



Graphisoft Park SE's extraordinary announcement on share repurchase

Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság (the "Company"), in accordance with its extraordinary announcement issued on January 31, 2020, is preparing to execute a structured share repurchase transaction ("Transaction") where the Company proposes to buy back shares from its shareholders in the total value of EUR 33,000,000 in order to improve the Company's capital structure. The Board of Directors has convened the Company's General Meeting for March 2, 2020, to obtain the authorizations necessary for completing the Transaction. Should the General Meeting approve it, the Company is planning to execute the Transaction on April 3, 2020, in the format described in detail below.

BRIEF DESCRIPTION¹

The Company proposes the Transaction to be executed in a two-parts auction (see details below), which will offer the following choices for each of its shareholders:

- **As opposed to the limited liquidity experienced on the market of the Company's shares, a significant number of shares may be put up for sale; and if a shareholder wishes to dispose of all of their shares, the opportunity to do so (exit),**
- **increase their ownership rate in the Company, if a shareholder abstains from participating in the Transaction or elects to participate with a limited number of shares, and**
- **maintain their proportional ownership rate in the Company by participating in the Proportional Part of the Auction with all their shares.**

Besides the above, the Company anticipates that the completion of the Transaction may have a far more beneficial effect on its share price on the long term than paying the entire allocation in the form of supplementary dividends. Notwithstanding the above, if the Transaction would not deplete the Entire Allocation, the Board of Directors will propose to pay out the whole remaining amount as additional dividend to the shareholders.

DETAILED DESCRIPTION OF THE PROPOSED TRANSACTION

I. BACKGROUND

As the Company has informed the shareholders earlier, it had concluded a loan facility agreement to optimize the Group's capital structure and to take advantage of the unprecedentedly favorable borrowing terms available in the value of EUR 40,000,000 with a 10 years maturity, which has already been drawn on December 30, 2019. The Company is disposed towards paying out EUR 33,000,000 of this loan to benefit its shareholders through the Transaction.

¹ The BRIEF DESCRIPTION is non-complete information. Please read the detailed description of the Transaction!



The Company anticipates that fair net asset value per share and profit after tax per share may rise as a result of the Transaction. Furthermore, the expected dividend per share based upon the previously forecasted pro forma net results shall remain unchanged and payable – even though servicing the new debt will significantly reduce the money available for dividend payments – after the successful conclusion of the Transaction, for all shares remaining in circulation not owned by the Company.

II. BASIC PRINCIPLES AND OBJECTIVES OF THE TRANSACTION

- (i) Equal terms of participation in the Transaction for all shareholders.
- (ii) Voluntary participation in the Transaction.
- (iii) Long-term increase in net asset value per share.
- (iv) Assisting shareholders wanting to dispose of their shares (wholly or in part) by providing a one-time liquidity increase.
- (v) Shareholders wanting to increase ownership rate in the Company shall be able to do so without the actual purchase of additional shares.
- (vi) Shareholders wanting to retain their current ownership rate shall be able to do so.
- (vii) Maintaining the expected dividend level per share in accordance with the previously published expected results whenever possible.
- (viii) Cancelling all own shares acquired through the Transaction.
- (ix) Payment of the unused amounts allocated for the Transaction to the shareholders in the form of additional dividend.

III. PARTICIPATION IN THE TRANSACTION

- (i) Anyone may participate in the Transaction holding ordinary (common) shares with the code HU0000083696 ISIN on their securities account throughout the entire Transaction (“Shareholder”). Employee shares and own shares of the Company may not participate in the Transaction.
- (ii) In order to achieve the objectives laid out as basic principles, Shareholders may participate in the Transaction in two parts: in the **Price Competitive Part** and the **Proportional Part**.
- (iii) Participation in the Price Competitive Part and the Proportional Part are not mutually exclusive. Shareholders may elect to participate in one or both Parts of the Transaction, but the same shares cannot be offered in both parts, which means the total number of shares offered for purchase in both parts cannot exceed the number of shares held by the Shareholder at the time of the Transaction. *The Provider submitting the offer to sell (see point IV. (iv) is responsible for enforcing this rule.*
- (iv) The entire amount allocated for the Transaction is the HUF equivalent of EUR 33,000,000 converted on the MNB medium exchange rate of the day preceding the Transaction (“**Entire Allocation**”). The Entire Allocation will be divided between the Price Competitive Part and the Proportional Part at the end of the offering period (see point V.).



- (v) In the Price Competitive Part Shareholders may offer their shares in the *quantity and price of their choosing* to the Company during the offering period, as described in point V. Shareholders may offer their shares in multiple portions, at different prices per share. Shares will be purchased starting from the lowest price offered until the amount allocated for the Price Competitive Part is depleted. The upper bound set by the Company for the purchase is the fair net asset value per share as determined by the third quarter report of 2019 at EUR 19 converted to HUF on December 31, 2019 MNB exchange rate at HUF 6280 per share.
- (vi) In the Proportional Part Shareholders may ensure their ownership rate (influence) at the time of the Transaction remains unchanged after the Transaction has been completed in regard of a number of their shares at their discretion. In the Proportional Part Shareholders do not make an offer for the sale price, as the Company will buy the accepted number of the shares offered for sale in this Part at the average price achieved in the Price Competitive Part (see point V.); and the Company will accept the number of shares necessary for the Shareholders to maintain their ownership ratio² in the Company at the end of the Transaction in regard to the shares offered for sale in this Part (see point (vii) below). If a Shareholder offers all their shares owned at the time of the Transaction for sale in the Proportional part, then their ownership rate in the Company remains unchanged², and additionally they will receive the portion of the Entire Allocation proportional to their ownership rate as the purchase price (see below at the distribution of the Entire Allocation), independently of the share price determined during the Auction within the Price Competitive Part.
- (vii) Distribution of the Entire Allocation: At the end of the offering period at first, the proportion of the shares offered for sale in the Proportional Part to the total number of shares issued by the Company excluding shares owned by the Company ("**Total Number of Shares**") will be calculated. Then, the same proportion of the Entire Allocation will be allocated to the Proportional group ("**Proportional Allocation**"). The remaining amount will be allocated to the Price Competitive Part ("**Price Competitive Allocation**"). This distribution method guarantees that Shareholders participating in the Proportional Part will receive the same proportional amount out of the Entire Allocation as the number of their shares offered in this Part compares to the Total Number of Shares.
- (viii) Shareholders may elect not to participate in the Proportional group or participate with a portion of their shares only. Those shareholders who offer only a part of their shares for purchase in the Proportional Part will retain their ownership² proportion in the Company with regards to those shares offered for purchase after the Transaction. Shareholders may offer the shares for purchase not tendered in the Proportional Part in the Price Competitive Part.

² The Company considers the ownership ratio unchanged after the rounding rules (see section V.) have been applied.



IV. TRANSACTION METHODS

- (i) The Transaction will take place employing the trading system defined in the BÉT resolution “the trading rules regarding the auction board in the MMTS1 trading system effective as of 11 October 2019” (“**Rules**”), within two simultaneous multiple-price trade-matching algorithm auctions consisting of order-collection and transaction periods (“**Auction**”). Within the Price Competitive Part of the Auction Shareholders may submit only competitively priced counteroffers as defined in the Rules, while in the Proportional Part only non-competitively priced counteroffers may be submitted. Other terms governing participation in the Auction are prescribed in the Rules, accessible at: <https://bse.hu/Products-and-Services/Rules-and-Regulations/BSE-Rules>
- (ii) The Transaction is classified as an over the counter transaction (“**OTC**”).
- (iii) The Transaction will be carried out with the participation of Concorde Értékpapír Zártkörűen Működő Részvénytársaság (“**Concorde**”), an investment service provider acting as the Company’s mandated auctioneer as defined in the Rules.
- (iv) Shareholders may submit counteroffers through providers (“**Provider**”) with access to the auction system of the BÉT stock section as defined in the Rules. For this, Shareholders must hold a securities account with a Provider in compliance with the Rules, and must make a binding order to the Provider to submit counteroffers to sell in the Auction, as defined by the terms of the given Provider.
It is the Providers duty and responsibility to check whether there are enough securities available to back the offer to be submitted.
- (v) Shareholders wishing to participate in the Transaction are encouraged to contact their account provider in due time to clarify whether it has access to the above referenced MMTS1 Trading System, and whether the Shareholder would be able to submit a counteroffer as described above. Should this not be available at their current account provider, then Shareholders must make arrangements with a Provider that is capable of submitting the above described counteroffers on their behalf in order to participate in the Transaction. These arrangements may be made on condition that the Shareholder opens a new securities account with the particular Provider and transfers the necessary number of shares there before the Transaction date.
- (vi) Shareholders not being able to submit counteroffers with their current provider as described above may open and maintain a securities account for shares to be proffered in the Transaction for the time of the Transaction with Concorde free of charge, made possible through the cooperation between the Company and Concorde. Information about the details of opening and maintaining the securities account is available on Concorde’s contact details below. In order to be able to open the account in time – especially when opening the account online, without appearing in person³ – Shareholders are asked to contact Concorde with this by March 4, 2020, the latest. If Shareholder’s shares to be proffered are currently deposited in a long-term investment account or in a retirement savings account with a provider not

³ <https://www.con.hu/onlineszamlanyitas/>



capable of submitting offers, then contacting Concorde at their earliest convenience is strongly recommended to make sure they have unfettered access to participating in the Transaction.

V. TRANSACTION PROCEEDINGS

The proposed date for the Auction is April 3, 2020. The order-collection period for both parts of the Auction takes place between 10AM to 1PM, the transaction period (“**Fulfillment**”) is between 1PM and 4PM. The Company will initiate the suspension of trading of its shares not participating in the Auction for the day of the Auction.

Common rules for both Auction parts

- (i) Order books will not be made public.
- (ii) Tick size on the Auction is 1 HUF, which differs from the regular tick size on the BÉT regulated market.
- (iii) If the pro rata allocation would yield the purchase of a fraction of a share for a counteroffer (both in the Price Competitive Part and the Proportional Part), the BÉT Trading System automatically rounds down the fraction and the counteroffer would be satisfied up until the last whole share number below. Should any Shareholder feel that this rule for rounding down fractions produces a detrimental result for them, the Company undertakes to purchase 1 (one) ordinary (common) share upon written notice from the Shareholder submitted no later than April 15, 2020, on the Average Auction Price within an OTC transaction.

Purchase of shares offered in the Price Competitive Part

- (iv) The sale price in the counteroffers submitted in the Price Competitive Part may not be higher than HUF 6280, which is the fair net asset value per share as determined by the third quarter report of 2019 (EUR 19 converted on the December 31, 2019, MNB exchange rate)
- (v) Competitively priced counteroffers to sell entered into the auction system will be sorted by price (by the multiple-price trade-matching algorithm defined in the Rules), and all accepted offers will be fulfilled at the price indicated in the particular counteroffer for sale until the Price Competitive Allocation is depleted. Counteroffers made at a lower price come before counteroffers made at higher prices.
- (vi) If all price competitive counteroffers cannot be fulfilled anymore on the highest accepted price level (because the Price Competitive Allocation is not enough to cover them all), then fulfilment is done in a pro rata allocation on that price level, which means that counteroffers are fulfilled according to the relative proportions of the counteroffers on this price level to each other. Higher priced counteroffers will not be accepted.
- (vii) The average auction price will be determined based on the accepted counteroffers (total value of all accepted offers to sell divided by the number of shares in all



accepted counteroffers rounded to the nearest whole HUF following the general rules for rounding – “Average Auction Price”)

- (viii) *If the Price Competitive Allocation is not depleted completely, then the Proportional Allocation (and through that the Entire Allocation) will be lowered proportionally to the attenuation of the Price Competitive Allocation.*

Purchase of shares offered in the Proportional Part

- (ix) Shares offered in accepted counteroffers in the Proportional Part will be purchased on the Average Auction Price until the Proportional Allocation (or the lowered amount thereof eventually) is depleted.
- (x) The Proportional Allocation (or the lowered amount thereof eventually) will be distributed among the Shareholders participating in the Proportional Part in the relative proportion to their shares to each other offered for sale in this Part.
- (xi) With regards to the proportion of the Entire Allocation to the Company’s whole capitalization, the Company expects to buy about 15 to 25 percent of the shares offered in the Proportional Part (depending on the Average Auction Price reached in the Transaction), even if the whole of the planned amount of the Entire Allocation will be used.

After determining the number of shares to be repurchased and the purchase price in the two Parts, the Company shall submit its offer to buy through Concorde in both Parts. Fulfilment date is T+2.

The Company will cancel the own shares acquired through the Transaction at a later date.

VI. RESIDUAL AMOUNT

The Board of Directors of the Company will propose to the annual General Meeting scheduled to convene on April 30, 2020, to increase the proposed dividend payment for 2019 by the unused amount of the Entire Allocation (if any).

The Company draws the Shareholders’ attention to the fact that the dividend will be distributed to shareholders in accordance with the shareholder structure created after the Transaction, and no dividend will be paid on the shares sold in the Transaction.

VII. CONDUCT OF THE MEMBERS OF THE BOARD OF DIRECTORS

In order to express their long-term commitment to the Company, members of the Board of Directors of the Company agree that their ownership rate in the Company at the date of this extraordinary announcement will not change during the Transaction; and to this end they will participate in the Proportional Part with all their shares held at the date of this extraordinary announcement.



VIII. FRUSTRATION

The Company reserves the right to cancel or suspend the Transaction at any time prior to the conclusion of the Transaction, including during the Auction. Should the Transaction not be concluded for any reason, the Board of Directors of the Company will propose to the annual General Meeting scheduled for April 30, 2020 to decide on the payment of the Entire Allocation in the form of additional dividends.

IX. ADDITIONAL INFORMATION

Participation in the Transaction is voluntary. Shareholders who do not participate in the Transaction will not receive any amount spent on the repurchase of the shares. However, as the number of their shares remains unchanged and the total number of Shares will decrease after the successful completion of the Transaction, their share (influence) in relation to the Total Number of Shares will increase. Therefore, for Shareholders not participating in the Transaction, the conclusion of the Transaction will result in substantially the same result as if the Company were to pay the Entire Allocation in the form of additional dividend, and then those Shareholders would use this amount to purchase the Company's shares at the Average Auction Price.

Shareholders who offer all their shares for sale in the Proportional Part will achieve substantially the same result as if the Company were to pay the Entire Allocation in the form of additional dividends, with the exception that the Company expects this Transaction to benefit the long-term development of the share price more than paying the Entire Allocation in the form of additional dividend.

Shareholders who participate (also) in the Price Competitive Part will have the opportunity to reduce their share (influence) in the Company or, end their ownership in the Company altogether (exit) if they wish to do so, due to the large, one-time liquidity.

X. INFORMATION

Shareholders may request information on the Transaction by email at announcements@graphisoftpark.com or by telephone on 06 1 815 3400 on business days between 9AM and 4PM.

Concerning account opening and account management (Point IV. (vi)) Concorde may be reached by email at gspaukcio@con.hu or by telephone on 06 1 489 2222 on business days between 8:15AM and 5PM.

February 6, 2020

**Board of Directors of
Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság**