

Business Report

Overview

Graphisoft Park SE (the “Company”) carries out its real estate development, leasing and operation activity, being the sole activity of the Graphisoft Park group, via its subsidiaries specialized in real estate development and operation. The detailed presentation of the business activities of Graphisoft Park Group are presented in the consolidated financial statements of Graphisoft Park SE.

Graphisoft Park SE had the following individual activity during 2019:

- Revenues from dividends from the subsidiaries.

Events in 2019

The Company has five fully owned subsidiaries as of December 31, 2019 as set out below:

	Ownership / Voting right (%)	December 31, 2019
Graphisoft Park Kft.	100	1,720,039
Graphisoft Park South I. Kft.	100	4,848,863
Graphisoft Park South II. Development Kft.	100	581,533
Graphisoft Park Services Kft.	100	107,418
Graphisoft Park Engineering & Management Kft.	100	289,350
Investment value (EUR)		7,547,203

The Company recognized revenues from dividends from its subsidiaries in amount of 5,006,722 EUR in 2019 (5,509,746 EUR in 2018).

Plans for 2020

Graphisoft Park SE will continue solely generating revenues from dividends paid by its subsidiaries.

We have not identified any factors of risk or uncertainty that could have a substantial impact on the business processes of the Company.

General information

Graphisoft Park SE

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or "Graphisoft Park SE") is incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. The registered address of the Company is H-1031 Budapest, Záhony utca 7, Hungary; its website is www.graphisoftpark.com.

Corporate Governance

Public companies are increasingly expected to state clearly their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange (BSE), we are highly committed to meeting these expectations and legal and stock exchange requirements (publicly available at BSE website: bse.hu).

The Statutes of Graphisoft Park SE provides as governing bodies the general meeting of shareholders and the Board of Directors (single-tier system). Under the single-tier system, the SE is managed by the Board of Directors. The members of the Board of Directors have the power to represent the company in dealings with third parties. Under the single-tier system the Board of Directors may delegate the power of management to one or more of its members. The independent members of the Board of Directors form the Audit Committee.

General Meeting

The General Meeting is the principal body of the Company, which comprises all the shareholders. The following activities shall fall within the exclusive authority of the General Meeting (inter alia, see details in the Articles of Association: graphisoftpark.com/corporate-governance):

- Decision on the establishment of, and amendment to these Articles, unless otherwise provided by the Companies Act;
- Electing and dismissing the members and chairman of the Board of Directors, the auditor, and determining their remuneration, including their service as members of the committees of the Board of Directors.

Board of Directors

The Board of Directors is responsible for the Company's management and decides on matters other than those that must be determined by shareholders. The Board of Directors is required to report annually to the shareholders at the annual general meeting of the shareholders.

Pursuant to the Company's Articles of Association, the Board of Directors consists of a minimum of 5 and a maximum of 11 members elected at the annual general meeting of the shareholders for a term not to exceed of 5 years. Presently Graphisoft Park SE operates with 6 members of Board.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of major for a quorum. Each member has one vote. The Board of Directors passes resolutions by simple majority vote.

Members of the Board of Directors:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2022
Dr. Kálmán János	Member	August 21, 2006	May 31, 2022
Kocsány János	Member	April 28, 2011	May 31, 2022
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2022
Szigeti András	Member	July 21, 2014	May 31, 2022
Hornung Péter	Member	April 20, 2017	May 31, 2022

Audit Committee

The Audit Committee assists in the appointment of independent auditors to be elected by the annual general meeting and reviews the scope of external audit services. It must pre-approve all audit and non-audit services to be performed by the external auditor.

The Audit Committee also reviews the annual financial statements of Graphisoft Park, taking into account the results of the audits and reviews performed by the independent auditors. The Audit Committee also reviews financial reports submitted to the stock exchanges, banks and regulatory bodies.

The Audit Committee shall have as many as necessary but at least four meetings each year. Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

Name	Position	From	Until
Dr. Kálmán János	Chairman	August 21, 2006	May 31, 2022
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2022
Hornung Péter	Member	April 20, 2017	May 31, 2022

Stock information

Graphisoft Park SE's share capital consists of 10,631,674 class "A" ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value. Ordinary shares of the Company are publicly traded at Budapest Stock Exchange from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

Shareholder	December 31, 2018			December 31, 2019		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	88.97	10,631,674	100.00	88.97
Directors and management	2,715,082	25.54	23.96	1,789,082	16.83	15.79
Bojár Gábor - Chairman of the BoD (3)	2,485,125	23.37	21.93	1,686,125	15.85	14.87
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Szigeti András - Member of the BoD (4)	126,000	1.19	1.11	-	-	-
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
Shareholders over 5% share	3,298,195	31.02	29.10	3,583,610	33.71	31.62
HOLD Alapkezelő Zrt.	1,504,628	14.15	13.28	972,701	9.15	8.58
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,093,567	10.29	9.65	1,110,909	10.45	9.80
B.N.B.A. Holding Zrt.	700,000	6.58	6.18	1,500,000	14.11	13.24
Other shareholders	4,069,321	38.28	35.91	4,709,906	44.30	41.56
Treasury shares (1)	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES (2):	1,876,167	-	11.03	1,876,167	-	11.03
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares (1)	625,389	-	-	625,389	-	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

(1) Treasury shares possessed by the Company do not pay dividend and bear no voting rights.

(2) Class „B” employee shares are not marketable, connected to employment, may be withdrawn by the Board of Directors at any time, have no voting rights in decisions that require qualified majority and bear reduced rights to dividend at the proportion of one third of their face value. In the financial statements of the Company these payments are accounted as employee related expense instead of dividend. The Articles of Association and the Management Share Ownership Plan govern all other matters related to the employee shares.

(3) Bojár Gábor transferred 800,000 shares to B.N.B.A Holding Zrt trustee for trust property management.

(4) Szigeti András transferred all his 126,000 shares to SZJT Holding Zrt trustee for trust property management.

Human resources

We ensure the continuous development of our employees; in addition we pay particular attention to special labor safety prescriptions.

Diversity policy

Graphisoft Park SE prohibits discrimination against any person based on gender identity, age, disability, race or ethnicity, gender preferences and religion and will not tolerate any form of discrimination in the workplace. The Holding is committed to provide a working environment free from discrimination and equal opportunities to all of its employees, with regards to its cultural and legal environment.

The Company will designate its managing officers and persons responsible for controlling its operation in accordance with its policies and commitments. The Company is committed to promoting and endeavors to achieve the highest level of diversity through the consistent practical implementation of its HR policies.

Environment protection

Based on the activity of the Company it has no environmental risks or liabilities.

Events after the balance sheet date

Structured share repurchase transaction

In accordance with the extraordinary announcement on February 6, 2020, the Company plans to execute a structured share repurchase transaction (“Transaction”) where the Company proposes to buy back shares from its shareholders in the total value of 33,000,000 euros in order to improve the Company’s capital structure. The Board of Directors has convened the Company’s General Meeting for March 2, 2020, that obtained the authorizations necessary for completing the Transaction.

On March 19, 2020 the Board of Directors of Graphisoft Park SE decided to cancel the structured share repurchase transaction in accordance with Point VIII. of the Prospectus (Frustration), taking into consideration the current situation in Hungary; the actions taken and possible future actions due to the Coronavirus disease; the possible effects of these actions and events on the participation in the proposed transaction and on the execution of the transaction; and the possible future economic situation due to the disease.

Besides the cancellation of the transaction the Board of Directors proposes to the AGM (to be held on April 30, 2020) 4,448,700 euros dividend based on the 2019 expected pro-forma results and additional 25,597,442 euros dividend from the allocated total amount of the cancelled transaction; that is altogether 30,046,142 euros dividend for ordinary shareholders (2.98 euro per ordinary share). The dividend amount in forint will be determined based on the MNB exchange rate on the working day before the day of the Annual General Meeting. The Board of Directors does not recommend the distribution of the remaining amount out of the total allocated amount for the transaction due to the current economic forecasts.

Proposed dividend by the Board

The annual financial statements of the Company for the year 2019 prepared in accordance with International Financial Reporting Standards (IFRS) are authorized for issue in accordance with the resolution of the Board of Directors on March 19, 2020. The Board proposes dividend distribution of 2.98 EUR per ordinary share to be approved by the Annual General Meeting of Graphisoft Park SE of April 30, 2020. The Board also proposes altogether 183,958 EUR dividend for employee shares. The dividend amount in forint will be determined based on the MNB exchange rate on the working day before the day of the Annual General Meeting. The Annual General Meeting has the power to amend the annual financial statements.



Forward-looking statements - *The forward-looking statements contained in this Annual Report involve inherent risks and uncertainties, may be determined by additional factors, other than the ones mentioned above, therefore the actual results may differ materially from those contained in any forecast.*

Statement of responsibility - *We declare that the attached Financial Statements which have been prepared in accordance with International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE, together with a description of the principal risks and uncertainties of its business.*

Budapest, March 19, 2020

A handwritten signature in dark ink, reading "Kocsány János".

Kocsány János
Chief Executive Officer