

GRAPHISOFT PARK SE

Interim Management Report – First Half 2019

August 7, 2019



GRAPHISOFT PARK





Dear shareholders,

In 2019 the Company's forecasted IFRS consolidated pro forma result is 4.8 million euros, which is 100 thousand euros higher than we published earlier. This is due to the full year revenue generation of buildings delivered in prior year and increasing occupancy rate. Our 2020 forecast is 5.1 million euros net profit surpassing nearly by 6% our 2019 forecast.

During the first half of 2019 we have renewed several lease contracts, among others one of our key tenants, Microsoft Magyarország Kft. renewed its lease contract (expiring at the end of this year) for additional 5 years as of June 28, 2019. Consequently, the weighted average lease term of existing lease contracts to expiry ("WAULT") has increased to 5.1 years, while the average lease term spent in the Park showing the loyalty of our tenants has increased to 12.3 years.

Property portfolio and fair value of net assets

The fair value of the Company's entire property portfolio was valued by the independent appraiser (ESTON International Zrt.) at **264 million euros** in the end of the second quarter of 2019.

The fair value of the completed, delivered properties increased by nearly 5 million euros compared to the end of 2018. At the end of 2019 Q2 occupancy rate of the South Park office building (delivered last in the southern development area) reached 95%; in addition majority of temporary vacant office spaces in the core area (certain tenants moved from the core area to the southern area), were leased; and also renewal of recently expiring lease contracts increased the fair value of investment properties.

According to the information received from NKM Földgázszolgáltató Zrt, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date. Consequently, development on the northern development area is expected to start later than planned. Mainly due to this, the value of the development lands has decreased by 5.6 million euros by the end of the second quarter of 2019 compared to the valuation at the end of 2018.

	[thousands of EUR]		
	Dec 31, 2018	March 31, 2019	June 30, 2019
Completed, delivered properties	234,630	238,990	239,720
Development lands	29,880	24,320	24,320
Estimated fair value of the entire property portfolio	264,510	263,310	264,040
Net asset value at estimated fair value	190,796	191,131	189,490
Net asset value at fair value per share (EUR)	18.9	19.0	18,8

In comparison to 2019 Q1, the slight increase of the investment property fair value, the upcoming loan installments and the increasing cash balance largely compensated the current period dividend payment, consequently the fair value of net assets is **189.5 million euros** at the end of 2019 Q2.



Pro forma results

Our 2019 H1 “pro forma” results developed as expected: we have reached a rental revenue figure of 7.1 million euros surpassing the same period of previous year by 1.4 million euros, while EBITDA rose by 1 million euros. Due to the delivery of new buildings depreciation charge increased significantly by 800 thousand euros. The current period net profit amounting to 2.4 million surpassed the 2018 H1 figure by 100 thousand euros.

(million euros)	2018 H1	2019 H1
Rental revenue	5.7	7.1
Other revenue	0.4	-
Other income (net)	0.1	0.2
Operating expense	(0.7)	(0.8)
EBITDA	5.5	6.5
Depreciation	(2.6)	(3.4)
Operating profit	2.9	3.1
Net interest expense	(0.6)	(0.6)
Profit before tax	2.3	2.4
Income tax expense	(0.0)	(0.0)
Net profit	2.3	2.4

Forecast for 2019 and 2020

Our 2019 expected pro forma results is **4.8 million euros**, that 100 thousand euros higher than it was published earlier; in 2020 we expect to increase the pro forma results by additional 300 thousand euros. The new building complex delivered in 2018 will generate revenue in the whole year therefore the 2019 expected rental revenue will be 14.1 million euros. In 2020 we count with rental revenue growth of additional 400 thousand euros. From 2019, due to the new completed developments and refurbishments, depreciation will be significantly higher by 1.1 million euros, while interest expense will be slightly lower due to the decreasing outstanding loans payable. Overall, the 2019 net profit is expected to surpass that of the prior year by nearly 8%, which, according to our forecast, will increase by additional 6% in 2020.



(million euros)	2018 actual	2019 forecast	2020 plan
Rental revenue	12.41	14.1	14.5
Other revenue	0.41	-	-
Other income (net)	0.55	0.4	0.3
Operating expense	(1.49)	(1.4)	(1.5)
EBITDA	11.88	13.1	13.3
Depreciation	(5.96)	(7.1)	(7.1)
Operating profit	5.92	6.0	6.2
Net interest expense	(1.42)	(1.2)	(1.1)
Profit before tax	4.50	4.8	5.1
Income tax expense	(0.05)	0.0	0.0
Net profit	4.45	4.8	5.1

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.

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, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Rental revenue	5,682	7,052	5,682	7,052
Other revenue	400	-	400	-
Operating expense	(730)	(759)	(730)	(759)
Other income (net)	86	219	86	219
EBITDA	5,438	6,512	5,438	6,512
Valuation gains from investment property	-	-	2,762	4,044
Depreciation and amortization	(2,562)	(3,432)	(92)	(93)
Operating profit	2,876	3,080	8,108	10,463
Net interest expense	(363)	(603)	(363)	(603)
Other financial cost (3)	(258)	-	(258)	-
Other financial result	94	(33)	94	(33)
Profit before tax	2,349	2,444	7,581	9,827
Income tax expense	(41)	(7)	(41)	(7)
Profit for the period	2,308	2,437	7,540	9,820
Earnings per share (EUR) (2)	0.23	0.24	0.75	0.97

(1) "Pro forma" results show profit and loss according to the cost model.

(2) 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).

(3) Early repayment of loan provided by Aareal Bank resulted 258 thousand euros one-off cost in 2018.



IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2018	June 30, 2019
Fair value of properties	234,630	239,720
<i>-from this book value (1)</i>	<i>229,492</i>	<i>233,448</i>
Fair value of development lands	29,880	24,320
<i>- from this book value (1)</i>	<i>11,767</i>	<i>11,767</i>
Entire property portfolio at estimated fair value	264,510	264,040
Net asset value at estimated fair value	190,796	189,490
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2)	18.9	18.8

(1) Investment properties and investment properties under construction are fair valued in the financial statements, while development lands and owner occupied property are 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. As a result, instead of accounting depreciation, current period change in fair value are presented in the profit or loss.

(2) 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 21 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 of the first half of 2019 (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for the years 2019 and 2020.

“Pro forma” results of the first half of 2019

“Pro forma” results of the first half of 2019 changed compared to the same period of 2018 because of the following main factors:

- **Rental revenue** (2019: 7,052 thousand euros; 2018: 5,682 thousand euros) rose by 1,370 thousand euros, or 24% compared to the previous period due to the rental revenues derived from the new office building in the southern area handed over in 2018.
- **Operating expense** (2019: 759 thousand euros; 2018: 730 thousand euros) increased by 29 thousand euros, or 4% compared to prior year. Property related expenses increased in the proportion of the new developments delivered.
- **Other income** (2019: 219 thousand euros; 2018: 86 thousand euros) net amount was 133 thousand euros higher than the base last year, mainly due to developments and refurbishments based on tenant requests.
- **Depreciation** (2019: 3,432 thousand euros; 2018: 2,562 thousand euros) increased by 870 thousand euros, or 34% compared to the previous year because of the 2018 delivery of the new building complex and refurbishment works in the core area.
- **EBITDA** (2019: 6,512 thousand euros; 2018: 5,838 thousand euros) grew by 1,074 thousand euros, or 20%, while **operating profit** (2019: 3,080 thousand euros; 2018: 2,876 thousand euros) increased by 204 thousand euros, or 7% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (2019: 603 thousand euros; 2018: 621 thousand euros) decreased by 18 thousand euros compared to prior year: due to the higher balance of loans payable interest expense increased by 240 thousand euros, while the 2018 one off loan break fee in amount of 258 thousand euros did not incur in this period.
- **Other financial result** (2019: 33 thousand euros loss; 2018: 94 thousand euros gain) decreased by 127 thousand euros compared to prior year due to the weakening forint compared to euro.
- The balance of **income tax expense** (2019: 7 thousand euros; 2018: 41 thousand euros) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has SZIT status from January 1, 2018 and as such is not subject to corporate income tax and local business tax.
- **Net profit** (2019: 2,437 thousand euros; 2018: 2,308 thousand euros) grew by 129 thousand euros that is 6% in the first half of 2019 compared to the same period of 2018 because of the factors explained in the previous points.



2019 first half results according to the financial statements

2019 Q2 results according to the financial statements are 7,383 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense increased the results by 3,339 thousand euros and fair value gains increased the results by 4,044 thousand euros. Increase in fair value is due to the delivery of the development in the southern area and conclusion of new rental contracts.

In the same period of 2018 results according to the financial statements are 5,232 thousand euros higher than the “pro forma” results: unrecognized depreciation expense increased the results by 2,470 thousand euros and fair value gains increased the results by 2,762 thousand euros. In the comparative period the fair value gain was caused by the progress in the new developments and the delivery of the new SAP wing and Startup building.

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

Utilization, occupancy

Occupancy rate of Graphisoft Park’s gross leasable area developed as follows (at the end of the quarter):

Period:	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
Occupancy of gross leasable area (%):	98%	95%	94%	95%	96%	97%
Gross leasable area (m ²):	68,000	72,000	82,000	82,000	82,000	82,000

Occupancy stood at an effective 100% in the beginning of 2018. In the third quarter of 2018, due to the delivery of the development in the southern area the rentable area significantly increased in more steps. Due expansion needs of certain tenants who moved from the core area to the southern area (and leaving some empty office spaces in the core area) the occupancy rate was 94%, but due to the new lease contracts concluded in the previous quarters increased the occupancy rate to 97% by the end of 2019 Q2.

Overall due to the new deliveries, tenant movements and new rental contracts in the past one and a half year rented office space increased to 13,000 m².

Graphisoft Park’s tenants 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. Recent example of their engagement is that one of our key tenants, Microsoft Magyarország Kft. renewed its lease contract (expiring at the end of this year) for additional 5 years as of June 28, 2019. It is also important to highlight that smaller tenants are staying in the Park for more than 5 years on average and keep extending (average 1-3 years) 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 **12.3 years**, and in case of existing lease contracts the weighted average lease term to expiry is **5.1 years**.



Development and modernization plans

By the completion of the new developments from September 2018, Graphisoft Park has **82,000 m² gross leasable area** as well as **underground parking for around 2,000 cars** available for its tenants.



Other parts of the southern development area offer room for another 20,000 m² potential development, while the monument and northern development areas provide room for another 42,000 m² gross leasable area. In the latter area no further preparatory work or development is allowed until NKM Földgázszolgáltató Zrt. completes its mandated rehabilitation duties in the area (see details below in the “Main risk factors associated with the areas” section).

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 20 years old office park. In the past 2 years costs related the refurbishment of nearly 13,000 m² office space amounted to around 4 million euros and cca. 6 million euros have been invested by the tenants to implement their individual needs. From 2019 the technological refurbishment of certain buildings in the core area is planned, at a cost of additional 1 million euro per year. This year we have started the refurbishment of several smaller office and service buildings on 5,500 m², which amounted to 452 thousand euro in the first half of 2019.

Key characteristic of the Graphisoft Park domestic „Silicon Valley” concept is the sustained synergy between teams of startup entrepreneurs, global IT and Technology focused companies and Higher Educational Institutions as leading edge „knowledge-factories”. Another sign of our strengthening education focus is that after IBS and AIT, also Real School has chosen Graphisoft Park as location in Budapest from this year. Real School offers primary education in English language for international students, focusing on environmentally conscious sustainability. Partnering relationships based on tight collaboration between Technology Firms, Startups and Educational Institutions have been shaped among these three main pillars of Graphisoft Park, resulting in mutual support and strengthening and stimulating cooperation. The enhanced physical proximity and meaningful collaboration act as an attractive force and is recognized as a convenient source by all the three sectors. Management of the Park is consciously supporting the balanced presence of all three pillars and application of the full potential offered by their collaboration. In order to strengthen the focus on education we are open to accommodate educational institutions that act as knowledge centers and knowledge factories and fit the Park’s concept.

Creative work, research and educational activities are further supported by the Park’s Management by sustainably ensuring inspiring environment. Our goals are the increase of comfort levels, thus the levels of productivity for all Park tenant’s creative and productive staff, the development of tools for promoting communities, hosting of relevant events and programs for further improvement of creative work conditions for all our tenants. We also aim at developing conditions allowing for various leisure, recreational and sporting activities within the Park. We do all these consciously in order to develop and sustain high levels of employee satisfaction and engagement, thus



enhancing our tenant's competitiveness on the market. Management is committed to have the Park feel as a comfortable, pleasant second home for all resident employees, more than just a work place.

Financing

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 Erste Bank made a 4 billion HUF (12.2 million EUR) credit facility and another 3 million EUR credit facility available to Graphisoft Park within the National Bank of Hungary's 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. In accordance with the loan agreement UniCredit Bank made a 24 million EUR credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

On November 30, 2017 we concluded a new euro-based, 10 years to maturity loan facility which is worth 40 million EUR 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 remaining smaller part of the loan is used to finance the refurbishment of the older buildings of Graphisoft Park. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term; as a result the interest rate is fixed for the full term of the loan.

At the end of the period the outstanding loan liability amounted to 75.3 million euro. After concluding the hedge agreement, all of the Company's outstanding loan liabilities have been switched to fixed interest rates (average 1.6%) for the 10 year loan term, which further strengthens the Park's stable operation.

Forecast for the years 2019 and 2020

Our forecasted "pro forma" profit for 2019 is 4.8 million euros, which is 100 thousand euros higher than it was previously published, while our 2020 forecast is 5.1 million euros profit surpassing nearly by 6% our 2019 forecast.

(million euros)	<i>2018 actual</i>	<i>2019 forecast</i>	<i>2020 plan</i>
Rental revenue	12.41	14.1	14.5
Other revenue	0.41	-	-
Other income (net)	0.55	0.4	0.3
Operating expense	(1.49)	(1.4)	(1.5)
EBITDA	11.88	13.1	13.3
Depreciation	(5.96)	(7.1)	(7.1)
Operating profit	5.92	6.0	6.2
Net interest expense	(1.42)	(1.2)	(1.1)
Profit before tax	4.50	4.8	5.1
Income tax expense	(0.05)	0.0	0.0
Net profit	4.45	4.8	5.1

- In 2019 **rental revenue** is expected to rise by 1.7 million euros, or by 14% compared to 2018 as the last year delivery of South Park office building will have full year revenue effect in 2019. In 2020 we count with additional rental revenue growth of 400 thousand euros. This is partly due to the automatic indexation, partly due to the



full year revenue effect of new rental contracts concluded in 2019; and due to the fact, that during the renewal of expiring rental contracts rental fees agreed earlier could converge toward the significant rental fee increase in the Budapest office market.

- In 2018 among **other revenue** we realized a one-off engineering work (408 thousand euro); we do not count with the repetition of this work in the upcoming years.
- We count with no significant change of **operational costs** in 2019 or in 2020.
- Due to all of the above in 2019 **EBIDTA** is expected to rise by 1.2 million euros or 9% compared to 2018, achieving an EBIDTA amount of 13.1 million euros, while in 2020 the amount will be 13.3 million euros.
- From 2019, 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): in 2019 and in 2020 it will increase by 1.1 million euros or by 19% compared to 2018.
- In 2018 net interest expense was increased due to the one-off fee relating to the refinancing of the loan. The **net interest expense** of the outstanding loan liabilities will be about 1.2 million euros in 2019 and 1.1 million euros in 2020.
- As a result, **net profit** in 2019 is forecasted to be 4.8 million euros surpassing the 2018 profit by almost 8%, in 2020 it is forecasted to be 5.1 million euros.

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.). According to the information received from NKM Földgázszolgáltató Zrt, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date.
- 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.

Legal proceedings

In the resolution received on October 3, 2018, the competent government body, the Pest County Government Office notified us about the prolongation of the completion deadline of the rehabilitation in the northern development area. We have filed suit for the review of the resolution in administrative court. The first hearing took place on April 16, 2019, the second one on June 18, 2019 without the court entering any decision that times. The court postponed the next hearing to September 19, 2019 in order to allow for proper service of all petitions to the parties.

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 325 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, 2019

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, 2019

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, August 7, 2019

A handwritten signature in blue ink that reads "Kocsány János".

Kocsány János
Chief Executive Officer

A handwritten signature in blue ink that reads "Bodócsy Ágnes".

Bodócsy Ágnes
Chief Financial Officer

GRAPHISOFT PARK SE
HALF-YEAR REPORT
JUNE 30, 2019

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

JUNE 30, 2019

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2018	June 30, 2019
Cash and cash equivalents	3	5,874	4,432
Trade receivables	4	1,450	940
Current tax receivable	5	217	238
Other current assets	6	2,504	2,371
Current assets		10,045	7,981
Investment property	8	239,633	245,215
(Owner occupied) Property, Plant and Equipment	7	2,074	1,648
Intangible assets		5	4
Non-current assets		241,712	246,867
TOTAL ASSETS		251,757	254,868
Short-term loans	11	3,561	3,614
Trade payables	9	1,250	501
Current tax liability	5	136	213
Other short-term liabilities	10	5,124	4,904
Current liabilities		10,071	9,232
Long-term loans	11	69,111	67,219
Other long-term liabilities	12	5,030	6,511
Non-current liabilities		74,141	73,730
TOTAL LIABILITIES		84,212	82,962
Share capital	1.3	250	250
Retained earnings		170,999	176,881
Treasury shares	20	(974)	(974)
Cash flow hedge reserve	11	(308)	(2,002)
Revaluation reserve of properties		531	681
Accumulated translation difference		(2,953)	(2,950)
Shareholders' equity		167,545	171,886
TOTAL LIABILITIES & EQUITY		251,757	254,848

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME

JUNE 30, 2019

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Property rental revenue		2,819	3,543	5,682	7,052
Other revenue		400	-	400	-
Revenue	13	3,219	3,543	6,082	7,052
Property related expense	14	(8)	(25)	(23)	(50)
Employee related expense	14	(253)	(324)	(407)	(460)
Other operating expense	14	(162)	(118)	(300)	(249)
Depreciation and amortization	7, 14	(44)	(48)	(92)	(93)
Operating expense		(467)	(515)	(822)	(852)
Valuation gains from investment property	8	1,599	316	2,762	4,044
Other income	15	59	84	86	219
OPERATING PROFIT		4,410	3,428	8,108	10,463
Interest expense	16	(200)	(301)	(363)	(603)
Other financial cost	16	(258)	-	(258)	-
Exchange rate difference	17	74	(6)	94	(33)
Financial result		(384)	(307)	(527)	(636)
PROFIT BEFORE TAX		4,026	3,121	7,581	9,827
Income tax expense	18	(45)	(3)	(41)	(7)
PROFIT FOR THE PERIOD		3,981	3,118	7,540	9,820
Attributable to equity holders of the parent		3,981	3,118	7,540	9,820
Basic earnings per share (EUR)	19	0.39	0.31	0.75	0.97
Diluted earnings per share (EUR)	19	0.39	0.31	0.75	0.97

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 JUNE 30, 2019
 (all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Profit for the period		3,981	3,118	7,540	9,820
Cash-flow hedge valuation reserve*		(1,268)	(13)	(1,426)	(1,707)
Revaluation reserve of properties**		-	-	-	150
Translation difference**		(43)	-	(43)	3
Other comprehensive income		(1,311)	(13)	(1,469)	(1,554)
COMPREHENSIVE INCOME		2,670	3,105	6,071	8,266
Attributable to equity holders of the parent		2,670	3,105	6,071	8,266

* 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, 2019
(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
December 31, 2017 modified	250	158,909	(974)	665	531	(2,934)	156,447
Profit for the period	-	8,254	-	(714)	-	-	7,540
Translation difference	-	-	-	-	-	(43)	(43)
Revaluation reserve	-	(714)	-	(712)	-	-	(1,426)
Dividend	-	(2,993)	-	-	-	-	(2,993)
June 30, 2018	250	163,456	(974)	(761)	531	(2,997)	159,525
December 31, 2018	250	170,999	(974)	(308)	531	(2,953)	167,545
Profit for the period	-	9,807	-	13	-	-	9,820
Translation difference	-	-	-	-	-	3	3
Revaluation reserve	-	13	-	(1,707)	-	-	(1,694)
Revaluation difference of properties	-	-	-	-	150	-	150
Dividend	-	(3,938)	-	-	-	-	(3,938)
June 30, 2019	250	176,881	(974)	(2,002)	681	(2,950)	171,886

* Treasury share details are disclosed in Note 20.

** Cash flow hedge transaction details are disclosed in Note 11 (Loans).

*** Revaluation surplus on leasing a part of owner occupied property, i.e. transfers from investment property to owner occupied property.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS

JUNE 30, 2019

(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
OPERATING ACTIVITIES				
Income before tax	4,026	3,121	7,581	9,827
Fair value change of investment properties	(1,599)	(316)	(2,762)	(4,044)
Depreciation and amortization	44	48	92	93
Revaluation difference of properties	-	-	-	(150)
Loss on sale of tangible assets	-	1	2	1
Interest expense	200	301	363	603
Break cost of loan	258	-	258	-
Unrealized foreign exchange (gains)	(883)	(32)	(912)	(27)
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	3,292	(445)	4,210	615
Increase / (decrease) in liabilities	130	(731)	788	(45)
Corporate income tax paid	(15)	-	(28)	-
Net cash from operating activities	5,453	1,947	9,592	6,873
INVESTING ACTIVITIES				
Purchase of investment property	(8,090)	(450)	(15,519)	(1,569)
Purchase of other tangible assets and intangibles	(136)	(31)	(159)	(39)
Sale of tangible assets	-	2	19	2
Net cash used in investing activities	(8,226)	(479)	(15,659)	(1,606)
FINANCING ACTIVITIES				
Proceeds from receipt of loans	38,576	-	46,089	-
Loan repayments	(32,662)	(1,083)	(33,669)	(2,163)
Interest paid	(218)	(289)	(385)	(601)
Break fee of loan	(258)	-	(258)	-
Dividend paid	(2,993)	(3,938)	(2,993)	(3,938)
Net cash from financing activities	2,445	(5,310)	8,784	(6,702)
Increase in cash and cash equivalents	(328)	(3,842)	2,717	(1,435)
Cash and cash equivalents at beginning of period	7,283	8,248	4,239	5,874
Exchange rate (loss) on cash and cash equivalents	(77)	26	(78)	(7)
Cash and cash equivalents at end of period	6,878	4,432	6,878	4,432

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2019
(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 23 on June 30, 2019.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82,000 m² gross leasable area have been developed and occupied by tenants. In the southern development area 14,000 m² gross leasable was handed over in 2018. The remaining area provides the opportunity to develop an additional 62,000 m² of gross leasable area.

The real estate is categorized as follows:

Area	Property
Core area	Modern office park spreading over 8,5 hectares of land, comprising 59,000 m ² completed gross leasable area.
Monument area	2,4 hectares of land comprising 13,500 m ² of total gross leasable area of the monument buildings, out of which 6,000 m ² has been renovated and handed over; as such additional 7,500 m ² can be developed.
Southern and Northern development areas	6,8 hectares of development land, on which a 3,000 m ² floor area dormitory has been constructed, further 14,000 m ² gross leasable area was handed over during 2018 and additional 54,500 m ² rentable area together with underground parking and auxiliary facilities can be developed.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2019
(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, 2018			June 30, 2019		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	88.97	10,631,674	100.00	88.97
Directors and management	2,715,082	25.54	23.96	2,715,082	25.54	23.96
Bojár Gábor - Chairman of the BoD	2,485,125	23.37	21.93	2,485,125	23.37	21.93
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
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
Shareholders over 5% share	3,298,195	31.02	29.10	3,298,195	31.02	29.10
HOLD Alapkezelő Zrt.	1,504,628	14.15	13.28	1,504,628	14.15	13.28
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,093,567	10.29	9.65	1,093,567	10.29	9.65
B.N.B.A. Holding Zrt.	700,000	6.58	6.18	700,000	6.58	6.18
Other shareholders	4,069,321	38.28	35.91	4,069,321	38.28	35.91
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	11.03	1,876,167	-	11.03
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares*	625,389	-	-	625,389	-	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details refer to Note 20.

** 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 HALF-YEAR ENDED JUNE 30, 2019
 (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:

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

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Dr. Martin-Hajdu György and Hornung Péter. 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 2018), with the following differences:

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.

Exchange rates used

Exchange rates used are as follows:

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
EUR/HUF opening:	312.55	320.79	311.02	321.51
EUR/HUF closing:	328.60	323.54	308.87	323.54
EUR/HUF average:	317.13	323.11	309.46	320.57

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2019
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3. Cash and cash equivalents

	December 31, 2018	June 30, 2019
Cash in hand	2	3
Cash at banks	5,872	4,429
Cash and bank	5,874	4,432

4. Trade receivables

	December 31, 2018	June 30, 2019
Trade receivables	1,450	940
Provision for doubtful debts	-	-
Trade receivables	1,450	940

Trade receivables are on 8-30 day payment terms.

5. Current tax receivables and liabilities

	December 31, 2018	June 30, 2019
Current tax receivables	217	238
Current tax liabilities	(136)	(213)
Current tax receivable, net	81	25

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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6. Other current assets

	December 31, 2018	June 30, 2019
Accrued income	123	85
Prepaid expense	133	111
Bank security accounts	2,109	1,987
Construction fund manager accounts	83	17
Other receivables	56	171
Other current assets	2,504	2,371

7. (Owner occupied) Property, Plant and Equipment

	(Owner occupied) Property	Plant and Equipment	(Owner occupied) Property, Plant and Equipment
Net value:			
December 31, 2017 modified	1,586	312	1,898
Gross value:			
December 31, 2017	1,635	755	2,390
Addition	131	305	436
Sale	-	(66)	(66)
Translation difference	-	(17)	(17)
December 31, 2018	1,766	977	2,743
Depreciation:			
December 31, 2017	49	443	492
Addition	91	99	190
Sale	-	(8)	(8)
Translation difference	-	(5)	(5)
December 31, 2018	140	529	669
Net value:			
December 31, 2018	1,626	448	2,074

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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Gross value:

December 31, 2018	1,766	977	2,743
Addition	1	38	39
Sale	-	(4)	(4)
Reclassification to investment properties	(397)	-	(397)
Translation difference	-	(3)	(3)
June 30, 2019	1,370	1,008	2,378

Depreciation:

December 31, 2018	140	530	670
Addition	40	53	93
Sale	-	(1)	(1)
Reclassification to investment properties	(31)	-	(31)
Translation difference	-	(1)	(1)
June 30, 2019	149	581	730

Net value:

June 30, 2019	1,221	427	1,648
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8. Investment property

	Development Land	Investment property under construction	Completed investment property	Investment property
Book value:				
December 31, 2017 modified	11,767	23,900	180,571	216,238
Addition	-	12,779	5,758	18,537
Reclassification	-	(39,260)	39,260	-
Change in fair value	-	2,581	2,277	4,858
December 31, 2018	11,767	-	227,866	239,633
Addition	-	-	1,022	1,022
Reclassification from property, plant and equipment	-	-	516	516
Change in fair value	-	-	4,044	4,044
June 30, 2019	11,767	-	233,448	245,215

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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In the first half of 2019 additions in construction in progress of 1,022 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (452 thousand EUR),
- new developments handed over in 2018 in the southern development area (243 thousand EUR) and
- other developments in progress (327 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, 2018	June 30, 2019
Rental area	• office, laboratory and related service areas	73,000 m ²	73,000 m ²
	• education area	6,000 m ²	6,000 m ²
	• Dormitory	3,000 m ² / 85 persons	3,000 m ² / 85 persons
Buildings under construction	• office area	-	-
Development lands	• rentable area which can be developed	62,000 m ²	62,000 m ²
Long term occupancy		95%	95%
Growth factor		1%	1%
Average discount factor		6.02%	6.10%

9. Trade payables

	December 31, 2018	June 30, 2019
Trade payables – domestic	1,250	501
Trade payables	1,250	501

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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10. Other short-term liabilities

	December 31, 2018	June 30, 2019
Amounts due to employees	64	55
Deposits from tenants	551	617
Fair value difference of loans*	752	681
Other payables and accruals	3,757	3,606
Other short-term liabilities	5,124	4,904

* Fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 11 (Loans).

11. Loans

11.1. Loan details

	December 31, 2018	June 30, 2019
Short-term	3,561	3,614
Long-term	69,111	67,219
Loans	72,672	70,833

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2018	June 30, 2019
Short-term	702	716
Long-term	12,263	11,838
Loan 1 / Erste Bank Hungary Zrt.	12,965	12,554

GRAPHISOFT PARK SE**NOTES TO THE HALF-YEAR REPORT**

FOR THE HALF-YEAR ENDED JUNE 30, 2019

(all amounts in thousands of euros unless otherwise indicated)

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 (12.4 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, 2019 the outstanding capital of the forint based facility amounts to 3.6 billion HUF (11,233 thousand EUR); and the euro based facility amounts to 2,709 million EUR. The fair value of the loans (calculated using market interest rates) is 12,554 thousand EUR (see details under point 11.2 below).

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.

As of June 30, 2019 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 335 thousand EUR; unrealized difference related to the transaction are presented within the equity (Cash flow hedge reserve) in amount of 72 thousand EUR. (As of December 31, 2018 fair value of the cash flow hedge transaction is presented among long-term financial assets in amount of 195 thousand EUR; unrealized difference in 2018 related to the transaction are presented within the equity in amount of 229 thousand EUR.)

Loan number 2. (Erste)

	December 31, 2018	June 30, 2019
Short-term	1,746	1,772
Long-term	37,078	36,178
Loan 2 / Erste Bank Hungary Zrt.	38,824	37,950

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, 2019 fair value of the IRS is 2,384 thousand EUR, which is presented among the long term financial liabilities.

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 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.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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Loan provided by UniCredit Bank Hungary Zrt.:

	December 31, 2018	June 30, 2019
Short-term	1,113	1,126
Long-term	19,770	19,023
Loans / UniCredit Bank Hungary Zrt.	20,883	20,329

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.

As of June 30, 2019 the outstanding capital amounts to 23,200 thousand EUR, whose fair value was 20,329 thousand EUR (calculated using market interest rates) (see details under point 11.2 below).

11.2. Analyses

Fair value of the loans:

	December 31, 2018	June 30, 2019
Erste Bank Hungary Zrt. Loan nr. 1.*	12,965	12,554
Erste Bank Hungary Zrt. Loan nr. 2.	38,824	37,950
UniCredit Bank Hungary Zrt. *	20,883	20,329
Loans at fair value*	72,672	70,833

* 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, 2019:

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	13,942	1,388	12,554
UniCredit Bank Hungary Zrt.	23,200	2,871	20,329
Loans (FGS)	37,142	4,259	32,883

* 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 10) and other long-term liabilities (Note 12) and amortized to the profit and loss statement based on the effective interest rate method.

12. Other long-term liabilities

	December 31, 2018	June 30, 2019
Fair value difference of loans*	3,894	3,578
Warranty retention	157	213
Fair value of derivative instruments (as of March 31, 2019) **	979	2,720
Other long-term liabilities	5,030	6,511

* Fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 11 (Loans).

** Fair value of IRSs relating to Erste Bank loans nr. 1. and 2. as of June 30, 2019. The valuation was prepared by Erste Bank.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2019
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13. Revenue

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Property rental revenue*	2,819	3,543	5,682	7,052
Other revenue**	400	-	400	-
Revenue	3,219	3,543	6,082	7,052

*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.

14. Operating expense

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Property related expense	8	25	23	50
Employee related expense	253	324	407	460
Other operating expense	162	118	300	249
Depreciation and amortization	44	48	92	93
Operating expense	467	515	822	852

Other operating expense consists of the following items:

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Office and telecommunication	4	2	8	5
Legal and administration	105	81	200	148
Other	53	35	92	96
Other operating expense	162	118	300	249

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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15. Other income (expense)

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Income from recharged construction expenses	1,057	29	2,364	118
Recharged construction expenses	(1,034)	(35)	(2,341)	(101)
Income from recharged operation expenses	1,001	1,347	2,066	2,747
Recharged operation expenses	(976)	(1,245)	(2,011)	(2,528)
Others	11	(12)	8	(17)
Other income	59	84	86	219

16. Interest and other financing cost

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Interest expense on loans	(199)	(300)	(361)	(601)
Break cost of loan	(258)	-	(258)	-
Other interest expense	(1)	(1)	(2)	(2)
Interest and other financing cost	(458)	(301)	(621)	(603)

17. Other financial result

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Exchange rate gain (loss) realized	(651)	(51)	(740)	(51)
Exchange rate gain not realized	805	41	834	5
Change in fair value on derivative transaction	(80)	-	-	-
Ineffective portion of hedge*	-	4	-	13
Other financial result	74	(6)	94	(33)

*Ineffective portion of the IRS agreement relating to the loan Nr. 2. provided by Erste Bank Hungary Zrt.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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18. Income taxes

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Current income tax	(36)	(3)	(41)	(7)
Deferred income tax	(9)	-	-	-
Income tax benefit / (expense)	(45)	(3)	(41)	(7)

Based on the business activity, Graphisoft Park Engineering & Management Kft – established in 2017 – does not operate under the “SZIT” regulation and therefore is not subject to corporate income tax, local business tax and deferred income tax. Applicable tax rates are: corporate income tax at 9% and local business at tax 2% both in 2018 and 2019.

19. Earnings per share

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

	3 months ended		6 months ended	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Net profit attributable to equity holders	3,981	3,118	7,540	9,820
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	0.39	0.31	0.75	0.97
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	0.39	0.31	0.75	0.97

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.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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20. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2018	June 30, 2019
Number of ordinary shares	549,076	549,076
Number of employee shares	625,389	625,389
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	23,489	23,489
Total value of treasury shares (at historical cost)	974	974

21. Net asset value

Book value and fair value of assets and liabilities as of June 30, 2019:

	Note	Book value June 30, 2019	Fair value June 30, 2019	<i>Difference</i>
Investment property and other tangible assets*	7,8	246,863	264,467	17,604
Intangible assets		4	4	-
Current and deferred tax assets, net	5	25	25	-
Non-financial instruments		246,892	264,496	17,604
Cash and cash equivalents	3	4,432	4,432	-
Trade receivables	4	940	940	-
Other current assets	6	2,371	2,371	-
Trade payables	9	(501)	(501)	-
Other short-term liabilities	10	(4,904)	(4,904)	-
Loans	11	(70,833)	(70,833)	-
Other long-term liabilities	12	(6,511)	(6,511)	-
Financial instruments		(75,006)	(75,006)	-
Net asset value		171,886	189,490	17,604

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 264,040 thousand euros as of June 30, 2019.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
 FOR THE HALF-YEAR ENDED JUNE 30, 2019
 (all amounts in thousands of euros unless otherwise indicated)

Book value and fair value of assets and liabilities as of December 31, 2018:

	Note	Book value Dec 31, 2018	Fair value Dec 31, 2018	<i>Difference</i>
Investment property and other tangible assets*	7,8	241,707	264,958	23,521
Intangible assets		5	5	-
Current and deferred tax assets, net	5	81	81	-
Non-financial instruments		241,793	265,044	23,521
Cash and cash equivalents	3	5,874	5,874	-
Trade receivables	4	1,450	1,450	-
Other current assets	6	2,504	2,504	-
Trade payables	9	(1,250)	(1,250)	-
Other short-term liabilities	10	(5,124)	(5,124)	-
Loans	11	(72,672)	(72,672)	-
Other long-term liabilities	12	(5,030)	(5,030)	-
Financial instruments		(74,248)	(74,248)	-
Net asset value		167,545	190,796	23,521

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 264,510 thousand euros as of December 31, 2018.

22. Legal proceedings

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.). In the resolution received on October 3, 2018, the competent government body, the Pest County Government Office notified us about the prolongation of the completion deadline of the rehabilitation in the northern development area. We have filed suit for the review of the resolution in administrative court. The first hearing took place on April 16, 2019, the second one on June 18, 2019 without the court entering any decision that times. The court postponed the next hearing to September 19, 2019 in order to allow for proper service of all petitions to the parties.

23. Approval of financial statements, dividend

Following the recommendation of the Board of Directors, the Annual General Meeting on April 29, 2019 approved the 2018 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 251,757 thousand EUR and a profit for the year of 15,083 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 126 HUF per ordinary share, 1,270,407 thousand HUF in total (3,938 thousand EUR on the exchange rate of April 29, 2019), and 42 HUF per employee share, 52,533 thousand HUF in total (163 thousand EUR on the exchange rate of April 29, 2019). The starting date for dividend payments was May 15, 2019. The Company paid out the dividends to the shareholders identified by shareholder's registration as of May 8, 2019.

24. 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.*