

# GRAPHISOFT PARK SE

## Interim Management Report – First Half 2018

August 7, 2018



GRAPHISOFT PARK





## Dear shareholders,

Graphisoft Park SE was registered as a regulated real estate investment company (SZIT) effective as of January 1, 2018. In order to comply with the rules of this status, the IFRS consolidated balance sheet and statement of income will not be presented based on the historical cost of real estate less depreciation, but – unlike in our previous practice – based on the actual fair value, determined quarterly by an independent appraiser.

### Property portfolio and fair value of net assets

In the second quarter of 2018 development activities in the southern area progressed significantly: the South Park office building consisting of 4 blocks received the occupancy permit, of which blocks A and B were entered into possession by SAP till July 10. Delivery of blocks C and D, which are partly covered by rental contracts, is expected by the end of the third quarter. This translates to a delay of around one month compared to our original plans, which is negligible considering the current capacity shortage in the building industry. For all this the originally estimated 1.7 million euros increase in 2018 to 2017 in rental revenue is revised at 1.4 million euros in this report.

The fair value of the Company's entire property portfolio were valued by the independent appraiser (ESTON International Zrt.) at **258 million euros** in the 2018 Q2 report compared to the **252 million euros** figure at the end of 2018 Q1 and **243 million euros** at the end of 2017 (property valuations for the comparative periods were also prepared by ESTON International Zrt.).

	[thousands of EUR]		
	December 31, 2017	March 31, 2018	June 30, 2018
Completed, delivered properties	186,660	188,680	209,170
Properties under development	23,900	31,290	18,550
Development lands	32,450	32,450	29,880
<b>Estimated fair value of the entire property portfolio</b>	<b>243,010</b>	<b>252,420</b>	<b>257,600</b>

Upon delivery of block A of South Park office building it was transferred from “Properties under development” and further increased the fair value of “Completed, delivered properties”. The 8% decrease in fair value of development lands is due to the significantly increased construction costs in the building industry. According to the assumptions used in the valuation, increase of rental fees (which fundamentally determines the fair value of the properties) will not completely follow the increase in construction costs.

Despite the fair value of properties is around 5 million euros higher than at the end of the first quarter, the fair value of net assets amounts to **182.4 million euros**, that is around 3 million euros lower compared to the first quarter. The reason for the decrease is the increased completion costs of South Park office building compared to the original budget, and the 3 million euros dividend paid in May 2018.



	December 31, 2017	March 31, 2018	June 30, 2018
Net asset value at estimated fair value (tEUR)	181,800	185,456	182,435
Net asset value at fair value per share (EUR)	18.0	18.4	18.1

## Financing

On November 30, 2017 we concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Westdeutsche Immobilien Bank AG (which has been acquired by Aareal Bank AG) in 2007 with expiration in May 2019. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term, thus the interest rate is fixed for the entire term. The date of the refinancing was June 28, 2018; all the outstanding amounts were settled to Aareal Bank AG. After the refinancing, all of the Company's outstanding loan liabilities have been switched to fixed interest rates, which further strengthen the Park's stable operation.

## Pro forma results

As we called the attention earlier, our results are presented both according to financial statements prepared based on the "SZIT" regulation (investment properties are fair valued) and also according previously applied accounting policies (investment properties are on historical cost less depreciation); "pro forma" results presented as changes in fair value of investment properties which might be outside of the Company's control, can have significant impact on the results.

In the first half of 2018 our "pro forma" results developed as expected. We have reached a rental revenue figure surpassing the previous year by 500 thousand euros, it was 5.7 million euros, in addition a one-off other revenue from engineering services provided also increased the results (accounted as other revenue). EBIDTA rose by more than 700 thousand euros while the operational expenses increased. Due to the delivery of new buildings depreciation charge increased and a one-off financial charge in connection with the refinancing of the loan also decreased the financial results. We have reached **2.3 million euros net profit**, surpassing the figure of 2017 first half by 500 thousand euros, to which also contributed the exemption from corporate income and local business tax (as a result of obtaining the SZIT status).

## Forecast

Starting from 2018 Graphisoft Park Engineering & Management Kft., established for this purpose, carries out the Company's real estate development, operations and administrative activities; therefore the real estate development related expenditures will be capitalized in the "pro forma" consolidated reports as well (similarly to the industry practice). Beginning also from January 1, 2018 the Company have changed the depreciation key of building engineering assets uniformly to 7%. This change is based on the Company's 20 years experience in property operation, on the quality of materials built in and technology applied during the current refurbishment works.

Below we present our forecasted results for 2018 and 2019 taking into consideration the above changes. We modify our forecast for year 2018 as follow:



- Effect of later than planned delivery of a new building to rental revenue: (300) thousand euros
- Increase in one-off revenue from engineering service provided: 100 thousand euros
- Increase in operating costs: (200) thousand euros
- Change in depreciation key: 300 thousand euros

As a result of the changes above the forecasted net result in 4 million euros for 2018, which is 100 thousand euros less than it was published in our first quarter report dated May 8, 2018. Our 2019 forecasted results increased compared to the previously published one mainly due to the change in depreciation keys.

(million euros)	2017 actual	2018 forecast	2019 estimate
<b>Rental revenue</b>	<b>10.62</b>	<b>12.0</b>	<b>13.6</b>
Other revenue	-	0.4	-
Other income (net)	0.44	0.3	0.4
Operating expense	(1.55)	(1.4)	(1.4)
<b>EBITDA</b>	<b>9.51</b>	<b>11.3</b>	<b>12.6</b>
Depreciation	(4.60)	(6.1)	(7.0)
<b>Operating profit</b>	<b>4.91</b>	<b>5.2</b>	<b>5.6</b>
Net interest expense	(0.90)	(1.2)	(1.1)
<b>Profit before tax</b>	<b>4.01</b>	<b>4.0</b>	<b>4.5</b>
Income tax expense	(0.22)	0.0	0.0
<b>Net profit</b>	<b>3.79</b>	<b>4.0</b>	<b>4.5</b>

These results prove that we are right in our pursuit of the “micro-silicon-valley” concept articulated some 20 years ago: targeting a well-defined market - Hungarian and international technology companies pursuing innovation - and focusing real estate developments to cater to their needs. The key to success in their fields is attracting talent. We are aiming to contribute to this with quality and environmentally conscious architecture, in a uniquely quiet setting on the green banks of the river Danube surrounded by the Park’s state-of-the art renovated industrial monument buildings preserving the marvelous ambiance of the old Óbuda Gas Works. Our achievements prove that the leading companies in the technology field appreciate this; therefore we are continuing the development along the lines of the same concept.

Bojár Gábor

Chairman of Board of Directors

Kocsány János

Chief Executive Officer



## Financial highlights

IFRS, consolidated, thousand EUR

### Results:

	„Pro forma” results (1)		Results according to financial statements	
	6 months ended	6 months ended	6 months ended	6 months ended
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
	modified		modified	
<b>Rental revenue</b>	<b>5,124</b>	<b>5,682</b>	<b>5,124</b>	<b>5,682</b>
Other revenue	-	400	-	400
Operating expense (2)	(600)	(730)	(600)	(730)
Other income	201	86	201	86
<b>EBITDA</b>	<b>4,725</b>	<b>5,438</b>	<b>4,725</b>	<b>5,438</b>
Valuation gains from investment property (3)	-	-	12,948	2,762
Depreciation and amortization	(2,168)	(2,562)	(83)	(92)
<b>Operating profit</b>	<b>2,557</b>	<b>2,876</b>	<b>17,590</b>	<b>8,108</b>
Net interest expense	(376)	(363)	(376)	(363)
Other financial costs (4)	-	(258)	-	(258)
Other financial result	(20)	94	(20)	94
<b>Profit before tax</b>	<b>2,161</b>	<b>2,349</b>	<b>17,194</b>	<b>7,581</b>
Income tax expense	(332)	(41)	(332)	(41)
<b>Profit for the period</b>	<b>1,829</b>	<b>2,308</b>	<b>16,862</b>	<b>7,540</b>
<b>Earnings per share (EUR) (5)</b>	<b>0.18</b>	<b>0.23</b>	<b>1.67</b>	<b>0.75</b>

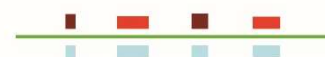
(1) Since the Company received the “SZIT” status, the Company changed its accounting policies. Effective from January 1, 2018 in relation to investment properties the Company changed from “Cost model” to “Fair value model”. Financial highlights are presented both according to the financial statements and also according previously applied accounting policies (“pro forma” results). “Pro forma” results presented due to the fact that changes in fair value of investment properties which might be outside of the Company’s control, can have significant impact on the results.

(2) Operating expenses were adjusted in the comparative period with the capitalized development direct costs.

(3) Significant increase in fair value in the comparative period is due to the progress in real estate developments, the delivery of the new SAP wing and extremely fast decrease in expected return (yield). In the current period the independent appraiser has not considered such significant decrease in yield yet; further increase in fair value is due to the progress in the development in the southern area and the delivery of block A.

(4) Early repayment of loan provided by Aareal Bank resulted 258 thousand euros one-off cost.

(5) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).



IFRS, consolidated, thousand EUR

**Asset value:**

	December 31, 2016	December 31, 2017	June 30, 2018
	modified	modified	
<b>Investment property at book value (1)</b>	<b>180,631</b>	<b>220,711</b>	<b>237,590</b>
Fair value difference on lands	18,586	20,683	18,113
Fair value of owner occupied property	1,076	1,616	1,897
<b>Entire property portfolio at estimated fair value (2)</b>	<b>200,293</b>	<b>243,010</b>	<b>257,600</b>
<b>Net asset value at book value</b>	<b>135,527</b>	<b>160,920</b>	<b>163,998</b>
<b>Net asset value at estimated fair value (2)</b>	<b>154,456</b>	<b>181,800</b>	<b>182,435</b>
Number of ordinary shares outstanding (thousands)	10,083	10,083	10,083
<b>Net asset value at fair value per share (euro) (3)</b>	<b>15.3</b>	<b>18.0</b>	<b>18.1</b>

(1) According to the accounting policies applied by the Company from January 1, 2018, in the balance sheet completed investment properties and investment properties under construction are stated at fair value, while development lands and owner occupied property is stated at cost. Development lands are presented under "Investment properties" and owner occupied properties under "(Owner occupied) Property, plant and equipment" in the balance sheet. Property valuations for all periods were prepared by ESTON International Zrt. The valuation method and key assumptions are disclosed in Note 2 (Accounting policy) and in Note 8 (Investment property) to the financial statements.

(2) Fair value of the entire property portfolio (including the fair value difference on lands and owner occupied property at fair value) prepared by the independent appraiser.

(3) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 23 to the financial statements.



## Management Report

In this business report, Graphisoft Park presents the progress made toward its goals in the following areas:

- Financial results for the first half of 2018 (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Development activities in progress and future development potential,
- Financing,
- Recognition,
- Forecast for the years 2018 and 2019.

### “Pro forma” results for the first quarter of 2018

“Pro forma” results of 2018 H1 changed compared to 2017 H1 because of the following main factors:

- **Rental revenue** (2018: 5,682 thousand euros; 2017: 5,124 thousand euros) rose by 558 thousand euros, or 11% compared to the previous period due to the rental revenues derived from the new developments handed over in 2017 (SAP new wing and Startup building).
- **Other revenue** (2018: 400 thousand euros; 2017: 0 thousand euros) includes a one-off revenue from engineering services provided.
- **Operating expense** (2018: 730 thousand euros; 2017: 600 thousand euros) grew by 130 thousand euros, or 22% due to the increase in employee related and other expenses (ongoing organizational development projects required additional expenditures; in addition one-off expenses relating to obtaining SZIT status increased further the operating expenses). Property related expense remained at the level of last year.
- **Other income** (2018: 86 thousand euros; 2017: 201 thousand euros) net amount was 115 thousand euros, or 57% lower than the base last year.
- **Depreciation** (2018: 2,562 thousand euros; 2017: 2,168 thousand euros) increased by 394 thousand euros, or 18% compared to the previous year because of delivery of the new developments (SAP new wing and Startup building), and refurbishment in the core area during 2017 and 2018.
- **EBITDA** (2018: 5,438 thousand euros; 2017: 4,725 thousand euros) grew by 713 thousand euros, or 15%, while **operating profit** (2018: 2,876 thousand euros; 2017: 2,557 thousand euros) increased by 319 thousand euros, or 13% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (2018: 363 thousand euros; 2017: 376 thousand euros) remained at the same level.
- **Other financial costs** (2018: 258 thousand euros; 2017: 0 thousand euro) contains the one-off early repayment cost of loan provided by Aareal Bank.
- **Other financial result** (2018: 94 thousand euros; 2017: 20 thousand euros) were 114 thousand euros higher to prior year because of the weakening Hungarian Forint through the second quarter of 2018.
- **Income tax expense** (2018: 41 thousand euros; 2017: 332 thousand euros) decreased by 291 thousand euros due to the fact that in the current period the Group – except for Graphisoft Park Engineering & Management Kft. – has SZIT status and as such is subject to corporate income tax and local business tax.
- **Net profit** (2018: 2,308 thousand euros; 2017: 1,829 thousand euros) grew by 479 thousand euros that is 26% in 2018 compared to 2017 because of the factors explained in the previous points.



**2018 first half results according to the financial statements**

According to the new accounting policies applied from January 1, 2018, investment properties and investment properties under construction are fair valued in the financial statements. As a result, instead of accounting depreciation, current period change in fair value are presented in the profit or loss.

2018 first half results according to the financial statements are 5,232 thousand euros higher than the “pro forma” results due to the following factors: unrecognized depreciation expense increased the results by 2,470 thousand euros and fair value gains increased the results by 2,762 thousand euros. Increase in fair value is due to the progress in the development in the southern area and the delivery of block A.

In the same period of 2017 results according to the financial statements are 15,033 thousand euros higher than the “pro forma” results: unrecognized depreciation expense increased the results by 2,085 thousand euros and fair value gains increased the results by 12,948 thousand euros. In the comparative period the significant fair value gain was caused by the progress in the new developments and the delivery of the new SAP wing, and the rather fast decrease in expected return (yield). In 2018 the independent appraiser has not considered such significant decrease in yield yet.

Details of changes in fair values are disclosed in Note 2 (Accounting policy) and in Note 8 (Investment property) to the financial statements.

**Utilization, occupancy**

Occupancy rate of Graphisoft Park’s rentable office, laboratory, educational and related service area developed as follows (at the end of the quarter):

<b>Period:</b>	<b>2017 Q1</b>	<b>2017 Q2</b>	<b>2017 Q3</b>	<b>2017 Q4</b>	<b>2018 Q1</b>	<b>2018 Q2</b>
<b>Occupancy (%):</b>	<b>100%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>97%</b>
<b>Area (m<sup>2</sup>):</b>	<b>59.500</b>	<b>59.500</b>	<b>62.000</b>	<b>62.000</b>	<b>62.000</b>	<b>65.500</b>

Occupancy of Graphisoft Park’s rentable office, laboratory and educational space stood at an effective 100% from the beginning of 2016. Because of the significant remodeling and refurbishment works starting from the second quarter of 2017, and the temporary unavailability of the buildings being remodeled (see details under “Development activities in progress” below) the effectively 100% occupancy was 1% lower for the remainder of 2017. In the second quarter of 2018, after SAP moved into the South Park office building, the temporarily rented offices became available and decreased the occupancy rate by 2 percentage points.

With the completion of the new SAP wing in February 2017 within the first phase of developments on the core area, rentable office, laboratory, educational and related service area grew by 5,500 m<sup>2</sup> to a total of 59,500 m<sup>2</sup>. The new wing entirely was rented by SAP from March 2017. The completion of the startup building in the second phase of developments in July 2017 – where currently there is no free rentable area – increased the rentable area by a further 2,500 m<sup>2</sup> to a total of 62,000 m<sup>2</sup>. The new 13,000 m<sup>2</sup> office building development in progress in the southern area will be delivered in more steps during 2018. The office building consists of four blocks, of which the 3,500 m<sup>2</sup> block A was handed over to SAP in June 2018. Block B (4,400 m<sup>2</sup>) was delivered in July 2018; in blocks C and D – based on the already concluded rental contracts – further deliveries are expected by the end of the III. quarter.

Graphisoft Park’s tenant’s make longer commitments than the national average. The Park’s unique natural environment and its information technology focus (the “micro silicon-valley” concept) provide the space in which globally acclaimed companies have settled as tenants and expanded continuously over time. Examples for these companies are Microsoft, SAP or Servier; and the Park’s naming tenant and founder, Graphisoft SE, which now operates wholly independently. It is important to highlight that smaller tenants are staying in the Park for more than 5 years on average and keep extending their leases after expiration even with rental fees considered premium in the Budapest office market. The average lease term in the Park calculated with the starting date of current tenants’





earliest lease agreements (in certain cases lease agreements concluded with the predecessor of Graphisoft Park Group) is **11.6 years**, and in case of existing lease contracts the weighted average lease term to expiry is **5.5 years**.

### **Development activities in progress**

With regards to the recent expansion needs articulated by the tenants in 2016 and to the occupancy levels in the Park near their effective cap, we have started the construction of a new string of office building blocks with 13,000 m<sup>2</sup> floor space and of an underground parking facility for around 450 cars on the part of the southern development area that is already prepared for construction. After receiving the occupancy permit in the II. quarter of 2018, the buildings are expected to be delivered during this year. Blocks A and B at a total of 7,900 m<sup>2</sup> of the four blocks new complex will be leased by SAP, of which block A was delivered in the end of this quarter.

26.4 million euros occurred until the end of the first half of 2018 out of the planned total cost of this development phase; tenants moving into the new complex contributed additional cca. 3 million euros to the implementation of their individual requests. Due to the current capacity shortages in the building industry and growing prices, 5-10% cost increase is expected till the finalization of the development in the southern development area.



*South Park (Architect: RADIUS B+S Stúdió)*

**In the summary of all the above, by the completion of the new developments from July 2018, Graphisoft Park will have 75,000 m<sup>2</sup> office, laboratory, educational space and related service area as well as underground parking for around 2,000 cars available for its tenants.**

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 20 years old office park. For 2017 and 2018 the total budget is 4 million euros, of which 1.6 million euros occurred in this period. In 2017 and 2018 additional cca. 6 million euros have been invested by the tenants to implement their individual needs.

### **Future development potential**

After completing the development phases planned in the second half of 2018 outlined above, other parts of the southern development area offer room for another 18,000 m<sup>2</sup> potential development, while the monument and northern development areas provide room for another 39,500 m<sup>2</sup> of potential office and educational space development. In the latter area no further preparatory work or development is allowed until the Capital City Gas Works (currently NKM Földgázszolgáltató Zrt.) completes its mandated rehabilitation duties in the area (see details below in the "Main risk factors associated with the areas" section).



## Financing

On November 30, 2017 we concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Westdeutsche ImmobilienBank AG (which was recently acquired by Aareal Bank AG) in 2007 with expiration in May 2019. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018; as a result the interest rate is fixed for the full term of the loan. The new facility is worth 40 million EUR, whose bulk is to be used for the repayment of the entire debt to Aareal Bank AG, while the remaining smaller part will be used to finance the refurbishment of the older buildings of Graphisoft Park. The date of the refinancing was June 28, 2018; all the outstanding amounts were settled to Aareal Bank AG.

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement and its modification in December 2016 Erste Bank makes a 4 billion HUF (12.2 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area (see "Development activities in progress" section for details). In accordance with the loan agreement UniCredit Bank makes a 24 million EUR credit facility available to Graphisoft Park within Pillar II of the third phase of the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

As of June 30, 2018 the outstanding loan liability amounted to 78.6 million euro.

## Recognition

In 2018 Graphisoft Park received two prestigious awards appreciating the results of prior year:

- On January 18, 2018, based on the survey of the Budapest Stock Exchange, Graphisoft Park received the "issuers' transparency mid-cap" special award for the year 2017.
- On February 8, 2018, on the "Office of the Year" event Graphisoft Park's Start-up Building handed over in 2017 won the "New Property Development of the Year" award.



### Forecast for the years 2018 and 2019

Our forecasted “pro forma” profit for 2018 is 4 million euros, which is less by 100 thousand euros than we published earlier; while our forecasted profit for 2019 increased compared to the one published earlier, mainly due to the change in depreciation rates.

(million euros)	2017 actual	2018 forecast	2019 estimate
<b>Rental revenue</b>	10.62	12.0	13.6
Other revenue	-	0.4	-
Other income (net)	0.44	0.3	0.4
Operating expense	(1.55)	(1.4)	(1.4)
<b>EBITDA</b>	<b>9.51</b>	<b>11.3</b>	<b>12.6</b>
Depreciation	(4.60)	(6.1)	(7.0)
<b>Operating profit</b>	<b>4.91</b>	<b>5.2</b>	<b>5.6</b>
Net interest expense	(0.90)	(1.2)	(1.1)
<b>Profit before tax</b>	<b>4.01</b>	<b>4.0</b>	<b>4.5</b>
Income tax expense	(0.22)	0.0	0.0
<b>Net profit</b>	<b>3.79</b>	<b>4.0</b>	<b>4.5</b>

- In 2018 **revenue** is expected to rise by 1.4 million euros, or by 13% compared to 2017. This is partly due to the revenue effect (in the second half of 2018) of the expected hand-over of the developments in the southern area in mid-2018; and partly because of revenues relating to developments delivered in 2017 (new SAP wing, Startup building) will have a full year effect. In 2019 we expect that revenues will increase by additional 1.6 million euros or 13% compared to 2018, as developments in the southern area to be delivered in 2018 will have full year revenue effect in 2019.
- In 2018 among **other revenue** we realized a one-off engineering work (400 thousand euro), which increased our revenue compared to 2017. We do not count with the repetition of this work in the upcoming years.
- **Cost of operation** is expected to decrease by 150 thousand euros in 2018 and in 2019 compared to 2017 due to capitalization of direct development costs.
- Due to all of the above **EBIDTA** is expected to rise by 1.8 million euros or 19% compared to 2017, while in 2019 additional 1.3 million euros or 12% increase is expected, achieving an EBIDTA amount of 12.6 million euros.
- As a result of new developments and refurbishments in progress we expect significant increase in **depreciation** (which will not affect the consolidated accounts according to the SZIT rules) both in 2018 and in 2019, In 2018 6.1 million euros (33% increase compared to 2017), in 2019 7 million euros (additional 15% increase compared to 2018) depreciation charge is expected.
- Due to the effect of the new borrowings drawn down (in order to finance new developments and also refinance our loan expiring in 2019), **net interest expense** is expected to be 1.2 million euros in 2018 (33% increase compared to 2017 including one-off costs); as a result of repayments in the meantime this will decrease by 100 thousand euros and will be about 1.1 million euros in 2019.
- As a result **net profit** in 2018 is forecasted to be around 4 million euros (cca. 5.5% increase compared to 2017), and which is estimated to reach 4.5 million euros in 2019 (additional 13% increase).



*Main risk factors associated with the areas*

- Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently NKM Földgázszolgáltató Zrt.). The completion deadlines communicated to us within the resolution dated February 22, 2018 of the competent government body, the Pest County Government Office indicate, that with the planned progress of the rehabilitation works the area could become suitable for development by 2022.
- Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. We will not try to predict the number or value of new lease contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only if they have given notice by the closing date of our business report.

It is our intention to maintain the price structure designed to match the high value services provided by Graphisoft Park in order to be able to preserve the level of service provided in the long run. Since we do not intend to compete with the sometimes extremely low prices in the Budapest office market, we cannot rule out the possibility of some tenants leaving in the future.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 315 HUF/EUR till the end of 2018 and 320 HUF/EUR till the end of 2019, euro inflation rate of 1.5% and unchanged legal and taxation environment.

**Forward-looking statements** - *The forward-looking statements contained in this Interim Management 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 Half-year Report which have been prepared in accordance with the 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 its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, August 7, 2018

Bojár Gábor  
Chairman of Board of Directors

Kocsány János  
Chief Executive Officer



# GRAPHISOFT PARK SE

## HALF-YEAR REPORT

**for the half-year ended June 30, 2018**

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, August 7, 2018

Kocsány János

Chief Executive Officer

**GRAPHISOFT PARK SE**  
**HALF-YEAR REPORT**  
JUNE 30, 2018

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**GRAPHISOFT PARK SE**  
**CONSOLIDATED BALANCE SHEET**

JUNE 30, 2018

(all amounts in thousands of euros unless otherwise indicated)

	Notes	Dec. 31, 2016 modified	Dec. 31, 2017 modified	June 30, 2018
Cash and cash equivalents	3	2,621	4,239	6,878
Trade receivables	4	1,083	856	829
Current tax receivable	5	271	802	315
Other current assets	6	5,681	9,589	5,925
<b>Current assets</b>		<b>9,656</b>	<b>15,486</b>	<b>13,947</b>
Investment property	8	180,631	220,711	237,590
(Owner occupied) Property, Plant and Equipment	7	1,269	1,898	1,931
Intangible assets		-	2	2
Investments	9	100	-	-
Long-term financial assets	12	-	695	-
Deferred tax asset	13	11	-	-
<b>Non-current assets</b>		<b>182,011</b>	<b>223,306</b>	<b>239,523</b>
<b>TOTAL ASSETS</b>		<b>191,667</b>	<b>238,792</b>	<b>253,470</b>
Short-term loans	12	3,516	4,520	2,786
Trade payables	10	4,190	5,305	4,405
Current tax liability	5	279	274	361
Other short-term liabilities	11	1,661	3,490	5,152
<b>Current liabilities</b>		<b>9,646</b>	<b>13,589</b>	<b>12,704</b>
Long-term loans	12	44,313	59,952	70,858
Deferred tax liability	13	593	-	-
Other long-term liabilities	14	1,588	4,331	5,910
<b>Non-current liabilities</b>		<b>46,494</b>	<b>64,283</b>	<b>76,768</b>
<b>TOTAL LIABILITIES</b>		<b>56,140</b>	<b>77,872</b>	<b>89,472</b>
Share capital	1.3	250	250	250
Retained earnings		139,123	163,382	167,929
Treasury shares	22	(962)	(974)	(974)
Cash flow hedge reserve	12	-	665	(761)
Revaluation reserve of properties		49	531	531
Accumulated translation difference		(2,933)	(2,934)	(2,977)
<b>Shareholders' equity</b>		<b>135,527</b>	<b>160,920</b>	<b>163,998</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>191,667</b>	<b>238,792</b>	<b>253,470</b>

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF INCOME**

JUNE 30, 2018

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2017 modified	June 30, 2018	June 30, 2017 modified	June 30, 2018
Property rental revenue		2,653	2,819	5,124	5,682
Other revenue		-	400	-	400
<b>Revenue</b>	<b>15</b>	<b>2,653</b>	<b>3,219</b>	<b>5,124</b>	<b>6,082</b>
Property related expense	16	(15)	(8)	(27)	(23)
Employee related expense	16	(286)	(253)	(359)	(407)
Other operating expense	16	(130)	(162)	(214)	(300)
Depreciation and amortization	7, 16	(43)	(44)	(83)	(92)
<b>Operating expense</b>		<b>(474)</b>	<b>(467)</b>	<b>(683)</b>	<b>(822)</b>
Valuation gains from investment property	8	1,974	1,599	12,948	2,762
Other income	17	75	59	201	86
<b>OPERATING PROFIT</b>		<b>4,228</b>	<b>4,410</b>	<b>17,590</b>	<b>8,108</b>
Interest expense	18	(218)	(200)	(376)	(363)
Other finance cost	18	-	(258)	-	(258)
Exchange rate difference	19	(26)	74	(20)	94
<b>Financial result</b>		<b>(244)</b>	<b>(384)</b>	<b>(396)</b>	<b>(527)</b>
<b>PROFIT BEFORE TAX</b>		<b>3,984</b>	<b>4,026</b>	<b>17,194</b>	<b>7,581</b>
Income tax expense	20	(153)	(45)	(332)	(41)
<b>PROFIT FOR THE PERIOD</b>		<b>3,831</b>	<b>3,981</b>	<b>16,862</b>	<b>7,540</b>
Attributable to equity holders of the parent		3,831	3,981	16,862	7,540
Basic earnings per share (EUR)	21	0.37	0.39	1.67	0.75
Diluted earnings per share (EUR)	21	0.37	0.39	1.67	0.75



**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 JUNE 30, 2018  
 (all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2017 modified	June 30, 2018	June 30, 2017 modified	June 30, 2018
<b>Profit for the period</b>		<b>3,831</b>	<b>3,981</b>	<b>16,862</b>	<b>7,540</b>
Revaluation reserve*		-	(1,268)	-	(1,426)
Translation difference**		-	(43)	-	(43)
<b>Other comprehensive income</b>		<b>-</b>	<b>(1,311)</b>	<b>-</b>	<b>(1,469)</b>
<b>COMPREHENSIVE INCOME</b>		<b>3,831</b>	<b>2,670</b>	<b>16,862</b>	<b>6,071</b>
Attributable to equity holders of the parent		3,831	2,670	16,862	6,071

\* Will be reclassified to profit or loss in subsequent periods.

\*\* Will not be reclassified to profit or loss in subsequent periods.

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 JUNE 30, 2018  
 (all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve**	***Revaluation reserve of properties	Accum. translation difference	Total equity
<b>December 31, 2016 modified</b>	<b>250</b>	<b>139,123</b>	<b>(962)</b>	-	<b>49</b>	<b>(2,933)</b>	<b>135,527</b>
Profit for the period	-	16,862	-	-	-	-	<b>16,862</b>
Dividend	-	(2,512)	-	-	-	-	<b>(2,512)</b>
<b>June 30, 2017 modified</b>	<b>250</b>	<b>153,473</b>	<b>(962)</b>	-	<b>49</b>	<b>(2,933)</b>	<b>149,877</b>
<b>December 31, 2017 modified</b>	<b>250</b>	<b>163,382</b>	<b>(974)</b>	<b>665</b>	<b>531</b>	<b>(2,934)</b>	<b>160,920</b>
Profit for the period	-	8,254	-	(714)	-	-	7,540
Translation difference	-	-	-	-	-	(43)	(43)
Revaluation reserve	-	(714)	-	(712)	-	-	(1,426)
Dividend	-	(2,993)	-	-	-	-	(2,993)
<b>June 30, 2018</b>	<b>250</b>	<b>167,929</b>	<b>(974)</b>	<b>(761)</b>	<b>531</b>	<b>(2,977)</b>	<b>163,998</b>

\* Treasury share details are disclosed in Note 22.

\*\* Cash flow hedge transaction details are disclosed in Note 12 (Loans).

\*\*\* Revaluation surplus on transfers from investment property to owner occupied property.

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

JUNE 30, 2018

(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		6 months ended	
	June 30, 2017 modified	June 30, 2018	June 30, 2017 modified	June 30, 2018
<b>OPERATING ACTIVITIES</b>				
Income before tax	3,984	4,026	17,194	7,581
Fair value change of investment properties	(1,974)	(1,599)	(12,948)	(2,762)
Depreciation and amortization	43	44	83	92
Loss on sale of tangible assets	-	-	-	2
Interest expense	218	200	376	363
Break cost of loan	-	258	-	258
Unrealized foreign exchange losses / (gains)	16	(883)	17	(912)
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	328	3,292	(1,769)	4,210
(Decrease) / increase in liabilities	(755)	130	(20)	788
Corporate income tax paid	(9)	(15)	(137)	(28)
<b>Net cash from operating activities</b>	<b>1,851</b>	<b>5,453</b>	<b>2,796</b>	<b>9,592</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of investment property	(5,188)	(8,090)	(8,155)	(15,519)
Purchase of other tangible assets and intangibles	(534)	(136)	(1,258)	(159)
Sale of tangible assets	-	-	-	19
<b>Net cash used in investing activities</b>	<b>(5,722)</b>	<b>(8,226)</b>	<b>(9,373)</b>	<b>(15,659)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from receipt of loans	6,867	38,576	11,803	46,089
Loan repayments	(877)	(32,662)	(1,751)	(33,669)
Interest paid	(169)	(218)	(393)	(385)
Break fee of loan	-	(258)	-	(258)
Dividend paid	(2,512)	(2,993)	(2,512)	(2,993)
<b>Net cash from financing activities</b>	<b>3,309</b>	<b>2,445</b>	<b>7,147</b>	<b>8,784</b>
(Decrease) / increase in cash and cash equivalents	(562)	(328)	570	2,717
Cash and cash equivalents at beginning of period	3,754	7,283	2,621	4,239
Exchange rate (loss) / gain on cash and cash equivalents	-	(77)	1	(78)
<b>Cash and cash equivalents at end of period</b>	<b>3,192</b>	<b>6,878</b>	<b>3,192</b>	<b>6,878</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2018  
(all amounts in thousands of euros unless otherwise indicated)

**1. General information**

**1.1. Business activities**

Graphisoft Park SE was established through a demerger from Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding currently having five 100% owned subsidiaries.

The real estate development is performed by the owners of the properties, namely Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park Services Kft. is responsible for property operation tasks. On December 14, 2017 Graphisoft Park SE established Graphisoft Park Engineering & Management Kft., which entity is responsible for the Group's certain property management, engineering and administration activities from January 1, 2018.

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 21 on June 30, 2018.

**1.2. Properties**

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 62,000 m<sup>2</sup> of office, laboratory, educational and related service area have been developed and occupied by tenants, and further 13,000 m<sup>2</sup> office space is under construction. The remaining area provides the opportunity to develop an additional 57,500 m<sup>2</sup> of office space.

The real estate is categorized as follows:

<b>Area</b>	<b>Property</b>
Core area	modern office park spreading over 8,5 hectares of land, comprising 52,000 m <sup>2</sup> completed office and laboratory space.
Monument area	2,4 hectares of land comprising 14,500 m <sup>2</sup> of total rentable net internal area of the monument buildings, out of which 7,000 m <sup>2</sup> has been renovated and handed over; as such additional 7,500 m <sup>2</sup> can be developed.
Southern and Northern development areas	6,8 hectares of development land, on which a 3,000 m <sup>2</sup> floor area dormitory has been constructed, further 13,000 m <sup>2</sup> office space is under construction and will be handed over during 2018 and additional 50,000 m <sup>2</sup> rentable area together with underground parking and auxiliary facilities can be developed.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2018  
(all amounts in thousands of euros unless otherwise indicated)

**1.3. Stock information**

Graphisoft Park SE's share capital consists of 10,631,674 class "A" publicly traded, marketable, registered 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, currently in Premium category, from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

Shareholder	December 31, 2017			June 30, 2018		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
<b>ORDINARY SHARES:</b>	<b>10,631,674</b>	<b>100.00</b>	<b>88.97</b>	<b>10,631,674</b>	<b>100.00</b>	<b>88.97</b>
<b>Directors and management</b>	<b>3,829,082</b>	<b>36.02</b>	<b>33.79</b>	<b>3,829,082</b>	<b>36.02</b>	<b>33.79</b>
Bojár Gábor - Chairman of the BoD	3,185,125	29.96	28.10	3,185,125	29.96	28.10
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	126,000	1.19	1.11	126,000	1.19	1.11
Hornung Péter – Member of the BoD	414,000	3.89	3.65	414,000	3.89	3.65
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
<b>Shareholders over 5% share</b>	<b>2,496,144</b>	<b>23.48</b>	<b>22.02</b>	<b>2,515,079</b>	<b>23.66</b>	<b>22.19</b>
HOLD Alapkezelő Zrt.	1,449,701	13.64	12.79	1,426,988	13.42	12.59
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,046,443	9.84	9.23	1,088,091	10.23	9.60
<b>Other shareholders</b>	<b>3,757,372</b>	<b>35.34</b>	<b>33.16</b>	<b>3,738,437</b>	<b>35.16</b>	<b>32.99</b>
<b>Treasury shares*</b>	<b>549,076</b>	<b>5.16</b>	<b>-</b>	<b>549,076</b>	<b>5.16</b>	<b>-</b>
<b>EMPLOYEE SHARES**:</b>	<b>1,876,167</b>	<b>-</b>	<b>11.03</b>	<b>1,876,167</b>	<b>-</b>	<b>11.03</b>
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares*	625,389	-	-	625,389	-	-
<b>SHARES TOTAL:</b>	<b>12,507,841</b>	<b>100.00</b>	<b>100.00</b>	<b>12,507,841</b>	<b>100.00</b>	<b>100.00</b>

\* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details refer to Note 22.

\*\* 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.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2018  
 (all amounts in thousands of euros unless otherwise indicated)

**1.4. Governance**

The governing body of Graphisoft Park SE, Board of Directors (single-tier system) is composed of the following:

<b>Name</b>	<b>Position</b>	<b>From</b>	<b>Until</b>
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

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Dr. Martin-Hajdu György and Szigeti András, The Chief Executive Officer of Graphisoft Park SE is Kocsány János,

**2. Accounting policies**

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Financial Statements of 2017), with the following differences:

- a) Accounting policy change in relation to investment properties

Since the Company received the regulated real estate entity status effective from January 1, 2018, the Company changed its accounting policies in relation to investment properties (as required by the regulation). Under the standard IAS 40 "Investment Property" the Company changed from "Cost model" to "Fair value model" from January 1, 2018. The new accounting policy applied is as follows:

Investment property

Investment property comprises completed property, development lands and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services, borrowing costs and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise, including the corresponding tax effect (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner occupied property becomes an investment property, any difference at that date between the carrying amount and the fair value of that property will be recorded in the "revaluation reserve of properties" within the equity, if the fair value is higher than the carrying amount; and in the profit or loss if the fair value is lower than the carrying amount.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2018  
(all amounts in thousands of euros unless otherwise indicated)

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of de-recognition.

Critical accounting estimates and judgements: Fair value of investment property

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and principles of IFRS 13 "Fair Value Measurement".

Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. In such case investment property is recorded at cost.

With regards to the investment property, the fair value measurement's IFRS 13 hierarchy level, based on the valuations is level 3.

Effect of the accounting policy change to the prior periods

As required by the standard IAS 8 "Accounting policies, changes in accounting estimates and errors" the new accounting policy regarding investment properties was applied retrospectively. Opening balances were adjusted to the earliest period presented as if the new accounting policy had always been applied. The principal effects of the accounting policy change to opening balances are as follow:

- In the December 31, 2016 in the balance sheet the balance of investment properties increased by 110,976 thousand euros and the balance of property, plant and equipment increased by 1,022 thousand euros; 111,949 thousand euros were credited into the retained earnings and 49 thousand euros were credited into the revaluation reserve of properties within equity.
- As of June 30, 2017 in the balance sheet the balance of investment properties increased by 126,194 thousand euros and the balance of property, plant and equipment increased by 980 thousand euros. 15,176 thousand euros were credited into the current period profit or loss, while 127,125 thousand euros were credited into the retained earnings and 49 thousand euros were credited into the revaluation reserve of properties within equity.
- As of December 31, 2017 in the balance sheet the balance of investment properties increased by 133,294 thousand euros and the balance of property, plant and equipment increased by 1,586 thousand euros. 22,400 thousand euros were credited into the current period profit or loss, while 134,349 thousand euros were credited into the retained earnings and 531 thousand euros were credited into the revaluation reserve of properties within equity.
- The accounting policy change had no material effect on the net balance of operating, investing or financing cash flows.
- Basic (and diluted) earnings per share increased from 0.17 euro to 1.67 euro in the period between January 1, 2017 and June 30, 2017, while increased from 0.07 euro to 0.37 euro in the period between April 1, 2017 and June 30, 2017.

b) Seasonality of business

The Company's business activities are not seasonal; revenues and expenses generally accrue at a constant rate during the course of the financial year. Certain one-off transactions may affect the results from one quarter to the next.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2018  
(all amounts in thousands of euros unless otherwise indicated)

c) Exchange rates used

Exchange rates used are as follows:

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
EUR/HUF opening:	308.70	312.55	311.02	310.14
EUR/HUF closing:	308.87	328.60	308.87	328.60
EUR/HUF average:	309.82	317.13	309.46	314.08



**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2018  
 (all amounts in thousands of euros unless otherwise indicated)

**3. Cash and cash equivalents**

	December 31, 2016	December 31, 2017	June 30, 2018
Cash in hand	1	2	1
Cash at banks	2,620	4,237	6,877
<b>Cash and bank</b>	<b>2,621</b>	<b>4,239</b>	<b>6,878</b>

**4. Trade receivables**

	December 31, 2016	December 31, 2017	June 30, 2018
Trade receivables	1,083	856	829
Provision for doubtful debts	-	-	-
<b>Trade receivables</b>	<b>1,083</b>	<b>856</b>	<b>829</b>

Trade receivables are on 8-30 day payment terms.

**5. Current tax receivables and liabilities**

	December 31, 2016	December 31, 2017	June 30, 2018
Current tax receivables	271	802	315
Current tax liabilities	(279)	(274)	(361)
<b>Current tax (liability) / receivable, net</b>	<b>(8)</b>	<b>528</b>	<b>(46)</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2018  
(all amounts in thousands of euros unless otherwise indicated)

**6. Other current assets**

	December 31, 2016	December 31, 2017	June 30, 2018
Accrued income	126	189	36
Prepaid expense	19	120	106
Bank security accounts	1,406	1,724	2,538
Construction fund manager accounts	4,121	7,403	3,159
Other receivables	9	153	86
<b>Other current assets</b>	<b>5,681</b>	<b>9,589</b>	<b>5,925</b>

**7. (Owner occupied) Property, Plant and Equipment**

	(Owner occupied) Property	Plant and Equipment	(Owner occupied) Property, Plant and Equipment
<b>Net value:</b>			
<b>December 31, 2016 modified</b>	1,022	247	1,269
<b>Gross value:</b>			
December 31, 2016	1,105	791	1,896
Addition	-	161	161
Sale	-	(54)	(54)
Reclassification from investment property	1,635	-	1,635
Reclassification to investment property	(1,105)	-	(1,105)
<b>December 31, 2017</b>	1,635	898	2,533
<b>Depreciation:</b>			
December 31, 2016	83	544	627
Addition	101	78	179
Sale	-	(36)	(36)
Reclassification to investment property	(135)	-	(135)
<b>December 31, 2017</b>	49	586	635
<b>Net value:</b>			
<b>December 31, 2017 modified</b>	1,586	312	1,898

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2018  
(all amounts in thousands of euros unless otherwise indicated)

**Gross value:**

December 31, 2017	1,635	755	<b>2,390</b>
Addition	27	132	<b>159</b>
Sale	-	(19)	<b>(19)</b>
Translation difference	-	(24)	<b>(24)</b>
<b>June 30, 2018</b>	<b>1,662</b>	<b>844</b>	<b>2,506</b>

**Depreciation:**

December 31, 2017	49	443	<b>492</b>
Addition	40	51	<b>91</b>
Sale	-	(1)	<b>(1)</b>
Translation difference	-	(7)	<b>(7)</b>
<b>June 30, 2018</b>	<b>89</b>	<b>486</b>	<b>575</b>

**Net value:**

<b>June 30, 2018</b>	<b>1,573</b>	<b>358</b>	<b>1,931</b>
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**8. Investment property**

	Development Land	Investment property under construction	Completed investment property	Investment property
<b>Book value:</b>				
<b>December 31, 2016 modified</b>	<b>11,764</b>	<b>24,810</b>	<b>144,057</b>	<b>180,631</b>
Addition	3	18,857	3,732	<b>22,592</b>
Reclassification	-	(8,580)	8,580	-
Reclassification to property, plant and equipment	-	-	(1,635)	<b>(1,635)</b>
Reclassification from property, plant and equipment	-	-	1,452	<b>1,452</b>
Change in fair value	-	(11,187)	28,858	<b>17,671</b>
<b>December 31, 2017 modified</b>	<b>11,767</b>	<b>23,900</b>	<b>185,044</b>	<b>220,711</b>
Addition	-	11,221	2,896	<b>14,117</b>
Reclassification	-	(17,560)	17,560	-
Change in fair value	-	989	1,773	<b>2,762</b>
<b>June 30, 2018</b>	<b>11,767</b>	<b>18,550</b>	<b>207,273</b>	<b>237,590</b>

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In the first half of 2018 additions in construction in progress of 14,447 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area started in 2017 (2,462 thousand EUR),
- new developments in progress in the southern development area (11,221 thousand EUR) and
- other developments in progress (364 thousand EUR).

The independent valuation was prepared by ESTON International Zrt. with the Income approach applied for all periods presented. Properties with occupancy permits were valued based on the Discounted Cash Flow method, while properties under construction were valued based on the Residual Value method. Present value of cash flows from rental fees was calculated with a market-based discount factor reflecting the expected return from investors and creditors (cost of capital).

According to IAS 40 development lands are presented on cost.

The key assumptions applied by the independent appraiser for the periods presented were the followings:

		December 31, 2016	December 31, 2017	June 30, 2018
<b>Rental area</b>	• office, laboratory and related service areas	44,000 m <sup>2</sup>	52,000 m <sup>2</sup>	55,000 m <sup>2</sup>
	• education area	7,000 m <sup>2</sup>	7,000 m <sup>2</sup>	7,000 m <sup>2</sup>
	• Dormitory	3,000 m <sup>2</sup> / 85 persons	3,000 m <sup>2</sup> / 85 persons	3,000 m <sup>2</sup> / 85 persons
<b>Buildings under construction</b>	• office area	20,000 m <sup>2</sup>	12,000 m <sup>2</sup>	9,500 m <sup>2</sup>
<b>Development lands</b>	• rentable area which can be developed	57,500 m <sup>2</sup>	57,500 m <sup>2</sup>	57,500 m <sup>2</sup>
<b>Long term occupancy</b>		95%	95%	95%
<b>Growth factor</b>		1%	1%	1%
<b>Average discount factor</b>		6.55%	6.00%	5.89%

## 9. Investments

	December 31, 2016	December 31, 2017	June 30, 2018
AIT-Budapest Aquincum Institute of Technology Kft,	100	-	-
<b>Investments</b>	<b>100</b>	<b>-</b>	<b>-</b>

The Company acquired a 10 % ownership share (100 thousand EUR) in AIT-Budapest Aquincum Institute of Technology Kft. in 2009. After the complete realization of the educational function (see details in Note 24), in June 2017 the Company sold its stake to the AIT-Budapest Aquincum Institute of Technology.

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**10. Trade payables**

	December 31, 2016	December 31, 2017	June 30, 2018
Trade payables – domestic	4,190	5,305	4,405
<b>Trade payables</b>	<b>4,190</b>	<b>5,305</b>	<b>4,405</b>

**11. Other short-term liabilities**

	December 31, 2016	December 31, 2017	June 30, 2018
Amounts due to employees	48	34	52
Deposits from tenants	612	604	605
Fair value difference of loans*	237	286	760
Advances received from suppliers	-	614	798
Financial liabilities**	-	234	-
Other payables and accruals	764	1,718	2,937
<b>Other short-term liabilities</b>	<b>1,661</b>	<b>3,490</b>	<b>5,152</b>

\* Fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 12 (Loans).

\*\* Fair value difference of the IRS connected to Loan number 1. provided by Erste Bank. The valuation was prepared by Erste Bank.

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**12. Loans**

**12.1. Loan details**

	December 31, 2016	December 31, 2017	June 30, 2018
Short-term	3,516	4,520	2,786
Long-term	44,313	59,952	70,858
<b>Loans</b>	<b>47,829</b>	<b>64,472</b>	<b>73,644</b>

**Loans provided by Aareal Bank AG (legal successor of Westdeutsche ImmobilienBank AG):**

	December 31, 2016	December 31, 2017	June 30, 2018
Short-term	3,516	3,575	-
Long-term	33,181	29,606	-
<b>Loans / Aareal Bank AG</b>	<b>36,697</b>	<b>33,181</b>	<b>-</b>

The total original capital amount of the loans provided by Aareal Bank AG from 2007 was 58 million EUR. The loan contract expiry date was May 2019. Based on the decision of the Board of Directors, mainly in order to refinance the loans provided by Aareal Bank AG, the Company concluded a 10 year maturity euro based loan contract with Erste Bank Hungary Zrt, on November 30, 2017 (refer to Erste loan nr. 2.). The date of the refinancing was June 28, 2018; all the outstanding amounts were settled to Aareal Bank AG. As part of the transaction all collaterals provided for Aareal Bank AG (mortgage on real estate, revenue assignment and bank account pledge) were cancelled.

**Loans provided by Erste Bank Hungary Zrt.:**

**Loan number 1. (Erste)**

	December 31, 2016	December 31, 2017	June 30, 2018
Short-term	-	688	673
Long-term	9,379	13,349	12.398
<b>Loan 1 / Erste Bank Hungary Zrt.</b>	<b>9,379</b>	<b>14,037</b>	<b>13.071</b>

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The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015 with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016 Erste Bank makes a 4 billion HUF (12.6 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

As of June 30, 2018 the outstanding capital of the forint based facility amounts to 3,9 billion HUF (11,805 thousand EUR); and the euro based facility amounts to 2,904 million EUR. The fair value of the loans (calculated using market interest rates) is 13,071 thousand EUR (see details under point 12.2 below). The second quarter installment was charged by the Bank partly on June 29, 2018, and partly on July 2, 2018.

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. In this construction, the initial change of capital took place at the commencement of the cash flow hedge transaction (on December 29, 2017), therefore, we have also executed a related forward exchange rate agreement (forward forint purchase) to provide the forint coverage required to the initial change of capital.

On December 29, 2017, at the commencement of the cash flow hedge transaction, the related forward exchange rate agreement has been closed down. As of June 30, 2018 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 868 thousand EUR; unrealized loss related to the transaction are presented within the equity (Cash flow hedge reserve) in amount of 714 thousand EUR. (As of December 31, 2017 fair value of the cash flow hedge transaction is presented among long-term financial assets in amount of 695 thousand EUR; unrealized gains related to the transaction are presented within the equity in amount of 665 thousand EUR.)

**Loan number 2. (Erste)**

	December 31, 2016	December 31, 2017	June 30, 2018
Short-term	-	257	1,806
Long-term	-	1,743	38,130
<b>Loan 2 / Erste Bank Hungary Zrt.</b>	<b>-</b>	<b>2,000</b>	<b>39,936</b>

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Aareal Bank AG in 2007 with expiration in May 2019. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term from that time – unlike the facility redeemed with partly variable interest rates. On June 30, 2018 fair value of the IRS is 577 thousand EUR, which is presented among the long term financial liabilities against equity (Cash flow hedge reserve).

The new facility is worth 40 million EUR, whose bulk is to be used for the repayment of the entire debt to Aareal Bank AG, while the remaining smaller part will be used to finance the refurbishment of the older buildings of Graphisoft Park. Till June 30, 2018 the 40,000 thousand EUR facility was drawn down and loans provided by Aareal Bank were refinanced. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

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**Loan provided by UniCredit Bank Hungary Zrt.:**

	December 31, 2016	December 31, 2017	June 30, 2018
Short-term	-	-	307
Long-term	1,753	15,254	20,330
<b>Loans / UniCredit Bank Hungary Zrt.</b>	<b>1,753</b>	<b>15,254</b>	<b>20,637</b>

The Company executed a 24 million EUR loan facility agreement with UniCredit Bank Hungary Zrt. on December 18, 2016 with 10 years maturity to finance the ongoing development in the southern area. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

The complete credit facility was drawn until June 30, 2018, whose fair value was 20,637 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).



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**12.2. Analyses**

**Fair value of the loans:**

	December 31, 2016	December 31, 2017	June 30, 2018
Aareal Bank AG*	36,398	33,014	-
Erste Bank Hungary Zrt. Loan nr. 1.**	9,379	14,037	13,071
Erste Bank Hungary Zrt. Loan nr. 2.	-	2,000	39,936
UniCredit Bank Hungary Zrt. **	1,753	15,254	20,637
<b>Loans at fair value*</b>	<b>47,540</b>	<b>64,305</b>	<b>73,644</b>

\* Calculated at a 2.5% effective interest rate for the fixed interest period of the loans.

\*\* Calculated at a 2.5% market-based interest rate for the loans with preferential interest rate.

**Loans with preferential interest rate:**

As part of its monetary policy instruments, National Bank of Hungary (NBH) launched its Funding for Growth Scheme (FGS) in 2013, Under FGS, the central bank provides refinancing loans at a preferential fixed interest rate of 0% with a maximum maturity of 10 years to credit institutions which the credit institutions lend further to small and medium sized enterprises with a capped interest margin. The following table shows loan liability for the loans borrowed by the Group within FGS broken down by amortized initial fair value (market rate loan liability) and amortized initial fair value difference (interest rate grant) elements as of June 30, 2018:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	14,709	1,638	13,071
UniCredit Bank Hungary Zrt.	24,000	3,363	20,637
<b>Loans (FGS)</b>	<b>38,709</b>	<b>5,001</b>	<b>33,708</b>

\* Calculated at a 2.5% market-based fixed interest rate effective at the time of concluding the loan contract.

\*\* Fair value difference of loans with preferential interest rate (government grant received through the Funding for Growth Scheme compensating expenses) are shown at other short-term liabilities (Note 11) and other long-term liabilities (Note 14) and amortized to the profit and loss statement based on the effective interest rate method.

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**13. Deferred taxes**

	December 31, 2016	December 31, 2017	June 30, 2018
Development reserve	757	-	-
Depreciation	(20)	-	-
Loss carried forward	(155)	-	-
<b>Deferred tax liability</b>	<b>582</b>	<b>-</b>	<b>-</b>

Effective from July 31, 2017 the Company became regulated real estate investment pre-company (see the “Other key issues” section in the management report) and as such the Company was subject to corporate income tax and local business tax only till that date. As a result, deferred tax assets and liabilities were released in 2017.

On December 14, 2017 Graphisoft Park Engineering & Management Kft. was established. Based on the business activity, this company does not operate under the “SZIT” regulation and therefore is subject to corporate income tax and local business tax. As such deferred tax assets or liabilities relating to this entity might be created.

**14. Other long-term liabilities**

	December 31, 2016	December 31, 2017	June 30, 2018
Fair value difference of loans*	1,588	4,231	4,241
Warranty retention	-	100	224
Fair value of derivative instruments (as of June 30, 2018) **	-	-	1,445
<b>Other long-term liabilities</b>	<b>1,588</b>	<b>4,331</b>	<b>5,910</b>

\* Fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 12 (Loans).

\*\* Fair value of IRSs relating to Erste Bank loans nr. 1. and 2. as of June 30, 2018. The valuation was prepared by Erste Bank.

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**15. Revenue**

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Property rental revenue*	2,653	2,819	5,124	5,682
Other revenue**	-	400	-	400
<b>Revenue</b>	<b>2,653</b>	<b>3,219</b>	<b>5,124</b>	<b>6,082</b>

\*Property rental revenue consists solely of rental fees coming from the lease of real estate of Graphisoft Park.

\*\* Other revenue contains a one-off revenue from engineering service provided in the second quarter of 2018

**16. Operating expense**

	3 months ended		6 months ended	
	June 30, 2017 modified	June 30, 2018	June 30, 2017 modified	June 30, 2018
Property related expense	15	8	27	23
Employee related expense	286	253	359	407
Other operating expense	130	162	214	300
Depreciation and amortization	43	44	83	92
<b>Operating expense</b>	<b>474</b>	<b>467</b>	<b>683</b>	<b>822</b>

Other operating expense consists of the following items:

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Office and telecommunication	4	4	7	8
Legal and administration	82	105	126	200
Marketing	8	-	16	-
Other	36	53	65	92
<b>Other operating expense</b>	<b>130</b>	<b>162</b>	<b>214</b>	<b>300</b>

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**17. Other income (expense)**

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Income from recharged construction expenses	66	1,057	1,319	2,364
Recharged construction expenses	(62)	(1,034)	(1,255)	(2,341)
Income from recharged operation expenses	915	1,001	1,858	2,066
Recharged operation expenses	(844)	(976)	(1,721)	(2,011)
Others	-	11	-	8
<b>Other income</b>	<b>75</b>	<b>59</b>	<b>201</b>	<b>86</b>

**18. Interest and other financing cost**

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Interest expense on loans	(216)	(199)	(373)	(361)
Break cost of loan	-	(258)	-	(258)
Other interest expense	(2)	(1)	(3)	(2)
<b>Interest and other financing cost</b>	<b>(218)</b>	<b>(458)</b>	<b>(376)</b>	<b>(621)</b>

**19. Other financial result**

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Exchange rate gain (loss) realized	(10)	(651)	(4)	(740)
Exchange rate gain (loss) not realized	(16)	805	(16)	834
Change in fair value of derivative transaction	-	(80)	-	-
<b>Other financial result</b>	<b>(26)</b>	<b>74</b>	<b>(20)</b>	<b>94</b>

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**20. Income taxes**

	3 months ended		6 months ended	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Current income tax	(88)	(36)	(186)	(41)
Deferred income tax	(65)	(9)	(146)	-
<b>Income tax expense</b>	<b>(153)</b>	<b>(45)</b>	<b>(332)</b>	<b>(41)</b>

Applicable tax rates are: corporate income tax at 9% and local business at tax 2% both in 2017 and 2018. Details are disclosed in Note 13.

**21. Earnings per share**

Basic and diluted earnings per share amounts are calculated as follows:

	3 months ended		6 months ended	
	June 30, 2017 modified	June 30, 2018	June 30, 2017 modified	June 30, 2018
Net profit attributable to equity holders	3,831	3,981	16,862	7,540
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
<b>Basic earnings per share (EUR)</b>	<b>0.37</b>	<b>0.39</b>	<b>1.67</b>	<b>0.75</b>
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
<b>Diluted earnings per share (EUR)</b>	<b>0.37</b>	<b>0.39</b>	<b>1.67</b>	<b>0.75</b>

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined as described in Note 1.3 to the financial statements.

Share ownership details are disclosed in Note 1.3.

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**22. Treasury shares**

Graphisoft Park SE treasury share details are as follows:

	December 31, 2016	December 31, 2017	June 30, 2018
Number of ordinary shares	549,076	549,076	549,076
Number of employee shares	-	625,389	625,389
Face value per share (EUR)	0.02	0.02	0.02
Total face value (EUR)	10,982	23,489	23,489
Total value of treasury shares (at historical cost)	962	974	974

**23. Net asset value**

Book value and fair value of assets and liabilities as of June 30, 2018:

	Note	Book value June 30, 2018	Fair value June 30, 2018	Difference
Investment property and other tangible assets*	7,8	239,521	257,958	18,437
Intangible assets		2	2	-
Current and deferred tax assets, net	5, 13	(46)	(46)	-
<b>Non-financial instruments</b>		<b>239,477</b>	<b>257,914</b>	<b>18,437</b>
Cash and cash equivalents	3	6,878	6,878	-
Trade receivables	4	829	829	-
Other current assets	6	5,925	5,925	-
Other long-term financial assets		-	-	-
Trade payables	10	(4,405)	(4,405)	-
Other short-term liabilities	11	(5,152)	(5,152)	-
Loans	12	(73,644)	(73,644)	-
Other long-term liabilities	14	(5,910)	(5,910)	-
<b>Financial instruments</b>		<b>(75,479)</b>	<b>(75,479)</b>	-
<b>Net asset value</b>		<b>163,998</b>	<b>182,435</b>	<b>18,437</b>

\* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 257,600 thousand euros as of June 30, 2018.

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Book value and fair value of assets and liabilities as of December 31, 2017:

	Note	Book value Dec. 31, 2017 modified	Fair value Dec. 31, 2017 modified	Difference
Investment property and other tangible assets*	7,8	222,609	243,322	20,713
Intangible assets		2	2	-
Current and deferred tax assets, net	5, 13	528	528	-
<b>Non-financial instruments</b>		<b>223,139</b>	<b>243,852</b>	<b>20,713</b>
Cash and cash equivalents	3	4,239	4,239	-
Trade receivables	4	856	856	-
Other current assets	6	9,589	9,589	-
Other long-term financial assets		695	695	-
Trade payables	10	(5,305)	(5,305)	-
Other short-term liabilities	11	(3,490)	(3,490)	-
Loans	12	(64,472)	(64,305)	167
Other long-term liabilities	14	(4,331)	(4,331)	-
<b>Financial instruments</b>		<b>(62,219)</b>	<b>(62,052)</b>	<b>167</b>
<b>Net asset value modified</b>		<b>160,920</b>	<b>181,800</b>	<b>20,880</b>

\* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 243,010 thousand euros as of December 31, 2017.

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Book value and fair value of assets and liabilities as of December 31, 2016:

	Note	Book value Dec. 31, 2016 modified	Fair value Dec. 31, 2016 modified	Difference
Investment property and other tangible assets*	7,8	181,900	200,540	18,640
Investments	9	100	100	-
Current and deferred tax liabilities, net	5, 13	(590)	(590)	-
<b>Non-financial instruments</b>		<b>181,410</b>	<b>200,950</b>	<b>18,640</b>
Cash and cash equivalents	3	2,621	2,621	-
Trade receivables	4	1,083	1,083	-
Other current assets	6	5,681	5,681	-
Trade payables	10	(4,190)	(4,190)	-
Other short-term liabilities	11	(1,661)	(1,661)	-
Loans	12	(47,829)	(47,540)	289
Other long-term liabilities	14	(1,588)	(1,588)	-
<b>Financial instruments</b>		<b>(45,883)</b>	<b>(45,594)</b>	<b>289</b>
<b>Net asset value modified</b>		<b>135,527</b>	<b>154,456</b>	<b>18,929</b>

\* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 200,293 thousand euros as of December 31, 2016.

## 24. Commitments, contingencies

### Realization of the educational function

As we discussed in detail in previous reports in order to realize the full potential of Graphisoft Park's "science park" features with the purchase of land contract concluded with the Municipality of Budapest in 2008 we have undertaken the duty to carry out the development for educational purpose by renovating the protected monument parts of the purchased property. The realization of the educational function was in part carried out by the founding of the AIT-Budapest Aquincum Institute of Technology, owned by 10% by the Company; and through the International Business School's (IBS) relocation to Graphisoft Park. After the complete realization of the educational function the Company sold its stake in the AIT-Budapest Aquincum Institute of Technology.



## **25. Events after the balance sheet date**

According to the announcement of the Company on July 9, 2018, Gábor Bojár, founder and chairman of the BoD, transferred 700,000 shares for trust property management to B.N.B.A. Holding Zrt. trustee (address: 1031 Budapest, Záhony utca 7., Cg.: 01-10-049658) in the frame of a trust property management contract. With the transaction closed the number of Gábor Bojár's shares was reduced to 2,485,125 common shares and his voting rights were reduced to 19.87% for all shares (23.37% regarding common shares), while B.N.B.A. Holding Zrt. acquired 5.60% percent of the voting rights of all shares (6.58% regarding common shares).

## **26. Approval of financial statements, dividend**

Following the recommendation of the Board of Directors, the Annual General Meeting on April 26, 2018 approved the 2017 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 103,912 thousand EUR and a profit for the year of 4,371 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 93 HUF per ordinary share, 937,682 thousand HUF in total (2,993 thousand EUR on the exchange rate of April 26, 2018), and 31 HUF per employee share, 38,774 thousand HUF in total (124 thousand EUR on the exchange rate of April 26, 2018). The starting date for dividend payments was May 14, 2018. The Company paid out the dividends to the shareholders identified by shareholder's registration as of May 7, 2018.

## **27. Declaration**

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