

*This Information Memorandum was prepared in relation to the private placement of the shares to be issued by ALTEO Nyrt.*

## INFORMATION MEMORANDUM



---

for the private placement of ordinary shares to be newly issued by  
**ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság** as issuer

---

**13 March 2019**

*This Information Memorandum was prepared in relation to the private placement of the shares to be issued by ALTEO Nyrt.*

**Disclaimer:**

This announcement is the English translation of ALTEO's official announcement in the same subject published in Hungarian. All information contained within this announcement is for information purposes only, and shall not be considered an official translation of the official communication referred to herein. This document does not include the integral wording of the official communication referred to herein, the original Hungarian language version of it remains to be the solely legally binding material in the subject. For further information, please do not hesitate to contact us.

## **1. THE PURPOSE OF THIS DOCUMENT**

This information memorandum (hereinafter: “**Information Memorandum**”) was prepared in relation to the private placement of the shares to be issued by ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (registered office: H-1131 Budapest, Babér u. 1-5.; company registration number: 01-10-045985; hereinafter: “**Issuer**”).

This Information Memorandum is a document prepared for informational purposes only, in accordance with Section 16 of Act CXX of 2001 on the Capital Market (hereinafter: “**Capital Market Act**”).

This Information Memorandum does not qualify as recommendation for investment, investment analysis or investment advice under the Capital Market Act and Act CXXXVIII of 2007 on Investment Undertakings and Commodities Exchange Operators, as well as the Rules of their Activities (hereinafter: “**Investment Undertakings Act**”). In addition, the contents of this document do not qualify as an offer or invitation to purchase or sell securities.

The Issuer will not be liable for any cost or damage incurred by any third party either directly or indirectly in relation to any negotiations, transaction recommendations or consultancy fees based on or related to the content of this Information Memorandum.

## **2. GENERAL INFORMATION**

This Information Memorandum may not be deemed as the Issuer's promise that no change will take place in the Issuer's activity in divergence from the contents of this Information Memorandum after the closing thereof, or that no adverse change will take place in the Issuer's financial situation, or that any information will still be accurate after the date of closing of this Information Memorandum.

The targets set out in Clause 4.1 of the Information Memorandum are based on the current information and expectations of the Issuer's management, and there is no evidence that any specific process will actually take place in accordance with the current expectations in the future.

In the course of the private placement, no one except the Issuer is entitled to disclose information or data regarding the Issuer. Data not indicated in the communications published via the Issuer's official means of publication shall not be deemed to be authentic without the Issuer's confirmation. Every current and prospective investor of the Issuer must take into account that changes may take place in the affairs of the Issuer after the closing of the Information Memorandum. Persons not entitled thereto may not utilise the Information Memorandum as business offer.

The Issuer will publish this Information Memorandum prior to the private placement procedure via its official means of publication, ensuring the non-discriminative information of the investors and the publication of insider information.

Any information originating from an unauthorised person or any statement made by such person with regard to the private placement may not be considered to be based on the Issuer's authorisation.

This Information Memorandum, other communication and/or financial statement is not intended to be used as a basis for any creditworthiness assessment or evaluation.

### **3. DECLARATION OF COMPLETENESS**

The Issuer publishes its announcements relating to regulated information on its website [www.alteo.hu](http://www.alteo.hu), the website [www.bet.hu](http://www.bet.hu) of Budapesti Értéktőzsde Zrt and the website [www.kozzetetelek.mnb.hu](http://www.kozzetetelek.mnb.hu) operated by the Central Bank of Hungary (hereinafter: “**Means of Publication**”).

The Issuer has taken all reasonable efforts to publish via its Means of Publication all material data and information necessary for the investor to make a sound assessment of the market, economic, financial and legal situation of the Issuer and the expected development thereof, as well as the rights associated with the shares issued by the Issuer (including any New Shares as defined below), including this Information Memorandum, up until the date of this Information Memorandum. Investors are required to make their decision regarding acceptance of the New Shares by themselves, solely based on the information published via the Means of Publication in relation to the Issuer (including this Information Memorandum).

To the best of the Issuer’s knowledge, the data, data groupings, statements and analyses published by it via the Means of Publication and this Information Memorandum are true and correct, and enable the investor to perform a sound assessment of the market, economic, financial and legal situation of the Issuer and the expected development thereof, as well as the rights associated with the shares issued by the Issuer (including any New Shares). To the best of the Issuer’s knowledge, this Information Memorandum does not contain any misleading data or any grouping or analysis, based on which incorrect conclusions could be made, and the Issuer is not withholding any fact that could jeopardise the investor’s sound assessment of the market, economic, financial and legal situation of the Issuer and the expected development thereof, as well as the rights associated with the shares issued by the Issuer (including any New Shares).

The Issuer declares that it has fulfilled its obligation to provide information under Section 16 of the Capital Market Act by publishing the regulated information. This Information Memorandum is to be read together with the regulated information published. By signing the preliminary statement of commitment detailed below, the investor participating in the private placement declares that he is aware of the regulated information published by the Issuer.

Date: Budapest, 13 March 2019

## **4. PRIVATE PLACEMENT**

### **4.1 Purpose of the Private Placement**

Since the public offering conducted in September/October 2016, the Issuer has realised or committed to realise investments and projects in the value of approximately HUF 12 billion. The following projects have already been implemented (see the year of completion in brackets):

- Landfill gas expansion project in Debrecen (2017)
- 2MW solar power plant acquisition project in Domaszék (2017)
- Efficiency-increasing project in Sopron (2018)
- Acquisition of 51% in Zugló-Therm Kft (2018)
- 4MW solar power plant development in Monor (2018)
- Battery R+D+I project for energy storage (2018-2019)
- 7MW solar power plant project in Balatonberény (2019)
- 7MW solar power plant project in Nagykőrös (2019)

In the Issuer's opinion, in addition to the projects that have already been implemented or committed to, further projects with favourable returns could be implemented even within a relatively short time frame (in the case of some of these project opportunities, the transaction contract could be signed even within a month), and the Issuer wishes to conduct a private capital increase in order to provide for the funding needs of these projects. It is possible that a larger amount of equity will need to be available within a short time frame in relation to these projects. Having regard to this, the Issuer decided to raise private capital, taking into account the flexibility and rapidity of funding necessary for the investment transactions and the significantly lower costs of capital injection.

With regard to the manner of raising the funds, the decision regarding the private capital increase was also justified by the Issuer's intention to further strengthen the funding structure of its consolidated balance sheet and to improve the ratio of debts and equity. Because of this, the private capital increase is the preferred first step for raising further funds. The Issuer, however, also wishes to rely on bank project loans and bond financing in the future, and therefore it aims rather to maintain the proportion of these types of financing in the funding structure.

The Issuer's potential future projects (investment pipeline) identified at present mainly cover investments related to renewable energy. The entire investment/funding need of the investment pipeline may amount to HUF 7-10 billion. The Issuer examines several important aspects and indicators regarding the returns in connection with renewable energy projects. One of key importance is the return expectation that the entire capital invested into these projects (sum of the equity and the bank project loan utilised) reduced by the amount of any non-refundable subsidies used should pay off within a period of 5 to 10 years from the operating cash flow of the projects reduced by the project and taxation costs, but not reduced by the financial items (interest payments and repayments). The projects of the investment pipeline include a mix of acquisition and green/brown field developments.

The Issuer does not have all the permits and/or signed sale and purchase agreements and financing necessary for the implementation of every project in the investment pipeline, and therefore it is possible that the planned project opportunities will not be implemented or will be implemented with a different time schedule. In this case, the Issuer intends to continue to invest the funds raised via the capital increase into project opportunities with favourable returns, in addition to the fact that the capital raise will improve the balance sheet structure and financial flexibility of the Issuer.

## **4.2 Procedure and conditions of the private placement**

In its Resolution No. 3/2015. (XI.10.), the General Assembly of the Issuer authorised the Board of Directors to make a decision regarding the share capital increase of the Issuer in its own scope of authority, subject to the “for” vote of at least four members of the Board. Based on this authorisation, the Board of Directors may increase the share capital of the Issuer by – at maximum, calculating with the par value of the shares issued – a total of HUF 110,000,000 (approved share capital), within a five-year period starting on 10 November 2015. The authorisation covers all cases and means of increasing the share capital as set out in Act 2013 on the Civil Code (hereinafter: “**Civil Code**”), as well as the restriction or exclusion of exercising preferential rights regarding subscription for and takeover of the shares, and to make any decisions related to the share capital increase conferred into the authority of the General Assembly by the Civil Code, any other legislation or the Articles of Association, including any amendment of the Articles of Association necessary due to the increase of the share capital.

In its Resolution No. 1/2019. (03.12.), the Board of Directors of the Issuer decided to adopt this Information Memorandum, and thereby to initiate the procedure of increasing the share capital of the Issuer under the conditions set out in this Information Memorandum.

In the scope of the private capital increase, the Issuer wishes to place new shares (hereinafter: “**New Shares**”) belonging to the same share series as its current ordinary shares. The total issue value of the New Shares is at minimum HUF 500 million and at maximum HUF 1.5 billion, with the proviso that the Issuer reserves the right to accept any potential oversubscription up to a total value of HUF 2 billion. In the case of accepting the oversubscription, however, the total amount of the New Shares may not reach 20% of the existing ordinary shares of the Issuer.

The investors participating in the private placement need to purchase New Shares of a total value of at minimum EUR 100,000 in order to fulfil the conditions of private placement.

In the case of oversubscription, the primary criterion for the selection of investors will be the size of the investment amount, i.e. investors committing themselves to a larger investment amount will be preferred. In addition, the Issuer reserves the right to apply other criteria during the allocation in the case of a potential oversubscription.

The minimum issue price of the New Shares is HUF 660, and their maximum issue price is HUF 670. The Board of Directors of the Issuer sets the final issue price (issue value) within these limits.

The investors wishing to participate in this private placement must make a preliminary statement of commitment after the publication of this Information Memorandum, but at the latest by 5 p.m. on 19 March 2019, in which they must indicate the quantity of the New Shares they wish to acquire and the maximum issue value to be paid by the investor concerned between the lower and upper limit of the issue value. The template for the preliminary statement of commitment is attached as Annex 1 hereto. By signing the preliminary statement of commitment submitted, the investor acknowledges that the Issuer reserves the right to allocate fewer New Shares to the specific investors than the quantity specified in the preliminary statement of commitment, or even to not allocate New Shares to them at all. The original signed copy of the preliminary statement of commitment must be delivered to the Issuer’s office located at the address H-1131 Budapest, Babér u. 1-5., or sent to the email address [befektetoikapcsolatok@alteo.hu](mailto:befektetoikapcsolatok@alteo.hu) furnished with an electronic signature.

**With their questions regarding the private capital increase, investors may contact the following persons at the Issuer:**

**Balázs Szécsi**

**Dr. Zoltán Pataki**

**szecsi.balazs@alteo.hu**

**pataki.zoltan@alteo.hu**

On or around 21 March 2019, the Board of Directors will make a decision based on the preliminary statements of commitment regarding (i) the private capital increase via the placement of New Shares, (ii) the amount or minimum amount of the capital increase, (iii) the issue price of the New Shares, (iv) the authorisation of certain investors from among those who made a preliminary statement of commitment to acquire New Shares, as well as the number of New Shares that may be acquired by these investors (and in this scope, the acceptance or rejection of any potential oversubscription), and (v) amendment of the Issuer's Articles of Association. In this resolution, the Board of Directors will decide regarding the deadline for paying the issue price of the New Shares and the making of the final statement of commitment, which deadline is expected to be at 12 noon on 25 March 2019. In order to fulfil the conditions of private placement, in this resolution, the Issuer's Board of Directors will exclude the preferential rights of the shareholders with regard to the private placement. Until the Board of Directors passes its resolution relating to the private capital increase, the Issuer may declare the private placement unsuccessful and close it at any time.

The issue price of the New Shares will be determined based on the preliminary statements of commitment submitted by the investors (book building).

After the Board of Directors has passed its resolution regarding the private capital increase, the Issuer will notify the investors via an email sent to their email address specified in the preliminary statement of commitment regarding the amount of New Shares allocated to them, the final issue price, the deadline for paying the issue price and making the final statement of commitment, as well as the bank account to which the investors will have to transfer the issue price under the title of payment of capital. The Investors must complete the final statement of commitment based on the data set out in this email sent by the Issuer, and send the statement back to the Issuer within the deadline set out in the email. The template for the final statement of commitment is attached as Annex 2 hereto. Any notification or document sent, given or forwarded by the Issuer to the investors in relation to the New Shares is to be deemed delivered if no automatic reply regarding the unavailability of the recipient or the failure of delivery was received by the Issuer.

After receiving the full issue price of the capital increase and the final statements of commitment, the Issuer will promptly provide for the registration of the capital increase in the company registry, as well as the creation of the New Shares and their crediting to the investors' securities account. After registration of the capital increase in the company registry (expected to be completed within 2 to 3 weeks), the Issuer will initiate the introduction of the New Shares to the Budapest Stock Exchange.

We would like to call the attention of the investors to that (i) any party acquiring either direct or indirect influence in the Issuer – and, thereby, in certain members of the ALTEO Group qualifying as electric power industry or natural gas industry undertakings – of 5, 10, 15, 20, 25, 30, 35, 40 or 45 percent or more of the increased share capital is obliged to report this to the Hungarian Energy and Public Utility Regulatory Authority (hereinafter by its Hungarian abbreviation: “MEKH”), which report – provided that it meets the applicable provisions of law – the MEKH will acknowledge via its resolution; and (ii) any acquisition of influence in the Issuer exceeding 25% of the increased share capital and the exercise of the rights associated therewith is subject to the preliminary approval of MEKH, which MEKH may refuse to give in the cases set out in law. If the investor fails to report the acquisition of interest or if the MEKH does not acknowledge and approve the report, the acquiring party will not be entitled to exercise the shareholder's rights with regard to his shares (apart from the right to dividends) vis-à-vis the Issuer, and may not be registered in the share register. The investor will be exclusively liable and obliged to make the relevant report and apply for the approval. The Issuer will not examine

*This Information Memorandum was prepared in relation to the private placement of the shares to be issued by ALTEO Nyrt.*

whether the investor has fulfilled its reporting obligation and obligation to apply for approval as set out above.

**ANNEX 1**

**PRELIMINARY STATEMENT OF COMMITMENT**

for the private placement of the shares to be issued by **ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság** (registered office: H-1131 Budapest, Babér u. 1-5.; company registration number: 01-10-045985; hereinafter: “**Issuer**”).

**1. The recipient of this preliminary statement of commitment**

The Issuer

**2. Interpretation**

Any capitalised terms not defined in this preliminary statement of commitment (hereinafter: “**Statement of Commitment**”) shall be construed in accordance with their definition set out in the Information Memorandum in the Hungarian language dated 13 March 2019 (hereinafter: “**Information Memorandum**”).

**3. Details of the investor**

Name/Company name:  
Residential address/Registered office:  
Tax ID/Tax number:  
Company registration number / registration number:  
Number of payment account:  
Securities account number:  
Email address:

**4. Statements of the investor**

I, the undersigned investor make the following irrevocable and unconditional statement.

4.1 I declare that in the course of the private placement of the New Shares offered for purchase by the Issuer, I wish to acquire

....., **i.e.** ..... (**number**)

New Shares for a maximum issue price (issue value) of

**HUF** ....., **i.e.** ..... **Hungarian forints**

(per each New Share). I acknowledge that this Statement of Commitment may not be revoked or amended. By signing this Statement of Commitment, I acknowledge that the Issuer reserves the right to allocate fewer New Shares to me than the quantity specified in this Statement of Commitment, or even to not allocate New Shares to me at all.

4.2 I agree that after receipt of the notice sent to me at the latest in accordance with those set out in the Information Memorandum, I will send 2 signed originals of my final statement of commitment attached to the notice to the Issuer via courier, or send my statement to the Issuer in email, furnished with my electronic signature, in any case within the deadline set out in the notice.

*This Information Memorandum was prepared in relation to the private placement of the shares to be issued by ALTEO Nyrt.*

- 4.3 I also agree to transfer the amount set out in the notice – equalling the number of the New Shares allocated to me multiplied by the final issue price – to the account specified in the notice within the deadline set out in the same, under the legal title of capital payment.
- 4.4 I declare that I have familiarised myself with the contents of the regulated information published by the Issuer and the Information Memorandum, and I agree to be bound by the rules of the Information Memorandum relating to the private placement. I acknowledge that the Issuer has fulfilled its obligation to provide information under Section 16 of the Capital Market Act by publishing the regulated information.
- 4.5 I acknowledge that this Statement of Commitment qualifies as a preliminary statement of commitment under Section 3:296(3) of the Civil Code with regard to subscribing and acquiring the New Shares.
- 4.6 I confirm that my details set out in this Statement of Commitment are fully accurate and correct.
- 4.7 I acknowledge that the legal relationship established by signing this Statement of Commitment shall be governed by the provisions of Hungarian law. I also acknowledge that any legal disputes related to this Statement of Commitment or any legal relationship established by the signing hereof – including the acceptance and/or rejection of my application for shares – shall be settled by the Hungarian court with jurisdiction and venue.

Date: \_\_\_\_\_, \_\_\_\_ March 2019

---

Investor

## ANNEX 2

### FINAL STATEMENT OF COMMITMENT

for the private placement of the shares to be issued by **ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság** (registered office: H-1131 Budapest, Babér u. 1-5.; company registration number: 01-10-045985; hereinafter: “**Issuer**”).

#### 1. Recipient of this final statement of commitment

The Issuer

#### 2. Interpretation

Any capitalised terms not defined in this final statement of commitment (hereinafter: “**Statement of Commitment**”) shall be construed in accordance with their definition set out in the Information Memorandum in the Hungarian language dated 13 March 2019 (hereinafter: “**Information Memorandum**”).

#### 3. Details of the investor

Name/Company name:

Residential address/Registered office:

Tax ID/Tax number:

Company registration number / registration number:

Number of payment account:

Securities account number/ID:

Institution managing the securities account:

KELER code (account number) of the institution managing the securities account:

Email address:

#### 4. Statements of the investor

I, the undersigned investor make the following irrevocable and unconditional statement.

##### 4.1 I declare that in the course of the private placement of the New Shares offered for purchase by the Issuer, I will take over

....., **i.e.** ..... **(number)**

New Shares for the issue price (issue value) of

**HUF** ....., **i.e.** ..... **Hungarian forints**

(per each New Share). I acknowledge that this Statement of Commitment may not be revoked or amended. By signing this Statement of Commitment, I declare that the issue price and quantity of the New Shares I commit to purchase in this Statement of Commitment is identical to the issue price and quantity set out in the allocation notice sent by the Issuer to me in accordance with the Information Memorandum.

##### 4.2 I also agree to transfer the amount equalling the number of New Shares I commit to take over in this Statement of Commitment multiplied by the final issue price to the account specified in the Issuer’s notice within the deadline set out in the same, under the legal title of capital payment.

*This Information Memorandum was prepared in relation to the private placement of the shares to be issued by ALTEO Nyrt.*

- 4.3 I declare that I have familiarised myself with the contents of the regulated information published by the Issuer and the Information Memorandum, and I agree to be bound by the rules of the Information Memorandum relating to the private placement. I acknowledge that the Issuer has fulfilled its obligation to provide information under Section 16 of the Capital Market Act by publishing the regulated information.
- 4.4 I confirm that my details set out in this Statement of Commitment are fully accurate and correct.
- 4.5 I acknowledge that the legal relationship established by signing this Statement of Commitment shall be governed by the provisions of Hungarian law. I also acknowledge that any legal disputes related to this Statement of Commitment or any legal relationship established by the signing hereof – including the acceptance and/or rejection of my application for shares – shall be settled by the Hungarian court with jurisdiction and venue.

Date: \_\_\_\_\_, \_\_\_\_ March 2019

\_\_\_\_\_  
Investor