GRAPHISOFT PARK SE ANNUAL REPORT 2011

GRAPHISOFTPARK

Financial highlights

	IFRS	IFRS
	2010	**2011**
	thousand EUR	**thousand EUR**
Revenue	**7,404**	**8,039**
Operating expense	(1,027)	(773)
Other income (expense)	100	86
EBITDA	**6,477**	**7,352**
Depreciation and amortization	(3,608)	(3,700)
Operating profit	**2,869**	**3,652**
Net interest expense	(2,277)	(1,996)
Operating profit and net interest	**592**	**1,656**
Exchange rate differences	(33)	(60)
Profit before tax	**559**	**1,596**
Income taxes	(270)	(155)
Profit for the year	**289**	**1,441**
EBITDA margin (%)	**87.5**	**91.5**
Operating profit margin (%)	**38.7**	**45.4**
Assets total	**77,509**	**72,979**
Investment property at historical cost	**67,119**	**63,926**
Investment property at fair value*	**135,637**	**136,542**
Net debt	**45,457**	**44,648**
Number of employees (closing)	**12**	**12**
EUR/HUF (opening)	270.84	278.75
EUR/HUF (closing)	278.75	311.13
EUR/HUF (average)	275.41	279.21

* Investment property fair value estimates are disclosed in the Consolidated Financial Statements, Note 11.

Dear Shareholders,

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

- Financial results for the year 2011,
- Utilization, occupancy,
- Development activities,
- Other key issues,
- Forecast for the year 2012.

Financial results for the year 2011

Graphisoft Park Group closed the financial year 2011 with revenues of 8,039 thousand euros, EBITDA of 7,352 thousand euros, and a net profit of 1,441 thousand euros.

- **Revenue** increased by 9% compared to 2010 to 8,039 thousand euros in 2011. The growth in revenue is a result of the increasing general occupancy of the properties, and in particular the lease started in the second quarter of the comprehensively renovated "Administration building", located in the monument development area (see details in the "Utilization, occupancy" section below).

- **Operating expense** decreased by 26% compared to 2010 to 687 thousand euros in 2011 as a result of strict cost control measures and decreased property related expenses because of the improvement in occupancy (because of the smaller vacant area lesser operating expenses and utility costs incurred at the Group).

- **Depreciation** increased by 3% compared to 2010 to 3,700 thousand euros in 2011 due to the constructions (development, remodeling and renovation of office space) completed on the office buildings of the core area, and the completion of the monument area's Administration building in the second quarter of 2011.

- **EBITDA** increased by 14% to 7,352 thousand euros and **operating profit** increased by 27% to 3,652 thousand euros compared to the previous year.

- **Net interest expense** decreased by 12% compared to 2010 to 1,996 thousand euros in 2011 due to decreasing interest expenses of the loans.

- The Company realized a **net profit for** of 1,141 thousand euros in, nearly fivefold compared to the previous year. Besides the significant increase in operating profit (783 thousand euros, 27%) and the decrease in net interest expense (254 thousand euros, 11%), another contributing factor to the growth achieved is the decrease in income tax expense (115 thousand euros, 43%), which is the one time effect of the revaluation of subsidiary shares and loans denominated in Hungarian forints, related to the mergers taking place at the end of the year.

Utilization, occupancy

Occupancy rate of Graphisoft Park's 45,000 m2 office and laboratory space developed as follows:

2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
77%	79%	80%	83%	84%	85%	85%	85%

The improvement in occupancy is due to the success of our tenants' businesses and the consequent expansion needs, also to a host of new tenants moving in generally small offices.

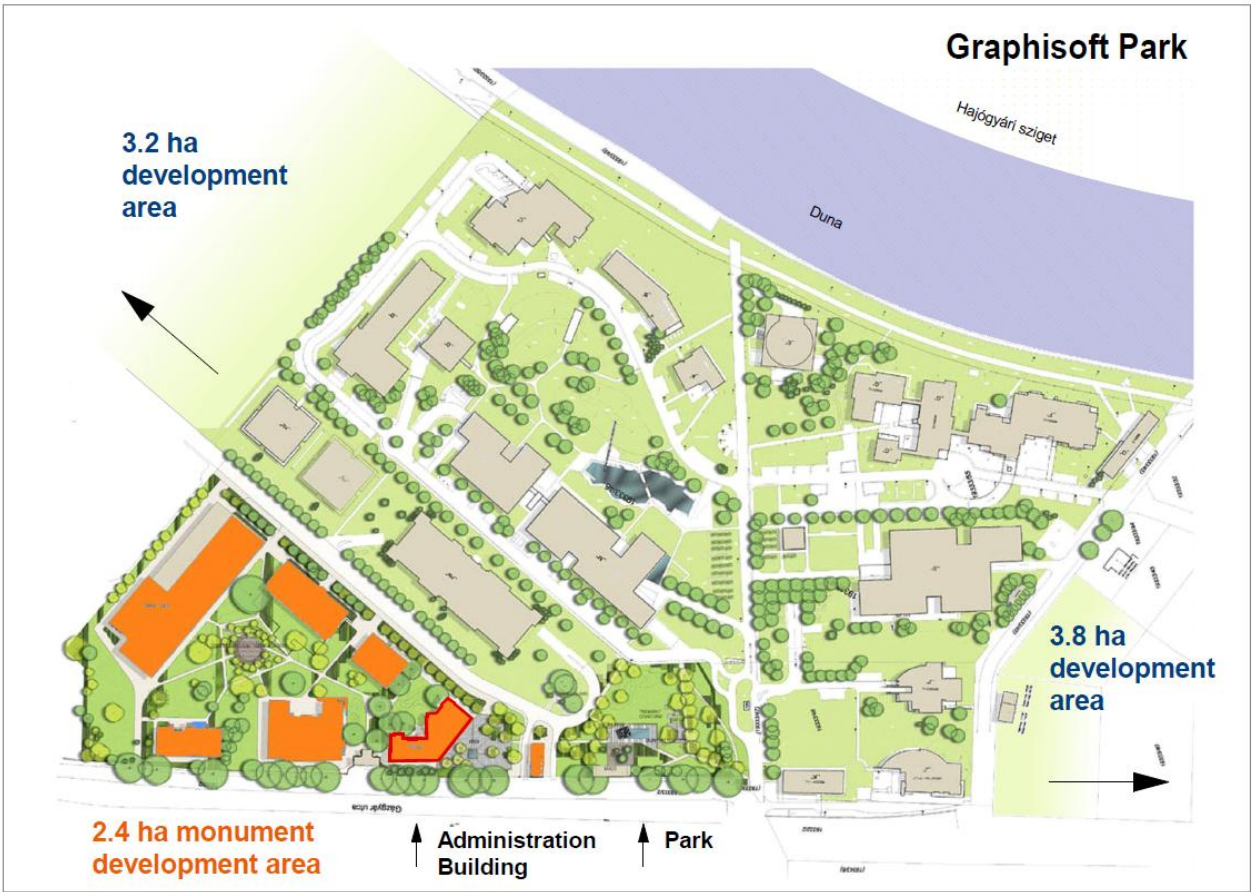
In October 2011, a new lease agreement was signed for 1,000 m2 office space in Building H, which further increased the occupancy rate of the Park to 87% in the first quarter of 2012.

In January 2012, Microsoft whose contract was due to expire in July 2012 has extended its lease by 5 years. Nearly 4,000 m2 of office space is affected in the lease extension. The remaking of this office space will require an approximate 450 thousand euro investment.

AMRI Hungary's American parent company released a press statement on January 9, 2012 where it announced the intent to reconsider continuing its operations in Hungary in line with the cost saving measures implemented across Europe. AMRI's management confirmed this to Graphisoft Park. Decision on details of the reorganization was not made until the time of publishing this report. AMRI leases 3,200 m2 of office and laboratory space in Graphisoft Park ending in 2019.

Development activities

The total area of Graphisoft Park is nearly 18 hectares. Over the past 12 years 45,000 m2 of office and laboratory space covering 8.5 hectares have been developed and occupied. In the remaining area there is a potential for the development of an additional 65,000 m2 office space. In addition to this, 14,000 m2 of building space in the monument area can be utilized after renovation.



Development of the **core area** of Graphisoft Park is completed. Investments such as development, remodeling and renovation of office space and infrastructure development continue there to meet the needs of existing and new tenants. In 2011, 520 thousand euro was spent for this purpose, and another 600 thousand euro is planned to be spent in 2012 (including the remaking of Microsoft's offices).

The comprehensive renovation of the first building ("Administration building") in the **monument development area** has been completed in April 2011 with guidance and recognition from the National Office of Cultural Heritage. This development included the restoration of the original secession-style façade into its historical state, as well as the replacement of the building machinery, insulation and other equipment to bring them up to 21st century standards. The entire development cost - including demolition and landscaping - stayed within the planned budget of 1.5 million euros.

Further steps were taken to enhance the infrastructure of this area through the second half of the year: planning and preparation were carried out for the installation of gas pressure-reducer and a transformer station for energy self-sufficiency. For these installations the equipment and preparatory works have been ordered. The estimated total cost of the project is 200 thousand euro (out of which 40 thousand euro was spent in 2011).

There is no larger scale development planned for this area, however we are going to proceed with the renovation of smaller edifices in the area in accordance with the continued development plan. Because the buildings in this area are protected historical monuments, both the permitting process and the actual construction take longer than ordinary renovations. For this reason we hold it important to obtain the necessary permits in advance that the actual development may start without any delay in case of rising demand for further office capacity. Reconstruction plans for buildings 57 and 58 in the monument area are completed and currently under preliminary review for compliance by the permitting agencies. Permit applications for these plans have been submitted in the fourth quarter, and the building permit for building 58 has been issued already. The permit to be issued for building 57 is expected through the first half 2012.

In the long term the monument development area will be used primarily for educational purposes and it will also house the Aquincum Institute of Technology (AIT).

In the **development areas**, we obtained permission for and carried out the demolition of those structures that are not protected landmarks. The planned archeological excavations have been completed. If new demand arises, construction of a new office building could begin in the excavated southern development area. No further preparatory work or development will take place in the northern development area until the clean-up projects planned by the Capital City Gas Works are finished. Total land development costs in these areas have been 3.2 million euros.

The main risk factors and limitations associated with these areas remain as follows:

- no valid zoning plan is in effect,
- significant risk of environmental pollution,
- regulations protecting landmark buildings limit the land's usability.

Other key issues

Dividend

On April 28, 2011, the Annual General Meeting of Graphisoft Park SE approved dividend distribution of 25 forints per share (totaling 260,129 thousand forints and 985,785 euros as of April 28, 2011). The starting date for dividend payments was September 5, 2011. The Company paid out the dividends to the shareholders identified by shareholder's registration.

Realization of the educational function

In order to further strengthen Graphisoft Park's "science park" features we have concluded an agreement with Aquincum Institute of Technology (AIT) to create and run international higher education functions in the Park. AIT does this in close cooperation with Budapest University of Technology and Economics (BME) operating as an independent, specialized program of that institution.

The Aquincum Institute of Technology (AIT) was launched with a successful inaugural summer session in June and July of 2010. The program hosted students from top U.S. universities (e.g. Princeton, Williams, Olin, RPI, Smith) at Graphisoft Park. International response to the summer session can be found at AIT's website: ait-budapest.com. The first regular semester started in February 2011, hosting students from many more excellent North-American universities (Skidmore, Swarthmore, Pomona). In the Fall semester of 2011 AIT received students from Carleton College and the University of Washington besides the schools mentioned above. Besides catering to international students, AIT provides high level education in small classes for selected students from BME as well. To them, the personal relations with the foreign students may prove to be invaluable assets for their careers further on. AIT's curriculum uniquely blends IT education in line with Graphisoft Park's professional orientation with business instructions. This is complemented by courses highlighting the riches of Hungarian culture (language, literature, film, music and architecture) tailored for the needs of the international students. At the time of writing this report the 2012 Spring semester is in progress, where AIT welcomed students from Harvard University, Dartmouth College and Grinnell College besides others. Up until now a total of 15 North-American universities have sent students to participate in the program and recognized the credits issued by AIT with BME's accreditation.

This new educational institution, whose presence further increases the attractiveness of Graphisoft Park, is leasing a total of 550 m2 of space for educational purposes, further increasing the Park's occupancy rate.

Forecast for the year 2012

Our forecast for the year 2012 is summarized in the following table. It is based exclusively on signed, valid lease agreements and the resulting occupancy rate of 87%. (The first two columns show 2010 and 2011 actual results.)

(million euros)	**2010 actual**	**2011 actual**	**2012 forecast**
Rental revenue	7.40	8.04	8.3
Operating expenses	- 0.93	- 0.69	-0.7
EBITDA	**6.47**	**7.35**	**7.6**
Depreciation and amortization	- 3.60	- 3.70	-3.8
Operating profit	**2.87**	**3.65**	**3.8**
Net interest expense	- 2.28	- 2.00	-1.7
Exchange rate difference	- 0.03	-0.06	-
Income tax expense	- 0.27	- 0.15	-0.4
Net profit	**0.29**	**1.44**	**1.7**

The significant increase in net profit in 2011 is based on increasing occupancy rates on one hand and decreasing interest and operating expenses on the other.

The expected but less intense further increase in net profit in 2012 is due to the prolonged effect of the same contributing factors.

Forecasts published here are based solely on the valid lease contracts in effect at the time of writing this report. At previous times actual revenues were repeatedly higher than forecasted, due to new leases concluded after the publication of reports. Despite this past pattern, it is not in our intention to change the forecasting methods. We will not try to predict the number or value of new lease contract on one hand, nor will we account for the scenario of current tenants not prolonging their leases after expiration on the other.

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. As the current office rental market in Budapest is in the state of oversupply, very low prices can be observed at some places, with which Graphisoft Park has no intention to compete. Loosing tenants for this reason is not unthinkable, even though this has not happened until now. Occupancy rates - which are the primary factor in determining revenue forecasts - may significantly differ, favorably or unfavorably from the forecasted values.

As mentioned earlier in the "Utilization, occupancy" section, one large tenant of Graphisoft Park, AMRI informed the management, that it will reconsider the continuation of its operations in Hungary in line with the cost-saving reorganizations across Europe. This information is not reflected in the forecast for 2012 (above) because the eventual cease of operations would have no effect on AMRI's contractual obligations until March 31, 2019.

Other factors affecting results are changes in the EUR/HUF exchange rate, the EURIBOR interest rate and the regulatory, especially the tax, environment.

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

Statement of responsibility *- We declare that the attached Consolidated Financial Statements which have been prepared in accordance with the applicable accounting 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 undertakings included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, March 22, 2012

Kocsány János
Chief Executive Officer

Bojár Gábor
Chairman of Board of Directors

GRAPHISOFT PARK SE

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2011

in accordance with International Financial Reporting Standards (IFRS)

(audited)

Budapest, March 22, 2012

Kocsány János
Chief Executive Officer

Bojár Gábor
Chairman of Board of Directors

GRAPHISOFT PARK SE
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011

CONTENTS:

Ernst & Young Kft.
H-1132 Budapest, Váci út 20.
1399 Budapest 62 Pf. 632, Hungary
Tel: +36 1 451 8100, Fax: +36 1 451 8199
www.ey.com/hu
Cg. 01-09-267553

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság

Report on financial statements

1.) We have audited the accompanying 2011 consolidated annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság ("the Company"), which comprise the consolidated statement of financial position as at 31 December 2011 - showing a balance sheet total of EUR 72,979 thousand and a profit for the year of EUR 1,441 thousand -, the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2.) Management is responsible for the preparation and presentation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3.) Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6.) We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by EU. In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság as at 31 December 2011 and of the results of its operations for the year then ended.

Other reporting requirement - The consolidated business report

7.) We have reviewed the consolidated business report of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság for 2011. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian legal requirements. Our responsibility is to assess whether the consolidated business report is consistent with the consolidated financial statements for the same financial year. Our work regarding the consolidated business report has been restricted to assessing whether the consolidated business report is consistent with the consolidated annual financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the consolidated business report of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság for 2011 corresponds to the disclosures in the 2011 consolidated annual financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság.

Budapest, 22 March 2012

(The original Hungarian language version has been signed.)

Alan Joseph Griffiths
Ernst & Young Kft.
Registration No. 001165

Bodócsy Ágnes
Registered auditor
Chamber membership No.: 007117

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2011
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2010	December 31, 2011
Cash and cash equivalents	4	723	3,777
Securities	5	8,000	3,798
Trade receivables	6	362	381
Current tax receivable	7	380	169
Other current assets	8	517	450
Current assets		**9,982**	**8,575**
Investment property	9, 11	67,119	63,926
Other tangible assets	9	222	221
Intangible assets	10	10	-
Investments	12	100	100
Deferred tax asset	13	76	157
Non-current assets		**67,527**	**64,404**
TOTAL ASSETS		**77,509**	**72,979**
Short-term loans	14	1,692	2,064
Trade payables	15	667	426
Current tax liability	7	180	159
Other short-term liabilities	16	837	807
Current liabilities		**3,376**	**3,456**
Long-term loans	14	52,139	49,924
Non-current liabilities		**52,139**	**49,924**
TOTAL LIABILITIES		**55,515**	**53,380**
Share capital	1.4	213	213
Retained earnings		22,856	23,332
Valuation reserve	5	-	(339)
Treasury shares	24	-	(669)
Accumulated translation difference		(1,075)	(2,938)
Shareholders' equity		**21,994**	**19,599**
TOTAL LIABILITIES & EQUITY		**77,509**	**72,979**

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2010	December 31, 2011
Property rental revenue	17	7,404	8,039
Revenue		**7,404**	**8,039**
Property related expense	18	(176)	(91)
Employee related expense	18	(438)	(415)
Other operating expense	18	(413)	(267)
Depreciation and amortization	9, 10	(3,608)	(3,700)
Operating expense		**(4,635)**	**(4,473)**
Other income (expense)	19	100	86
OPERATING PROFIT		**2,869**	**3,652**
Interest income	20	381	396
Interest expense	20	(2,658)	(2,392)
Exchange rate difference	21	(33)	(60)
Financial expense		**(2,310)**	**(2,056)**
PROFIT BEFORE TAX		**559**	**1,596**
Income tax expense	22	(270)	(155)
PROFIT FOR THE YEAR		**289**	**1,441**
Attributable to equity holders of the parent		289	1,441
Basic earnings per share (EUR)	23	0.03	0.14
Diluted earnings per share (EUR)	23	0.03	0.14

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2010	December 31, 2011
Profit for the year		**289**	**1,441**
Valuation reserve	5	-	(339)
Translation difference		(418)	(1,863)
Other comprehensive income		**(418)**	**(2,202)**
COMPREHENSIVE INCOME		**(129)**	**(761)**
Attributable to equity holders of the parent		(129)	(761)

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(all amounts in thousands EUR unless otherwise stated)

	Share capital	**Retained earnings**	**Valuation reserve**	**Treasury shares***	**Accum. translation difference**	**Total equity**
December 31, 2009	**213**	**23,527**	**-**	**-**	**(657)**	**23,083**
Profit for the period	-	289	-	**-**	-	**289**
Translation difference	-	-	-	**-**	(418)	**(418)**
Dividend	-	(960)	-	**-**	-	**(960)**
December 31, 2010	**213**	**22,856**	**-**	**-**	**(1,075)**	**21,994**
Profit for the period	-	1,441	-	**-**	-	**1,441**
Translation difference	-	-	-	**-**	(1,863)	**(1,863)**
Valuation reserve	-	-	(339)	**-**	-	**(339)**
Purchase of treasury shares	-	-	-	(1,358)	-	**(1,358)**
Sale of treasury shares	-	21	-	689	-	**710**
Dividend**	-	(986)	-	-	-	**(986)**
December 31, 2011	**213**	**23,332**	**(339)**	**(669)**	**(2,938)**	**19,599**

* Treasury share details are disclosed in Note 24
** Dividend details are disclosed in Note 29

The accompanying notes form an integral part of the consolidated financial statements.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(all amounts in thousands EUR unless otherwise stated)

	December 31, 2010	December 31, 2011
OPERATING ACTIVITIES		
Income before tax	559	1,596
Depreciation and amortization	3,608	3,700
Interest expense	2,658	2,392
Interest income	(381)	(396)
Write-off of receivables	1	-
Unrealized foreign exchange (gains) / losses	(18)	2
Changes in working capital:		
Decrease in receivables and other current assets	113	228
Decrease in inventory	7	-
Increase / (decrease) in payables and accruals	486	(27)
Corporate income tax paid	(249)	(220)
Net cash from operating activities	**6,784**	**7,275**
INVESTING ACTIVITES		
Expenditure on investment properties	(2,809)	(2,510)
Expenditure on other tangible assets and intangibles	(92)	(105)
Interest paid (capitalized)	(12)	(43)
Purchase of securities	-	(4,075)
Sale of securities	-	8,000
Interest received	384	411
Net cash (used in) from investing activities	**(2,529)**	**1,678**
FINANCING ACTIVITIES		
Loan repayments	(1,610)	(1,843)
Interest paid	(2,658)	(2,435)
Purchase of treasury shares	-	(1,358)
Sale of treasury shares	-	710
Dividend paid	(949)	(950)
Net cash used in financing activities	**(5,217)**	**(5,876)**
(Decrease) / increase in cash and cash equivalents	(962)	3,077
Cash and cash equivalents at beginning of year	1,688	723
Exchange rate loss on cash and cash equivalents	(3)	(23)
Cash and cash equivalents at end of year	**723**	**3,777**

The accompanying notes form an integral part of the consolidated financial statements.

(all amounts in thousands EUR unless otherwise stated)

1. General information

1.1. Graphisoft Park Group

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or “Graphisoft Park SE”) with its subsidiaries form Graphisoft Park Group (“the Group” or “Graphisoft Park”).

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 Company is H-1031 Budapest, Záhony utca 7., Hungary.

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 SE operates as a holding and provides management, financial and administrative services to its subsidiaries. The real estate development is performed by Graphisoft Park SE’s subsidiary, Graphisoft Park Kft. Graphisoft Park Kft’s subsidiary, Graphisoft Park Services Kft. is responsible for property operation tasks from January 1, 2009.

On October 28, 2011, Graphisoft Park management made the decision to merge two of its subsidiaries, Graphisoft Park Universitas Kft. and GP3 Kft., into Graphisoft Park Kft. The reason behind the transaction was to make the Group structure simpler and more transparent. The date of the merger was December 31, 2011.

Average headcount of the Group was 12 in 2011 and 2010.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 12 years, 45,000 m2 of office and laboratory space, covering 8.5 hectares, have been developed and occupied. The remaining area provides the opportunity to develop an additional 65,000 m2 of office space and utilize 14,000 m2 of building space comprising the monument area, after its renovation.

The real estate is categorized as follows:

Area	**Property**
Core area	modern business park spreading over 8,5 hectares of land, comprising 9 office buildings with over 45,000 m2 office and laboratory space, 1 storage warehouse with supporting office space, 2 restaurants and 1 service building
Monument development area	2.4 hectares of development land comprising 14.000 m2 of monument buildings, out of which 1,000 m2 has been renovated in 2011
Development areas	7.0 hectares of free development land

Investment property book values and fair value estimates are disclosed in Notes 9 and 11.

(all amounts in thousands EUR unless otherwise stated)

1.3. 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, 2013
Hornung Péter	Member	August 21, 2006	May 31, 2013
Vásárhelyi István	Member	August 21, 2006	May 31, 2013
Dr. Kálmán János	Member	August 21, 2006	May 31, 2013
Kocsány János	Member	April 28, 2011	May 31, 2013

The Audit Committee comprises 3 independent members of the Board: Dr. Kálmán János (chairman), Hornung Péter and Vásárhelyi István. The Chief Executive Officer of Graphisoft Park SE is Kocsány János.

1.4. Stock information

Graphisoft Park SE shares are publicly traded at Budapest Stock Exchange from August 28, 2006. The share capital (authorized and fully paid) of the Company is 212,633 EUR, comprising 10,631,674 Series “A” stocks of 0.02 EUR face value each. The ownership structure is the following according to the Company’s shareholding records:

		December 31, 2010		December 31, 2011	
Name	Title	Shares (pcs)	Share (%)	Shares (pcs)	Share (%)
Directors and management		**3,899,114**	**36.69**	**3,914,464**	**36.83**
Bojár Gábor	BD Chairman	3,185,125	29.96	3,185,125	29.96
Hornung Péter	BD Member	530,426	5.00	530,426	5.00
Dr. Kálmán János	BD Member	13,500	0.13	13,500	0.13
Kocsány János	CEO	168,913	1.59	180,913	1.70
Hajba Róbert	CFO*	1,000	0.01	3,000	0.03
Szűcs Tibor	MD**	150	0.00	1,500	0.01
Shareholders over 5% share		**2,030,634**	**19.10**	**2,265,744**	**21.31**
Tari István Gábor		1,074,329	10.10	1,074,329	10.10
Concorde Alapkezelő Zrt.		956,305	9.00	1,191,415	11.21
Other shareholders		**4,475,412**	**42.08**	**3,972,390**	**37.35**
Treasury shares* **		**226,514**	**2.13**	**479,076**	**4.51**
Total		**10,631,674**	**100.00**	**10,631,674**	**100.00**

* Excluding of purchase of additional 1,200 shares on December 30, 2011, credited on January 4, 2012
** Graphisoft Park Services Kft.
*** Treasury share details are disclosed in Note 24

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of Graphisoft Park Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All standards and interpretations issued by the International Accounting Standards Board (IASB) effective at the time of preparing the consolidated financial statements and applicable to Graphisoft Park Group have been adopted by the EU. Therefore, the consolidated financial statements currently also comply with IFRS as issued by the IASB and also comply with the Hungarian Accounting Law on consolidated financial statements, which refers to the IFRS as adopted by the EU.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2. Changes in accounting policies

In 2011, the Group adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are effective for accounting periods beginning on January 1, 2011. Where the transition provisions of a standard allow a preparer to determine the date the standard is effective from the Group has elected to apply the standard prospectively from January 1, 2011. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise in some cases to additional disclosures, including in some cases, revisions to accounting policies. The changes in accounting policies result from the adoption of the following new or revised Standards:

- IAS 24 Related Party Disclosures (amendment)
- IAS 32 Financial Instruments: Presentation (amendment)
- IFRIC 14 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs (May 2010)

The principal effects of these changes are as follows:

IAS 24 Related Party Transactions (Amendment): The amendments become effective for financial years beginning on or after January 1, 2011 and are to be applied retrospectively. The revised standard simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarifies the definition of a related party. As a result, such a reporting entity is exempt from the general disclosure requirements in relation to transactions and balances with the government and government-related entities.

IAS 32 Financial Instruments: Presentation (Amendment): The amendment become effective for financial years beginning on or after February 1, 2010 and requires that rights, options and warrants to acquire a fixed number of an entity's own equity instruments for a fixed price of any currency are equity instruments.

IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: The amendment is to be applied starting January 1, 2011 and was issued to remove the unintended consequence in IFRIC 14 that in some cases entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: The amendment addresses the accounting by an entity that issues equity instruments to settle financial liability. The equity instrument is measured at fair value and the financial liability is derecognized, fully or partly, based on the "consideration paid". The amendment is effective for annual periods beginning on or after July 1, 2010.

Improvements to IFRSs

In May 2010 the Board issued its collection of amendments to its standards, primarily in order to remove inconsistencies and clarify wording. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements: The amendment clarifies that the entity may elect to present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. The amendment is effective from January 1, 2011.

IAS 27 Consolidated and Separate Financial Statements: The amendment clarifies that amendments made to IAS 21, IAS 28, and IAS 31 as a result of IAS 27 revisions in 2008 should be applied prospectively with some exceptions. The amendment is effective from July 1, 2010.

IAS 34 Interim Financial Reporting: Amendments clarify how significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amendment is effective from January 1, 2011.

IFRS 1 First-time Adoption of International Financial Reporting Standards: The annual improvements include: i) accounting policy changes in the year of IFRS adoption - if a first-time adopter changes its accounting policies or the use of exemptions in IFRS 1 after it has published its interim financial report in accordance with IAS 34 but before its first IFRS financial statements, it should explain those changes; ii) revaluation basis as deemed cost - clarifies that a first-time adopter is permitted to use event-driven fair value as deemed cost during the first IFRS period and iii) use of deemed cost for operations subject to rate regulation for certain items of property, plant and equipment or intangibles. The amendments are effective from January 1, 2011.

IFRS 3 Business Combinations: i) The amendment specifies that the option to measure non-controlling interests either at fair value or at proportionate share of the acquiree's net identifiable assets applies only to non-controlling interests that are present ownership interests. All other components of non-controlling interests should be measured at their acquisition date fair value, unless another measurement basis is required by IFRSs. ii) IFRS 3 specifies that requirements to measure awards of the acquirer that replace acquiree share-based payment transactions with regards to IFRS 2 applies also to such transactions of the acquiree that are not replaced. The amendment also clarifies that market-based measurement of replacement awards applies to all replacement awards regardless of whether the acquirer is obliged to replace the awards or does so voluntarily. iii) Amendments also clarify that IAS 32, IAS 39 and IFRS 7 do not apply to contingent consideration from a business combination that occurred before the effective date of the revised standard IFRS 3 in 2008. All amendments to IFRS 3 are effective for annual period beginning on or after July 1, 2010.

IFRS 7 Financial Instruments: Disclosures: The improvement clarifies disclosure requirements regarding credit risk and collateral held in order to enable users better to understand the nature and extent of risks arising from financial instruments. The amendment is effective from January 1, 2011.

IFRIC 13 Customer Loyalty Programmes: Amendment specifies that fair value of award credits should consider the discount or incentives that customers who have not earned award credits would otherwise received as well as any expected forfeitures. The amendment is effective from January 1, 2011.

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

IAS 12 Income Taxes – Recovery of Underlying Assets: The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after January 1, 2012.

IAS 19 Employee Benefits (Amendment): The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as recognition of unvested past service cost and transferring the remeasurement component of the defined benefit cost to other comprehensive income to simple clarifications and re-wording. The amendments become effective for annual periods beginning on or after January 1, 2013.

IAS 27 Separate Financial Statements (as revised in 2011): As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011): As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 7 Financial Instruments: Disclosures — Enhanced De-recognition Disclosure Requirements: The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011.

IFRS 9 Financial Instruments: Classification and Measurement: IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 Consolidated Financial Statements: IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

(all amounts in thousands EUR unless otherwise stated)

IFRS 11 Joint Arrangements: IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Involvement with Other Entities: IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after January 1, 2013.

Management anticipates that these changes will have no material effect on the Group financial statements, except for (1) the adoption of the first phase of IFRS 9, which might have an effect on the classification and measurement of the Group's financial assets and (2) IFRS 13 Fair Value Measurement, where the Group is currently assessing the impact that this standard will have on the financial position and performance.

2.3. Consolidated financial statements

The consolidated financial statements include the accounts of Graphisoft Park SE and its subsidiaries. Subsidiaries, in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

The table below shows subsidiary details in 2011 and 2010:

Subsidiary	**Date of foundation**	**Registered capital HUF thousand**	**Registered capital EUR**
Graphisoft Park Kft.	November, 2005	-	*1,846,108
Graphisoft Park Universitas Kft.	October, 2007	3,400,000	-
Graphisoft Park Services Kft.	October, 2008	10,000	-
GP3 Kft.	April, 2008	700,000	-

* From January 1, 2010

(all amounts in thousands EUR unless otherwise stated)

On October 28, 2011, Graphisoft Park management made the decision to merge two of its subsidiaries, Graphisoft Park Universitas Kft. and GP3 Kft., into Graphisoft Park Kft. The reason behind the transaction was to make the Group structure simpler and more transparent. The date of the merger was December 31, 2011.

The table below shows subsidiary details after the merger, from January 1, 2012:

Subsidiary	Date of foundation	Registered capital HUF thousand	Registered capital EUR
Graphisoft Park Kft.	November, 2005	-	1,846,108
Graphisoft Park Services Kft.	October, 2008	10,000	-

Graphisoft Park SE is the 100% owner of Graphisoft Park Kft., while Graphisoft Park Kft. is the 100% owner of the other subsidiaries. All subsidiaries are incorporated in Hungary.

The consolidated financial statements are prepared in accordance with the measurement and presentation basis applied in IFRS.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany transactions, balances and unrealized gains on transactions between the companies are eliminated. Accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

The consolidated financial statements are prepared under the historical cost convention.

2.4. Foreign currency translations

Functional and presentation currency:

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), as follows:

	December 31, 2010	December 31, 2011
Graphisoft Park SE	EUR	EUR
Graphisoft Park Kft.	EUR	EUR
Graphisoft Park Universitas Kft.	HUF	HUF
Graphisoft Park Services Kft.	HUF	HUF
GP3 Kft.	HUF	HUF

Two of its subsidiaries, Graphisoft Park Universitas Kft. and GP3 Kft, merged into Graphisoft Park Kft. on December 31, 2011. The functional currency of Graphisoft Park Kft. remains the EUR unchanged after the merger. The management assesses that the EUR is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the entity even after the merger.

Management assessment on functional currency determination is disclosed in Note 3.1 (Critical accounting estimates and judgments).

The consolidated financial statements are presented in thousands of EUR, which is the Group's presentation currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities are recognized in the income statement.

Group companies:

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income statements are translated at average exchange rates;
(c) all resulting exchange differences are recognized directly in the consolidated equity (accumulated translation difference).

Balance sheet exchange rates used were 311.13 EUR/HUF on December 31, 2011, and 278.75 EUR/HUF on December 31, 2010. The average exchange rate was 279.21 EUR/HUF in 2011 and 275.41 EUR/HUF in 2010.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, short-term bank deposits with less than three months to maturity and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6. Securities (available-for-sale financial assets)

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are included in current or non-current financial assets depending on the forecasted date of the disposal.

Available-for-sale financial assets are initially recognized and also subsequently carried at fair value. The unrealized changes in the fair value of available-for-sale financial assets are recognized in equity (valuation reserve).

Interest on available-for-sale debt securities calculated using the effective interest method is recognized in the income statement (interest income). Dividends on available-for-sale equity instruments are recognized in the income statement (other financial income) when the Group's right to receive payment is established.

The Group assesses at each financial statement date whether there is objective evidence that a financial asset is impaired. There is objective evidence of impairment if as a result of loss events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset that can be reliably estimated. In the case of securities classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the security below its cost. 'Significant' is evaluated against the original cost of the security (in general 20%) and 'prolonged' against the period in which the fair value has been below its original cost (in general 6-12 months). When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognized in the income statement - is removed from other comprehensive income and recognized in the income statement. Impairment losses recognized on equity instruments are not reversed through the income statement, while impairment losses recognized on debt instruments are reversed through the income statement.

When available-for-sale financial assets are sold or redeemed, therefore derecognized, the fair value adjustments accumulated in equity are reclassified from other comprehensive income to the income statement.

2.7. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the underlying arrangement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments as well as historical collections are considered indicators that the trade receivable may have been impaired.

2.8. Investment property and other tangible assets

Investment properties and other tangible assets are stated at historical cost less accumulated depreciation and impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of assets comprises its purchase price, including duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs.

Replacements and improvements, which prolong the useful life or significantly improve the condition of the asset are capitalized. Maintenance and repairs are recognized as an expense in the period in which they are incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. General depreciation rules are stated as follows:

Type of asset	**Depreciation**
Assets in the course of construction	not depreciated
Land	not depreciated
Park infrastructure	50 years
Buildings – rented	20 years
Machinery and equipment	3-7 years
Office equipment	3-7 years
Vehicles	5 years - 20% residual value

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of investment property and other tangible assets.

2.9. Fair value of investment property

The Group determines the fair value of investment property on the basis of internal valuations or valuations performed by professional independent property appraisers at least once in three years (the last time in 2011 and the next time in 2014).

Fair value determination principles:

The fair value of completed investment property and investment property under construction where fair market value can be reliably measured is determined on a market value basis. Investment properties under construction where fair value cannot be reliably measured (due to the low stage of completion, the unique nature of the property and/or an absolute lack of transaction activity in the market) are carried at amortized cost.

Fair value determination methods:

The valuations are carried out using the income approach, discounted cash flow method. This method involves the projection of a series of periodic cash flows. To this projected cash flow series, a market derived discount rate, which reflects the yield expectations of the investors, is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is estimated as gross income less vacancy and less expense related to the operation and reinstatement of the property. A series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the fair value of the property.

Investment property fair value estimates are disclosed in Note 11.

2.10. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will accrue; and the cost of the asset can be measured reliably. Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end. Amortization is provided on a straight-line basis over the 3-7 year estimated useful lives of these assets.

2.11. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. Borrowing costs include interest and other costs that the Group incurs in connection with the borrowing of funds. The borrowing costs eligible for capitalization are capitalized applying the weighted average of the borrowing costs applicable to the general borrowings during the period. A qualifying asset is an asset that necessarily takes a substantial period of time, in general over 6 months, to get ready for its intended use.

2.12. Impairment of assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets’ fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

2.13. Leases

The determination of whether an arrangement is a lease, or contains lease elements, is based on the substance of the arrangement at inception date as to whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment after inception of the lease is possible only if one of the following applies:

(a) there is a change in contractual terms, other than renewal of extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) there is a change in determination of whether fulfillment is dependent on a specific asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as a lessee:

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Group as a lessor:

Finance lease is where the Group transfers substantially all the risks and benefits of ownership of the asset. Assets held under a finance lease are presented in the balance sheet as a receivable at an amount equal to the net investment in the lease. Finance incomes are recognized in the income statement.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Initial indirect cost incurred while concluding an operating lease agreement are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

2.14. Loans and other borrowings

Borrowings are recognized initially at fair value less transaction costs, and subsequently measured at amortized costs using the effective interest rate method. The effective interest is recognized in the income statement (finance expenses) over the period of the borrowings.

2.15. Trade and other payables

Trade and other payables (including accruals) are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The carrying values of trade and other payables approximate their fair values due to their short maturity.

2.16. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will occur in order to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured and recorded as the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.17. Pensions

The Group, in the normal course of business, makes fixed contributions into the Hungarian State and private pension funds on behalf of its employees. The Group does not operate any other pension scheme or post retirement benefit plan, and consequently, has no legal or constructive obligation to make further contributions if the funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2.18. Treasury shares

Treasury stock represents the cost of shares repurchased and is displayed as a reduction of shareholder's equity. Premiums and discounts on repurchase and subsequent disposal are credited and debited respectively directly to retained earnings.

2.19. Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of common stocks outstanding. Diluted earnings per share is calculated considering the weighted average number of diluting share options (if any) in addition to the number of common stocks outstanding.

2.20. Income taxes

Current taxes:

Corporate income tax is payable to the Hungarian central tax authority, and local business tax is payable to the local governments. The basis of the corporate income tax is the taxable entities' accounting profit adjusted for non-deductible and non-taxable items. The basis of the local business tax is the taxable entities' revenue reduced by certain expenditure and cost items (gross margin).

Deferred taxes:

Deferred tax is recognized applying the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized.

Deferred tax is also provided on taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.21. Dividends

Dividends payable to the Company's shareholders are recorded as a liability and debited against equity in the period in which the dividends are approved by the shareholders.

2.22. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized.

Rental revenue:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Sale of goods:

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income:

Revenue is recognized as interest accrues (using the effective interest method). Interest income is included in financial income / (expense) in the income statement.

Dividends:

Revenue is recognized when the Group's right to receive the payment is established.

Other income (expense):

Incomes from agency agreements, where the Group acts as a mediator, are not shown as revenues, but rather as other income (expense) in the income statement together with directly related expenditures (net).

2.23. Operating profit

Operating profit is defined as revenues less operating expenses and other income (expense).

2.24. Segment information

For management purposes the Group comprises a single operational (business and geographical) segment. For this reason, the consolidated financial statements contain no segment information.

2.25. Reclassification of comparative information

Comparative figures are reclassified to conform with presentation in the current period, where necessary.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

3.1. Functional and presentation currency

The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. IAS 21 – "The Effects of Changes in Foreign Exchange Rates" determines factors to be considered in determining functional currency. When the indicators are mixed and the functional currency is not obvious, management exercises judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Functional and presentation currency details are disclosed in Note 2.4.

3.2. Impairment of investment property, other tangibles and intangibles

We assess the impairment of investment property, other tangibles and intangibles whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The calculations of recoverable amounts are primarily determined by value in use calculations, which use a broad range of estimates and factors affecting those. Among others, we typically consider future revenues and expenses, technological obsolescence, discontinuance of services and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, we also determine the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged. As this exercise is highly judgmental, the amount of a potential impairment may be significantly different from that of the result of these calculations.

3.3. Fair value of investment property

As investment property fair value determination is highly based on estimates and judgments, the actual results may be significantly different from the results of these estimates. Current fair value estimations involve specifically high inherent risks and uncertainties as future effects of the general economic crisis on the business are not clearly foreseeable at present.

Investment property fair value estimates are disclosed in Note 11.

3.4. Provisions

Provisions in general are highly judgmental, especially in case of legal disputes. The Group assesses the probability of an adverse event as a result of a past event and if the probability of an outflow of economic benefits is evaluated to be more probable than not, the Group fully provides for the total amount of the estimated liability.

(all amounts in thousands EUR unless otherwise stated)

4. Cash and cash equivalents

	December 31, 2010	December 31, 2011
Cash in hand	5	1
Cash at banks	718	3,776
Cash and bank	**723**	**3,777**

5. Securities

	December 31, 2010	December 31, 2011
Bank bonds	8,000	-
Exchangeable bonds	-	3,798
Securities (available-for-sale financial assets)	**8,000**	**3,798**

Securities' details and valuation as of the balance sheet date are disclosed in the following table:

	Bank bonds	Exchangeable bonds
Issue date	*28.08.2009*	*25.09.2009*
Maturity date	*30.08.2011*	*25.09.2014*
Currency	*EUR*	*EUR*
Interest rate (p.a.)	*4.25%*	*4.40%*
Date of purchase	21.09.2009	31.08.2011
Face value	8,000	4,500
Net purchase price (%)	100.00%	90.56%
Net purchase price	8,000	4,075
Maturity / sales	(8,000)	-
Accrued interest	-	99
Valuation difference	-	(376)
Fair value (31.12.2011)	**-**	**3,798**

(all amounts in thousands EUR unless otherwise stated)

Exchangeable bonds are issued by the Hungarian State Holding Company, guaranteed by the Hungarian State and are exchangeable to ordinary shares of Gedeon Richter Plc.

Accrued interest is stated in the Income statement (Interest income), while valuation difference is stated in the Equity (Valuation reserve). Valuation reserve comprises solely of the valuation difference of securities and the related deferred tax effect.

6. Trade receivables

	December 31, 2010	**December 31, 2011**
Trade receivables	363	381
Provision for doubtful debts	(1)	-
Trade receivables	**362**	**381**

Trade receivables are on 8-30 day payment terms.

Trade receivables' aging is as follows:

	December 31, 2010	**December 31, 2011**
Not due	301	234
Overdue less than 3 months	47	105
Overdue between 3 and 12 months	12	42
Overdue over 12 months	2	-
Trade receivables	**362**	**381**

(all amounts in thousands EUR unless otherwise stated)

7. Current tax receivables and liabilities

	December 31, 2010	December 31, 2011
Current tax receivables	380	169
Current tax liabilities	(180)	(159)
Current tax receivable (net)	**200**	**10**

8. Other current assets

	December 31, 2010	December 31, 2011
Accrued income	458	441
Prepaid expense	6	8
Other receivables	53	1
Other current assets	**517**	**450**

(all amounts in thousands EUR unless otherwise stated)

9. Investment property and other tangible assets

The table shows movements of investment property and other tangible assets:

	Land and buildings	Constr. in progress	**Invest-ment property**	Machinery and equipm.	Vehicles	Constr. in progress	**Other tangible total**	**Tangible assets**
Net value:								
December 31, 2009	53,700	14,744	**68,444**	90	88	-	**178**	**68,622**
Gross value:								
December 31, 2009	66,860	14,744	**81,604**	182	112	-	**294**	**81,898**
Additions	-	2,662	**2,662**			91	**91**	**2,753**
Capitalizations	1,390	(1,390)	**-**	38	53	(91)	**-**	**-**
Translation diff.	(7)	(433)	**(440)**	-	(1)	-	**(1)**	**(441)**
December 31, 2010	68,243	15,583	**83,826**	220	164	-	**384**	**84,210**
Depreciation:								
December 31, 2009	13,160	-	**13,160**	92	24	-	**116**	**13,276**
Additions	3,548	-	**3,548**	27	19	-	**46**	**3,594**
Translation diff.	(1)	-	**(1)**	-	-	-	**-**	**(1)**
December 31, 2010	16,707	-	**16,707**	119	43	-	**162**	**16,869**
Net value:								
December 31, 2010	51,536	15,583	**67,119**	101	121	-	**222**	**67,341**
Gross value:								
December 31, 2010	68,243	15,583	**83,826**	220	164	-	**384**	**84,210**
Additions		2,271	**2,271**	-	-	104	**104**	**2,375**
Capitalizations	15,222	(15,222)	**-**	41	63	(104)	**-**	**-**
Disposals	-	-	**-**	-	(73)	-	**(73)**	**(73)**
Translation diff.	(1,551)	(293)	**(1,844)**	(4)	(3)	-	**(7)**	**(1,851)**
December 31, 2011	81,914	2,339	**84,253**	257	151	-	**408**	**84,661**
Depreciation:								
December 31, 2010	16,707	-	**16,707**	119	43	-	**162**	**16,869**
Additions	3,633	-	**3,633**	28	28	-	**56**	**3,689**
Disposals	-	-	**-**	-	(30)	-	**(30)**	**(30)**
Translation diff.	(13)	-	**(13)**	(1)	-	-	**(1)**	**(14)**
December 31, 2011	20,327	-	**20,327**	146	41	-	**187**	**20,514**
Net value:								
December 31, 2011	61,587	2,339	**63,926**	111	110	-	**221**	**64,147**

(all amounts in thousands EUR unless otherwise stated)

The growth in investment property of 2,271 thousand EUR comprises the following:

- development and preparatory activities in the Development areas (1,750 thousand EUR); and
- development activities in the Core area (521 thousand EUR).

Investment property capitalizations, totalling 15,222 thousand EUR, comprise the following:

- the cost of Development areas' land (11,974 thousand EUR); and
- the cost of development activities completed on the Monument development area's and the Core area's buildings (3,248 thousand EUR).

Assets in course of construction, totaling 2,339 thousand EUR, comprise the following:

- the cost of the Monument development area's buildings standing before renovation (2,335 thousand EUR);
- development activities in progress involving the Core area's office buildings (4 thousand EUR).

In 2011, the Group capitalized 43 thousand EUR (2010: 12 thousand EUR) borrowing cost for the construction in progress.

Investment property **fair value** estimates are disclosed in Note 11.

10. Intangible assets

The table shows movements of intangible assets:

	Software	**Intangible assets**		Software	**Intangible assets**
Net value:			***Net value:***		
December 31, 2009	23	**23**	**December 31, 2010**	10	**10**
Gross value:			***Gross value:***		
December 31, 2009	44	**44**	December 31, 2010	45	**45**
Additions	1	**1**	Additions	1	**1**
Translation diff.	-	**-**	Translation diff.	-	**-**
December 31, 2010	45	**45**	**December 31, 2011**	46	**46**
Depreciation:			***Depreciation:***		
December 31, 2009	21	**21**	December 31, 2010	35	**35**
Additions	14	**14**	Additions	11	**11**
Translation diff.	-	**-**	Translation diff.	-	**-**
December 31, 2010	35	**35**	**December 31, 2011**	46	**46**
Net value:			***Net value:***		
December 31, 2010	10	**10**	**December 31, 2011**	-	**-**

(all amounts in thousands EUR unless otherwise stated)

11. Fair value of investment property

The table below presents investment property book values and fair value estimates:

	December 31, 2010	December 31, 2011
Book value (historical cost)	**67,119**	**63,926**
Completed investment property at fair value	119,492	117,634
Investment property under construction at fair value**	2,218	-
Investment property at fair value*	**121,710**	**117,634**
Investment property under construction at historical cost	14,748	13,792
Fair value*	**136,458**	**131,426**
Less: cost to completion of investment property under construction at fair value**	(821)	-
Fair value for financial reporting purposes	**135,637**	**131,426**

* Calculated with an expected yield of 7.75% as of December 31, 2011 and 7.5% as of December 31, 2010.

** As of December 31, 2010, one property development project was carried at fair value (none as of December 31, 2011). The renovation and reconstruction of the Administration building located in the Monument development area began in 2010. The project was completed by the end of the first quarter of 2011. The 1,000 m2 office space of the building was leased beginning in the second quarter 2011.

Investment property fair value determination principles and methods are disclosed in Note 2.9 (Accounting policies). Management judgments on fair value determination are disclosed in Note 3.3 (Critical accounting estimates and judgments). Investment property details are disclosed in Note 1.2 (General information).

Valuation as of December 31, 2011

Completed investment property comprises the Core area of Graphisoft Park (45,000 m2 of office and laboratory space) and the Administration building of the Monument development area (1,000 m2 of office space). Investment property under construction at cost comprises the Monument development area excluding the Administration building (2.4 hectares of development land and 13,000 m2 of old monument buildings) and the Development areas (7.0 hectares of free development land in total).

(all amounts in thousands EUR unless otherwise stated)

The valuations as of December 31, 2011 were performed by the Group. The significant assumptions made related to the valuations are set out below:

- for contracts in force: rental rates were used as determined in the rental contracts; for planned contracts: rental rates were based on market rents valid at the time of the valuation,
- 90% occupancy rate; for Building H: 2012: 75%; 2013 and later: 90%,
- 8.3 million (2012) - 9.0 million EUR (starting in 2014) annual rental income,
- an estimated 10.0 million EUR annual rental income potential (theoretical maximum, with 100% occupancy),
- 7.75% expected yield (discount rate), annual EUR inflation rate of 2%.

The fair value of investment property varies depending upon the expected yield (discount rate) and the occupancy rate as follows:

Yield:		**7.50 %**	**7.75 %**	**8.00 %**
Occupancy:	**95 %**	130,349	124,900	119,909
	90 %	122,750	***117,634**	112,948
	85 %	114,433	109,680	105,327

* Value calculated based on assumptions considered realistic by the management at the time of the valuation.

Valuation as of March 31, 2011 (performed by independent property appraisers; partial)

In 2011, an independent valuation has been carried out covering the part of the property that is involved in the bank pledge (the Core area excluding Building H; 33,000 m2 of office and laboratory space). The result of this independent valuation (86 million EUR) corresponds with the result (87 million EUR) of the valuation performed by the Group as of December 31, 2010 detailed below, regarding the given part of the property.

Valuation as of December 31, 2010

Completed investment property comprised the Core area of Graphisoft Park (45,000 m2 of office and laboratory space). Investment property under construction at fair value comprised the Administration building of the Monument development area (1,000 m2 of office space). Investment property under construction at cost comprised the Monument development area excluding the Administration building (2.4 hectares of development land and 13,000 m2 of old monument buildings) and the Development areas (7.0 hectares of free development land in total).

The valuations as of December 31, 2010 were performed by the Group. The significant assumptions made related to the valuations are set out below:

- for contracts in force: rental rates were used as determined in the rental contracts; for planned contracts: rental rates were based on market rents valid at the time of the valuation,
- 90% occupancy rate; for Building H: 2011: 50%; 2012: 75%; 2013 and later: 90%,
- 7.8 million (2011) - 9.0 million EUR (starting in 2014) annual rental income,
- an estimated 10.0 million EUR annual rental income potential (theoretical maximum, with 100% occupancy),
- 7.5% expected yield (discount rate), annual EUR inflation rate of 1.8-2%.

(all amounts in thousands EUR unless otherwise stated)

The fair value of investment property varies depending upon the expected yield (discount rate) and the occupancy rate as follows:

Yield:		**7.25 %**	**7.50 %**	**7.75 %**
Occupancy:	**95 %**	135,958	129,940	124,450
	90 %	127,328	***121,710**	116,586
	85 %	118,698	113,480	108,721

* Value calculated based on assumptions considered realistic by the management at the time of the valuation.

12. Investments

	December 31, 2010	**December 31, 2011**
AIT-Budapest Aquincum Institute of Technology Kft.	100	100
Investments	**100**	**100**

On April 21, 2009, the Group acquired a 10 % ownership share in AIT-Budapest Kft.

13. Deferred tax asset

	December 31, 2010	**December 31, 2011**
Development reserve	(180)	(163)
Depreciation	22	22
Securities*	-	37
Loss carried forward	234	261
Deferred tax asset	**76**	**157**

* Securities' deferred tax asset was directly stated in the statement of comprehensive income.

Deferred taxes were calculated with income tax rate of 10% in 2011 and 2010.

(all amounts in thousands EUR unless otherwise stated)

14. Loans

	December 31, 2010	December 31, 2011
Short-term	1,692	2,064
Long-term	52,139	49,924
Loans	**53,831**	**51,988**

The total original capital amount of these loans is 58 million EUR. Loans are denominated and due in EUR. Part of the loans is subject to fixed interest rates (3-5 years fixed period from start of term) and part to a floating rate. The weighted average interest rate of the loans was 4.32% as of December 31, 2011 (2010: 4.85%), while 4.32% as of the date of the approval of these financial statements (2010: 4.53%). Collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge. The Group had no undrawn borrowing facilities as of the balance sheet date.

Capital repayments of the loans are due:

	December 31, 2010	December 31, 2011
Within 1 year	1,692	2,064
1– 5 years	7,567	8,532
Over 5 years	44,572	41,392
Loans	**53,831**	**51,988**

15. Trade payables

	December 31, 2010	December 31, 2011
Trade payables - domestic	667	426
Trade payables	**667**	**426**

The Group settles trade payables within the payment term, and had no overdue payables as of December 31, 2011 and 2010.

(all amounts in thousands EUR unless otherwise stated)

16. Other short-term liabilities

	December 31, 2010	December 31, 2011
Amounts due to employees	26	24
Deposits from tenants	360	434
Other payables and accruals	451	349
Other short-term liabilities	**837**	**807**

17. Revenue

	December 31, 2010	December 31, 2011
Property rental	7,404	8,039
Revenue	**7,404**	**8,039**

Revenue consists solely of rental fees coming from the lease of real estate of Graphisoft Park.

Rental contracts are treated as operating lease agreements. As of December 31, 2011, total present value of minimum lease payments that can be required from these operating lease agreements over the lease term is 26,551 thousand EUR (2010: 26,646 thousand EUR), of which 7,958 thousand EUR (2010: 7,667 thousand EUR) is due within 1 year, 17,173 thousand EUR (2010: 16,557 thousand EUR) is due later than 1 year but not later than 5 years, and 1,420 thousand EUR (2010: 2,422 thousand EUR) is due later than 5 years.

18. Operating expense

	December 31, 2010	December 31, 2011
Property related expense	176	91
Employee related expense	438	415
Other operating expense	413	267
Depreciation and amortization	3,608	3,700
Operating expense	**4,635**	**4,473**

(all amounts in thousands EUR unless otherwise stated)

Other operating expense consists of the following items:

	December 31, 2010	December 31, 2011
Office and telecommunication	16	12
Legal and administration	115	127
Marketing	221	38
Other	61	90
Other operating expense	**413**	**267**

19. Other income (expense)

	December 31, 2010	December 31, 2011
Income from recharged construction expenses	366	205
Recharged construction expenses	(357)	(174)
Income from recharged operation expenses	2,673	2,887
Recharged operation expenses	(2,576)	(2,838)
Others	(6)	6
Other income (expense)	**100**	**86**

(all amounts in thousands EUR unless otherwise stated)

20. Interest

	December 31, 2010	December 31, 2011
Interest received	381	396
Interest income	**381**	**396**
Interest paid on loans	(2,657)	(2,413)
Other interest paid	(13)	(22)
Borrowing cost capitalized	12	43
Interest expense	**(2,658)**	**(2,392)**
Net interest expense	**(2,277)**	**(1,996)**

21. Exchange rate difference

	December 31, 2010	December 31, 2011
Exchange rate loss realized	(48)	(35)
Exchange rate gain (loss) not realized	15	(25)
Exchange rate loss	**(33)**	**(60)**

22. Income taxes

	December 31, 2010	December 31, 2011
Current income tax	(184)	(199)
Deferred income tax	(86)	44
Income tax expense	**(270)**	**(155)**

(all amounts in thousands EUR unless otherwise stated)

Applicable tax rates are as follows:

- 2011: income tax 10%, local business tax 2%,
- second half 2010: income tax 10%, local business tax 2%,
- first half 2010: income tax 19%, local business tax 2%.

The effective income tax rate varied from the statutory income tax rate due to the following items:

	December 31, 2010	December 31, 2011
IFRS profit before tax	**559**	**1.596**
Tax at statutory rate	**81**	**160**
Non-deductible / (non-taxable) expenses	(2)	1
Other non-taxable items	(63)	(194)
Effect of tax rate changes	70	-
Translation difference	(1)	(11)
Corporate income tax	**85**	**(44)**
Local business tax	**185**	**199**
Tax expense	**270**	**155**
Effective tax rate (%)	**48.3**	**9.7**

The effective tax rate is largely influenced by the local business tax expense, which is on a gross margin basis.

(all amounts in thousands EUR unless otherwise stated)

23. Earnings per share

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

	December 31, 2010	December 31, 2011
Net profit attributable to equity holders of the parent	289	1.441
Weighted average number of ordinary shares	10,405,160	10,359,613
Basic earnings per share (EUR)	**0.03**	**0.14**
Weighted average number of ordinary shares	10,405,160	10,359,613
Diluted earnings per share (EUR)	**0.03**	**0.14**

The weighted average number of ordinary shares does not take into account treasury shares.

There are no share option schemes in place.

24. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2010	December 31, 2011
Number of shares	226,514	479,076
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	4,530	9,582
Treasury shares (at historical cost)	**-**	**669**

The Company obtained opening amount of treasury shares in pursuance of the demerger from Graphisoft SE in 2006. The historical cost (book value) of these shares is 0.

The number of treasury shares increased by 252,562 in 2011 due to the following transactions:

- purchase of 512,562 shares at 820 HUF on November 24, 2011; and out of this
- sale of 260,000 shares at 845 HUF on December 22, 2011.

(all amounts in thousands EUR unless otherwise stated)

25. Related party disclosure

Transactions with related parties:

Graphisoft Park SE does not hold interest in other entities other than its - consolidated - subsidiaries (100%) and in AIT-Budapest Kft. (10%).

AIT-Budapest Kft. and Graphisoft SE (and its subsidiaries) are deemed related parties of the Group in 2011 and 2010, in view of the following facts:

- Chairman of the Board of Directors of Graphisoft Park SE (Bojár Gábor) is Managing Director of AIT-Budapest Kft.,
- Chairman and a member of the Board of Directors of Graphisoft Park SE (Bojár Gábor and Hornung Péter) are members of the Board of Directors of Graphisoft SE.

Total amount of transactions that have been entered into with these parties and year-end balances are as follows:

Item	December 31, 2010	December 31, 2011
Sales to related parties	1,258	1,399
Purchases from related parties	20	19
Amounts owed by related parties	6	22
Amount owed to related parties	-	7

Transactions with the related parties were as follows in 2011 and 2010:

- AIT-Budapest Kft. and Graphisoft SE leased a total office space of exceeding 4,500 m2 in Graphisoft Park in 2011 (4,000 m2 in 2010),
- Graphisoft Park SE provided financial and administration services for AIT-Budapest Kft.,
- AIT-Budapest Kft. provided marketing services for Graphisoft Park SE.

Transactions (sales to and purchases from) with the related parties are made at market prices. Office lease rent is similar to other tenants of the Group. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables. In 2011 and 2010, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

The Group signed a cooperation agreement with AIT-Budapest Kft. as disclosed in Note 26.

(all amounts in thousands EUR unless otherwise stated)

Remuneration of the board of directors and audit committee, compensation of key management personnel*:

	December 31, 2010	December 31, 2011
Remuneration of the Board of Directors and Audit Committee	54	44
Compensation of Key Management Personnel	153	154
Total	**207**	**198**

* Key management personnel: the Chief Executive Officer and the Chief Financial Officer of Graphisoft Park SE, and the Managing Director of Graphisoft Park Services Kft.

No loans or advance payments were granted to the members of the Board of Directors, the Audit Committee or the Key Management Personnel, and the Group did not undertake guarantees in their names.

Interests of directors and key management personnel in Graphisoft Park SE:

		December 31, 2010		December 31, 2011	
Name	**Title**	**Shares (pcs)**	**Share (%)**	**Shares (pcs)**	**Share (%)**
Bojár Gábor	Chairman of Board	3,185,125	29.96	3,185,125	29.96
Hornung Péter	Member of Board	530,426	5.00	530,426	5.00
Dr. Kálmán János	Member of Board	13,500	0.13	13,500	0.13
Kocsány János	Chief Executive Officer	168,913	1.59	180,913	1.70
Hajba Róbert	Chief Financial Officer*	1,000	0.01	3,000	0.03
Szűcs Tibor	Managing Director**	150	0.00	1,500	0.01
Total		**3,899,114**	**36.69**	**3,914,464**	**36.83**

* Excluding of purchase of additional 1,200 shares on December 30, 2011, credited on January 4, 2012
** Graphisoft Park Services Kft.

26. Commitments, contingencies

The Group has a contractual commitment to development for education purposes, which shall result in the set-up of an educational campus on a portion of the area purchased in 2008 (the Monument development area) and the start-up of a program of higher education within 5 years from the final approval of the zoning plan for the area. The zoning plan is not yet approved, but the education program started already in the core area of Graphisoft Park.

In accordance with the project to develop a part of the property for educational purposes, the Group signed a cooperation agreement with AIT-Budapest Aquincum Institute of Technology Kft. According to this agreement, development of the educational infrastructure is the responsibility of Graphisoft Park, while organizing the educational program and operating the institute are the responsibility of AIT. AIT pays a market-rate rent for its use of the real estate. The cooperation also covers the issue of the parties' coordinated appearance on the market and joint marketing activities.

27. Financial risk management

The Group is exposed to risks from changes in market and financial conditions that affect its results, assets and liabilities. Financial risk management aims to limit these risks through ongoing operational and finance activities.

Market risk:

Office rental price risk:

The Group has been pursuing consistent and calculable rental pricing policies for years. Current rental prices and conditions are confirmed by the market (tenants) to be in line with the unique environment and top quality of the property. Considering the current global economic climate and oversupply of Budapest office space market, however, there is no assurance that current rental prices and conditions can be maintained in the future.

Currency risk:

The Group does not run currency risk on the fulfillment of the debt service, since the great majority of rental revenues are denominated in EUR and cover debt service. The Group is exposed to foreign currency risk to a certain extent as the major part of its operating and development expenditures are incurred in HUF.

Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates (7.7 million EUR as of December 31, 2011, 8.1 million EUR as of December 31, 2010).

To manage interest rate risk, the major part of the bank loans of the Group are subject to fixed interest rates (3-5 years fixed period from start of term). Conditions and balances of bank loans are disclosed in Note 14.

The fair value of the loans on December 31, 2011, was 51,756 thousand EUR, calculated at a 4.5% effective rate of interest during the fixed interest rate period (2010: 53,859 thousand EUR, 4.5% effective rate of interest).

(all amounts in thousands EUR unless otherwise stated)

Credit risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities and from its financing activities, including deposits with banks and financial investments.

Tenant receivables:

Credit risk is managed by requiring tenants to pay deposits or give bank guarantees in advance, depending on the credit quality of the tenant assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored.

Credit risk related to tenant receivables is limited due to the composition of the tenants and the fact that the tenants are located in Graphisoft Park and services are provided to them by the Group.

Revenue from 3 tenants (SAP Hungary Kft., Microsoft Magyarország Kft. and Graphisoft SE) exceeded 10% of the total revenue of the Group in 2011 and 2010 (separately). Revenue from these 3 tenants represents 43.9 % of the total revenue for the year in 2011, and 49.3% in 2010.

Cash deposit and financial investments:

Credit risk from balances with banks and financial investments is managed in accordance with the Group's conservative investment policy. To limit credit risk, reserves are held in cash or low-risk securities (e.g. bonds), with substantial financial institutions.

Liquidity risk:

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits and loans.

The management anticipates that no liquidity difficulties will arise, since rental revenues are sufficient to cover debt service and the cost of operation. Property development projects are planned together with their financing needs, and funds required to complete the projects are secured in advance.

The Group settles its payment obligations within the payment term, and had no overdue payables as of December 31, 2011 and 2010.

The two tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments as of December 31, 2011 and 2010.

December 31, 2011	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	4,077	11,436	41,392	**56,905**
Trade payables	-	426	-	-	**426**
Current tax liability	-	159	-	-	**159**
Other liabilities	-	807	-	-	**807**
Financial liabilities	**-**	**5,469**	**11,436**	**41,392**	**58,297**

(all amounts in thousands EUR unless otherwise stated)

December 31, 2010	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	4,058	11,387	44,668	**60,113**
Trade payables	-	667	-	-	**667**
Current tax liability	-	180	-	-	**180**
Other liabilities	-	837	-	-	**837**
Financial liabilities	**-**	**5,742**	**11,387**	**44,668**	**61,797**

* Capital plus interest calculated for the fixed period of the loan.

28. Capital risk management

The management's objectives when managing capital are to safeguard the ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The management proposes to the owners (through the Board) to approve dividend payments or adopt other changes in its equity capital in order to optimize the capital structure of the Group. The General Meeting may adjust the amount of dividends paid to shareholders, return capital to shareholders by capital reductions, sell or buy back its own shares.

Consistent with others in the industry, the management monitors capital structure based on the debt service cover ratio (DSCR) and the loan-to-value ratio (LTV). DSCR is calculated as cash available for debt service (rental revenues less operating and other costs) divided by debt service (capital plus interest), while LTV is calculated as the ratio between the sum of the outstanding balances of the loan and the market value of the property. The objective of the management is to keep DSCR above 1.25 and LTV below 0.65 (in line with the requirements of the existing loan agreement).

29. Approval of financial statements

Following the recommendation of the Board of Directors, the Annual General Meeting on April 28, 2011, approved the 2010 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 77,509 thousand EUR and a profit for the year of 289 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 25 HUF per share, 260,129 thousand HUF in total (933,198 EUR as of December 30, 2010). The starting date for dividend payments was September 5, 2011. The Company paid out the dividends to the shareholders identified by shareholder's registration.

The consolidated financial statements of the Company for the year ended December 31, 2011 prepared in accordance with International Financial Reporting Standards (IFRS) are authorized for issue in accordance with the resolution of the Board of Directors on March 22, 2012. Together with the approval of the consolidated financial statements for issue, the Board proposes dividend distribution of 35 HUF per share, 355,341 thousand HUF in total (1,142,098 EUR as of December 31, 2011) to be approved by the Annual General Meeting of Graphisoft Park SE of April 26, 2012. The Annual General Meeting has the power to amend the consolidated financial statements.

30. Declarations

Forward-looking statements *- This Annual Report contains forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.*

Statement of responsibility *- We declare that the Consolidated Financial Statements which have been prepared in accordance with the applicable accounting 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 undertakings included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.*