* Can be increased to a maximum of 80% in case the green area is increased
 +10% green area -> +5% footprint increase
 +15% green area -> +10% footprint increase



●●● *Potential alternative uses & Planning implications*



Potential standalone or mixed-use functions

- High-end (branded) residences
- Upscale / Upper-upscale Hospitality
- Retail passage / food and entertainment emporium
- Offices
- Social Education



Permitted functions

- Residential
- Office, Administrative
- Hospitality, commercial, service
- Social, educational, religious, cultural, communal
- Sport



Protections & obligations

There is an underground protection zone for a new public transport line

- The building facades to Dohány utca and Sip utca feature protected monument status
- The location is a World Heritage buffer area
- A pedestrian passage should be featured within the development, around which leisure and retail amenities can be situated
- Area of historic and/or architectural interest; conservation area



●●● Opportunity to implement ESG initiatives to drive value

Building certifications such as LEED and BREEAM would demonstrate to investors, customers and employees, a commitment to developing and enabling sustainable places, which drive substantial value on many ends:

To protect value & reduce risk

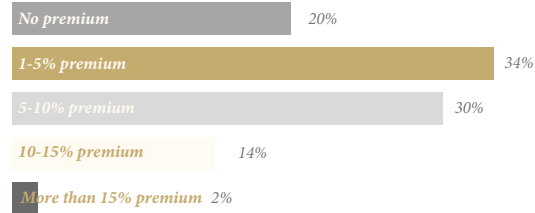
- Minimize climate risk impact on asset value and insurability
- Comply with more stringent legislative and regulative requirements
- Avoid additional expenses / functional obsolescence
- Retain customers / revenue

To drive value & capitalise on opportunities

- Increase revenue through environmentally conscious occupiers
- Reduce operational cost (energy, maintenance, employee retention)
- Benefit from new underwriting decisions and valuations (i.e. lower cap rates)
- Lower cost of capital and benefit from fiscal incentives
- Better commercial terms from occupiers and other partners (lower fees, key money)

Expected ESG premium

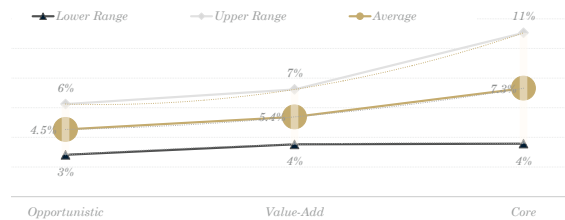
Expected % premium for properties with the highest ESG certification



Source: Cushman & Wakefield Hospitality

Breakdown by investment type

Expected % premium for properties with the highest ESG certification



Source: Cushman & Wakefield Hospitality

●●● Budapest – A thriving international city

Bordered by seven countries, Hungary is conveniently connected via road, rail & the international Liszt Ferenc Airport which offers 122 destinations directly accessible from Budapest.

Passenger numbers grew by 90% since 2013 to 16.2 million in 2019. With the opening of new routes & increasing flight frequencies, the airport has welcomed close to 1 million passengers during April 2022. So far 2022, is showing a rapid trend towards returning to 2019's record levels.



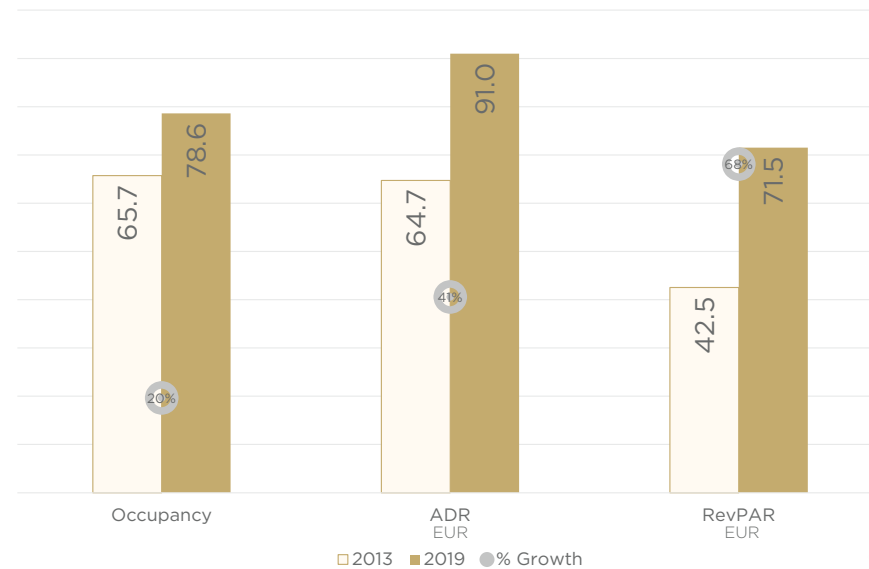
●●● The Budapest Hotel Market

Budapest entered the pandemic with very healthy market fundamentals, which is supporting the market's current recovery.

Budapest was among the top growing European hotel markets between 2013 and 2019, ranking 5th of 35 European cities and 1st in CEE, according to STR. Furthermore, Hungary's capital was the strongest market in CEE in terms of RevPAR performance in 2021.

As at April 2022, Budapest reached a recovery index of 73% compared to the same period in 2019, whilst it is the only market in CEE that observed an increase in ADR compared to 2019 figures.

According to Oxford Economics, overnight stays are forecasted to have fully recovered in 2024.



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●●● Investment Market

During 2021, investment volumes returned to growth as markets rebounded from the Covid-19 pandemic.

2021 saw total volumes increase by over 13% year on year. This trend appeared set to continue in 2022 with several mid-large scale transactions at advanced stages prior to the outbreak of the war in Ukraine.

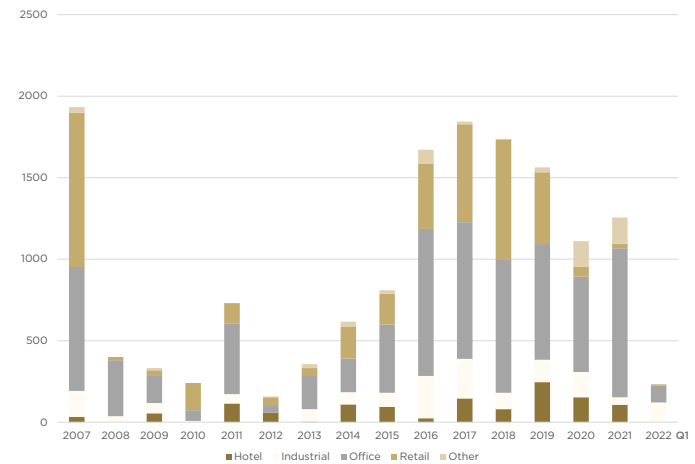
Whilst some office transactions were either put on hold or were cancelled, many have now restarted, whilst retail and industrial transactions have proceeded. Demand is evidenced across all asset classes from local and international capital alike.

Whilst overall year-end office volumes are expected to be down year-on-year, transactions are expected to rise in the second half of the year.

Both the retail and industrial sectors are expected to show strong growth with retail investment volume expected to hit over €300m this year – an outstanding figure considering that no large shopping centres are expected to transact.

Industrial volumes on the other hand have already hit over 50% of the record full year volumes as of May 2022 and there are further transactions in the pipeline.

Investment Volumes (EUR m)



●●● Residential Market - Budapest

A lack of available development opportunities

Due to the location's developed and protected nature, development sites are in limited supply, especially in the micro location.

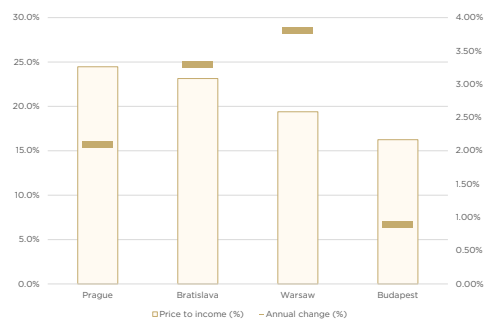
In 7th district of Budapest, there are currently only two new residential projects under construction which have an expected delivery date of Q3-Q4 2022.

Longer term competition is likely to come from small scale refurbishments of dilapidated buildings by independent developers, rather than similar scale projects by the leading market players.

Growth Potential

With the lowest price to income ratio amongst its immediate peer markets – Prague, Warsaw and Bratislava, Budapest enjoys excellent pricing growth prospects.

Residential Apartment Affordability



A market which continues to see rising price levels

The sought after micro location is situated within the downtown area of district VII, where new build apartments are able to attract a significant premium.

At the end of 2021, housing prices rose 11.3% in Budapest compared to the previous year. As at Q1 2022 the average price was ca. EUR 3,375 per sq.m in Budapest* which meant a 8.43% increase q-o-q.

The nearest competing scheme, Elisabeth residences on Dob Utca enjoys asking prices in the range of EUR 4,500-6,100 per sq m.

*Source: Eltinga

An attractive fiscal policy environment for new residential development

Budapest is seeing increased demand for new homes due to government incentives such as the Green Home Programme and interest free loans & subsidies for new parents.

●●● Branded Residential Market

Branded Residences – a “win-win-win” formula

Benefits to buyers, brands, and developers.

There are over 800 branded residence schemes (operational + pipeline) in over 180 locations across 64 countries.

The sector has grown 170% over the past decade whilst the number of brands available has doubled.

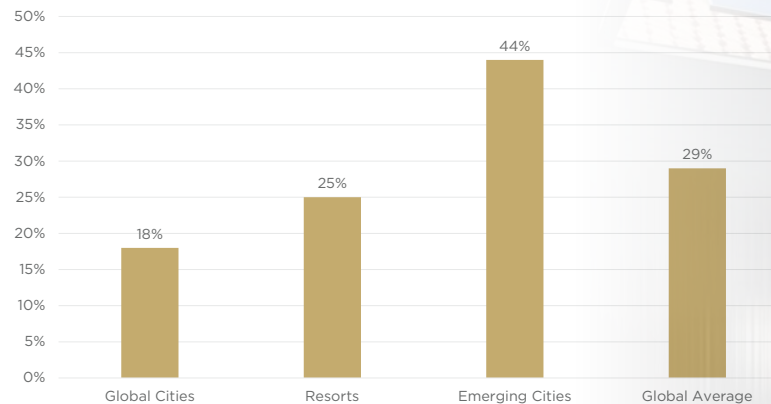
9 out of 10 branded residences are recognized hotel brands, adding value to an extent that the average price premium is consistently above 30% over traditional residential and even more in emerging markets such as Hungary.

Cash-rich, time-poor, and brand conscious individuals are attracted by quality design, security, likeminded people, the high levels of service branded residences offer and higher resale values.

Adding a branded residential component to the project can accelerate capital return and improve the overall IRR, with revenues from residential sales helping to monetise land and other costs much faster.

Furthermore, branded residences can be managed or leased back by the hotel brand on site, generating additional income to the hotel and residential unit owner.

Branded residences price premiums over non-branded residences



Source: Graham Associates, Branded Residences

Office Market

In Q1 2022, the Budapest office market's total stock broke the 4,000,000 sq m mark and it remains the second largest office market in CEE after Warsaw.

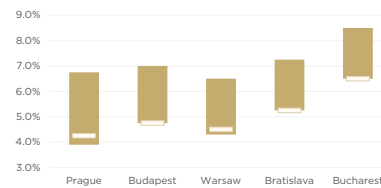
380,000 sq m of offices are due for delivery in 2022, however almost 100,000 sq m of these are for owner occupier use whilst several schemes are expected to be delayed until 2023. Of the planned new supply less than 175,000 sq m remains available.

Since Q3 2020, vacancy rates have stabilized at between 9.0 and 9.9% meaning the market has remained Landlord favourable and shown an ability to absorb new stock.

Take-up grew 60% between 2013-2019 and has returned to growth following the pandemic - with Q1 seeing the third highest levels since the Global Financial Crisis.

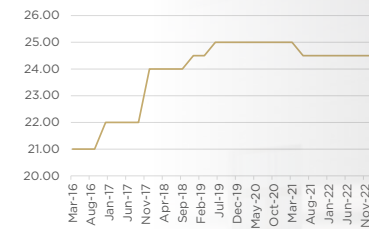
Prime rents enjoyed the fastest growth in CEE during 2016-2020 and remained relatively stable during the covid pandemic.

Prime Office Yields in CEE Capitals - Q1 2022
Budapest offers a yield discount compared to its main peer markets of Prague and Warsaw



Prime Rents

Following a period of growth, rents in Budapest have proven stable during challenging times



Budapest Office Market - Summary

Following a challenging 2020, due to the coronavirus pandemic, take up has returned to growth, whilst vacancy has remained below 10%

