

# GRAPHISOFT PARK SE

## Interim Management Report – First Half 2016

August 4, 2016



GRAPHISOFT PARK – START-UP AND SERVICE BUILDING – JUNE 2017

VISUALIZATION

GRAPHISOFTPARK





## Dear Shareholders,

The renewal of the Park's largest tenant's, SAP's lease contract in 2015 warranted the continued expansion of the 53,000 m<sup>2</sup> existing office, laboratory and educational space with the current occupancy level standing at an effective 100%. To this end we have started the construction of additional 8,000 m<sup>2</sup> of office space and an underground parking facility for more than 300 vehicles, with the first phase to be delivered by the beginning of 2017. The primary aim of the new developments is to provide SAP after its significant expansion with the most optimal and economical home in the Park, instead of scattering its divisions in many buildings, while respecting its green and sustainable values equally important for SAP and Graphisoft Park. In order to minimize moving costs and to achieve optimal utilization for the SAP building delivered in 2006, most of the new developments will be taking place in the integrally connecting new wing of 5,500 m<sup>2</sup>.



Another building with a net 2,500 m<sup>2</sup> floor space optimized for the needs of smaller companies and start-ups will be erected by the main entrance of the Park, with a coffee shop and other services on its ground floor.







This in turn necessitated the demolition of the adjacent smaller buildings and storage facilities (roughly 2,000 m<sup>2</sup> altogether), which at the current occupancy levels of the Park may be deemed less economical uses of land. All of these will allow the creation of a much more imposing façade towards Ángel Sanz-Briz (former Jégtörő) Street, which has developed into a busy artery in the past years.

We have executed a loan agreement with Erste Bank at the end of 2015 for a 16.5 million euros credit facility with 10 years maturity to finance the new developments, partly within the National Bank of Hungary's Funding for Growth Scheme. The loan agreement is complemented by hedging agreements to cover exchange and interest rate risks.

With regards to the recent expansion needs articulated by the tenants in 2016 and to the occupancy levels in the Park at their effective cap, we have started the planning of a new string of office building blocks with 12,000 m<sup>2</sup> floor space and of an underground parking facility for 450 cars on the part of the southern development area that is already prepared for construction.





Financial results have progressed in the first half of 2016 as planned. Revenue figures in the first half of 2016 are lower than in the previous year, that is because revenues were still coming in in the base period from the buildings demolished later in the second half of 2015, but the 100% occupancy levels achieved will likely offset this during the year; and operating expenses are exceeding those in the base period with regards to the increase in staff needed to complete the new developments. Due to all this, the Company's operating profit in the first half of 2016 is approximately 100 thousand euros lower than in the first half of 2015 base period. Financial results are identical in the core to those of the previous year: net interest expense in the first half of 2016 is 200 thousand euros lower than the base figure of the first half of 2015, due mainly to the significant decrease in loan interest rates, which however is set off by the change in exchange rate differences: in the first half of 2015 we have made significant exchange rate gains on the appreciating USD cash reserves, whereas in the first half of 2016 slight exchange rate losses occurred. In order to fend off future exchange rate risks, from the second quarter of 2016, all cash reserves are held in euros. Primarily for these reasons, the net profit for the first half of 2016 is 100 thousand euros less than in the base period.

For the whole of 2016 - in accordance with our earlier forecasts - we are expecting revenues at 9.5 million euros as in 2015, and net profit at 3.1 million euros slightly surpassing that of the previous year, with a writing-off of approximately 100 thousand euros for the demolition of the last building in connection with the new developments. Further growth in revenues and net profit is expected after the completion of the new developments in 2017.

These results were made possible by the continually improving occupancy rates and not changing the rent levels, cornerstones of the Park's quality and profitability; consciously not competing with the artificially low, therefore unsustainable rates on Budapest's overcrowded office market. All this proves that our concept for the "micro-silicon-valley" articulated some 18 years ago was right, targeting a well-defined market - Hungarian and international technology companies pursuing innovation in our case - and focusing real estate developments to their needs is working. The key to success in their fields is attracting talent. We are aiming to contribute to this with quality and environment conscious architecture, in a uniquely quiet setting on the green banks of the river Danube surrounded by the Park's state-of-the art renovated industrial monument buildings preserving the marvelous ambiance of the old Óbuda Gas Works. Our achievements prove that the leading companies in the technology field appreciate this; therefore we are continuing the development along the lines of the same concept.

Bojár Gábor  
Chairman of Board of Directors

Kocsány János  
Chief Executive Officer



## Financial highlights

IFRS, consolidated, thousand EUR

### Results\*:

	3 months ended		6 months ended	
	June 30,	June 30,	June 30,	June 30,
	2015	2016	2015	2016
<b>A) Results from ordinary activities:</b>				
<b>Revenue</b>	<b>2,398</b>	<b>2,385</b>	<b>4,827</b>	<b>4,780</b>
Operating expense	(343)	(386)	(524)	(589)
Other income (expense)	84	74	149	155
<b>EBITDA</b>	<b>2,139</b>	<b>2,073</b>	<b>4,452</b>	<b>4,346</b>
Depreciation and amortization	(1,047)	(1,048)	(2,082)	(2,086)
<b>Operating profit</b>	<b>1,092</b>	<b>1,025</b>	<b>2,370</b>	<b>2,260</b>
Net interest expense	(329)	(200)	(662)	(463)
Exchange rate differences	32	9	183	(23)
<b>Profit before tax</b>	<b>795</b>	<b>834</b>	<b>1,891</b>	<b>1,774</b>
Income tax expense	(134)	(151)	(306)	(303)
<b>Profit for the period</b>	<b>661</b>	<b>683</b>	<b>1,585</b>	<b>1,471</b>
<b>B) Other results (one-time write-off):</b>				
Other income (expense)	-	-	-	(123)
Income tax expense	-	-	-	12
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111)</b>
<b>A+B) Profit for the period</b>	<b>661</b>	<b>-</b>	<b>1,585</b>	<b>1,360</b>

\* New developments began in Graphisoft Park in 2015, which will result in the construction of 8,000 m2 new office space by 2017. The construction of the new buildings required the demolition of some older buildings. Most of the demolition works were carried out in 2015 and accordingly the net book value of buildings demolished were written off. The last building for demolition was demolished in the first quarter of 2016, and accordingly its net book value (123 thousand euros) was written off in the first quarter of 2016. On this page results of the Company are presented in "Results from ordinary activities" / "Other results" breakdown. The "Other results" section solely includes the net result of one-time write-off due to demolition of the building (111 thousand euros with its decreasing effect on income tax for the first quarter of 2016 included). Periodic comparative analyses in this business report are prepared using "Results from ordinary activities", which do not include the one-time items.



## Financial highlights

IFRS, consolidated, thousand EUR

### Asset value:

	December 31, 2015	June 30, 2016
<b>Investment property at book value</b>	<b>60,254</b>	<b>62,190</b>
<b>Investment property at fair value*</b>	<b>153,606</b>	<b>157,617</b>
<b>Net asset value at book value</b>	<b>22,801</b>	<b>21,288</b>
<b>Net asset value at fair value*</b>	<b>116,477</b>	<b>116,715</b>
Number of ordinary shares outstanding (thousands)**	10,083	10,083
<b>Net asset value at fair value per share (euro)</b>	<b>11.6</b>	<b>11.6</b>

\* Investment properties are shown in the financial statements of the Company at historical cost. Investment property fair value estimates are published annually. The latest valuation is disclosed in the Annual Report for 2015, Note 10. In determining net asset value at fair value for the actual period the results of the most recent property valuations (169,029 thousand euros as of December 31, 2015) were used with investment property as adjusted by the expected cost to completion of buildings under construction (15,423 thousand euros as of December 31, 2015 and 11,412 thousand euros as of June 30, 2016). Book values as of the balance sheet date were used for other assets and liabilities.

\*\* Treasury shares possessed by the Company and employee shares are excluded when net asset value at fair value per share is determined.



## Management Report

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

- Financial results for the first half of 2016,
- Utilization, occupancy,
- Development activities,
- Development potential,
- Financing,
- Other key issues,
- Forecast for the year 2016.

### Financial results for the first half of 2016

Changes in the results for the first half of 2016 (“Results from ordinary activities”, see details in “Financial highlights” on previous pages) compared to the 2015 bases occurred by the effects of the following main factors:

- **Revenue** (2016: 4,780 thousand euros; 2015: 4,827 thousand euros) decreased by 47 thousand euros, or 1% compared to last year. The growth in occupancy rate increased revenue by 2%, while drop in rental revenues due to demolitions and remodeling in connection with the new developments that began in 2015 in the core area reduced it by a 3% (see details in the „Utilization, occupancy” and „Development activities” sections below).
- **Operating expense** (2016: 589 thousand euros; 2015: 524 thousand euros) grew by 65 thousand euros, or 12% compared to the previous year. Increase in employee related expense (the development program started in 2015 required expanding staff) was only partly offset by the decrease in property related expense and other operating expense.
- **Other income** (2016: 155 thousand euros; 2015: 149 thousand euros) net amount was 6 thousand euros higher than the base last year.
- **Depreciation** (2016: 2,086 thousand euros; 2015: 2,082 thousand euros) did not change substantially compared to the previous year.
- **EBITDA** (2016: 4,346 thousand euros; 2015: 4,452 thousand euros) decreased by 106 thousand euros, or 2%, while **operating profit** (2016: 2,260 thousand euros; 2015: 2,370 thousand euros) fell by 110 thousand euros, or 5% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (2016: 463 thousand euros; 2015: 662 thousand euros) decreased by 199 thousand euros, or 30% due to the following factors. Interest expense fell by 212 thousand euros as a result of lower loan interest rates and loan liability. Interest income dropped by 13 thousand euros due to the lower interest rates on deposits.
- **Exchange rate differences** (2016: 23 thousand euros loss; 2015: 183 thousand euros gain) worked out less favorably by 206 thousand euros compared to the previous year, attributable mostly to the fact that revaluation of cash reserves denominated in US dollars resulted in a significant gain in 2015 (145 thousand euros) and a loss in 2016 (38 thousand euros). In order to fend off future exchange rate risks, all cash reserves are held in euros from the second quarter of 2016.
- **Income tax expense** (2016: 303 thousand euros; 2015: 306 thousand euros) did not change substantially compared to the base period.



- **Net profit** (2016: 1,471 thousand euros; 2015: 1,585 thousand euros) fell by 114 thousand euros, that is 7% less in 2016 compared to 2015 because of the following factors: (1) operating profit decreased by 110 thousand euros, or 5%, (2) despite the significant fall in net interest expense financial results decreased by 7 thousand euros due to the working out of the exchange rate differences, and finally (3) income tax expense was lower by 3 thousand euros than the base last year.

Due to the effect of the demolition of the last building to be demolished in relation to the new developments began in 2015 (see “Utilization, occupancy” section) a one-time 111 thousand euros net write-off (write-off of 123 thousand euros net book value of the building with its 12 thousand euros decreasing effect on income tax) had to be accounted for in the first quarter of 2016, therefore besides our profit from ordinary activities at 1,471 thousand euros the total net profit is 1,360 thousand euros including this one-off item.

**Utilization, occupancy**

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

Period:	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Occupancy (%):	96%	96%	97%	98%	100%	100%
Area (m2):	55,000	55,000	53,000	53,000	53,000	53,000

Occupancy of Graphisoft Park’s 53,000 m2 rentable office, laboratory and educational space reached 98% by the end of 2015 and stays at an effective 100% from the beginning of 2016 due to leases concluded for remaining vacant spaces. This means that until the delivery of the first phase of the new developments in the first quarter of 2017 (see details in the “Development activities” section below) there will be free rentable area only if any of current tenants decides not to extend their lease after expiration.

**Development activities**

The total area of Graphisoft Park is nearly 18 hectares covering the office park located in the core area, the campus formed in the monument area, and development areas north and south of these as well. Over the past 18 years 45,000 m2 of office and laboratory space have been developed and occupied on the core 8.5 hectares of Graphisoft Park. In the 2.4 hectares monument area directly adjacent to the core area from the west we have completed the renovation and repurposing of 7,000 m2 historical buildings into a state-of-the-art university campus since 2010. The 3,000 m2 dormitory building with 76 rooms constructed on the northeastern corner of the southern development area connects to and serves the same higher education function of the Park.

**Until the end of 2014 altogether 55,000 m2 office, laboratory and educational space and underground parking for 1,250 cars were constructed on 11 hectares.**

Graphisoft Park’s largest tenant renting over 10,000 m2 office space currently, SAP Hungary Kft. renewed its lease in April 2015, which was to expire in the end of 2016 originally. In relation to the extension of the lease period new developments began in 2015, which will result in the construction of 8,000 m2 new office space and underground parking for 300 cars until 2017 in several phases. Construction of a new wing of 5,500 m2 directly adjacent to SAP’s main building (marked S on the map below) has begun, which will allow a much more efficient placement of the company than the current operation in multiple buildings. In addition to this another building with 2,500 m2 floor space is under construction optimized for the needs of smaller companies and start-ups. With the new constructions as well as with the refurbishment of older sections we are committing to even more environmentally conscious and sustainable architectural solutions.





The new developments required the demolition of the N, L and K buildings with less economical uses of space under the current conditions. Buildings N and L were demolished through 2015 and building K has been demolished in the first quarter of 2016. Demolition and remodeling works temporarily reduced rentable space by 2,000 m<sup>2</sup> in the office park, therefore the net expansion will be 6,000 m<sup>2</sup>.

**In the summary of all the above, at the end of the new developments expected in 2017, Graphisoft Park will have 61,000 m<sup>2</sup> office, laboratory and educational space as well as underground parking for 1,550 cars available for its tenants coupled with 4 restaurants and 6 snack and coffee shops in the Park.**



The planned total cost of development activities - including the construction of about 8,000 m<sup>2</sup> new office space and a three level underground parking facility for 300 vehicles, and in addition the upgrading of the existing S building, with the necessary works for public utilities and landscaping - is approximately 18 million euros, out of which 5.1 million euros occurred until the end of the first half of 2016.

Simultaneously to the new developments, remodeling and renovation works are taking place in the existing office spaces as well as other infrastructure developments are being carried out to better meet the needs of tenants. These activities are expected to cost an additional 1 million euros approximately in 2016.

### **Development potential**

The 7 hectares of free development areas in Graphisoft Park (the southern development area, the northern development area and parts of the monument area) allow for the development of a combined total of 70,000 m<sup>2</sup> leasable office space.

In the southern and northern development areas we carried out the demolition of those structures that are not protected landmarks and the planned archeological excavations have been completed on roughly half of the southern development area. With regards to the recent expansion needs articulated by the tenants in 2016 and to the occupancy levels in the Park at their effective cap, we have started the planning of a new string of office building blocks with 12,000 m<sup>2</sup> floor space and of an underground parking facility for 450 cars on the part of the southern development area that is already prepared for construction. The other parts of the southern development area offer room for another 20,000 m<sup>2</sup> potential development.

No further preparatory work or development is planned on the northern development area and the monument area, which together provide room for 38,000 m<sup>2</sup> potential development, until the clean-up projects planned by the Capital City Gas Works are finished.

Preparation for the future developments have cost 3.2 million euros to date.



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

- residual environmental hazard from the prior gasification activity,
- regulations protecting landmark buildings limit the land's usability,
- potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

### **Financing**

We have executed a loan agreement with Erste Bank Hungary Zrt. in December, 2015 for a 16.5 million EUR credit facility with 10 years maturity to finance the ongoing development in the core area (see the "Development activities" section for details). In accordance with the loan agreement Erste Bank shall make available a 4 billion HUF credit facility within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 5 million EUR market rate credit facility to Graphisoft Park (16.5 million EUR maximum altogether). The loan agreement is complemented by hedging agreements to cover exchange and interest rate risks (cross currency interest rate swap (CCRIS) for the HUF based loan and interest rate swap (IRS) for the EUR based loan).

### **Other key issues**

#### *Realization of the educational function*

In order to further strengthen Graphisoft Park's "science park" features we have concluded an agreement with the Aquincum Institute of Technology (AIT) in 2009 to create and run international higher education functions in the Park. AIT does this in close cooperation with the Faculty of Electrical Engineering and Informatics of the Budapest University of Technology and Economics (BME) operating as an independent contractor, running a specialized program of that institution.



The constituents of AIT's student body come from the most excellent Universities of the United States on their study abroad semester. AIT provides high-level education in small classes for selected students from BME as well, for whom tuition is waived. The personal relations developing with the North American students may prove to be invaluable assets for their later careers. AIT's curriculum uniquely blends IT education in line with Graphisoft Park's professional orientation with business studies. 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.



AIT was launched with a summer pilot program in 2010 concluding three years of preparation. The curriculum was finalized after gathering the feedbacks from students and faculty and drawing the conclusions from the pilot program. 11 semesters have been concluded since the pilot program, with 140 students in 2015. To this date a total of 50 North American universities and colleges have sent students to participate in AIT's program and recognized its BME accredited credits. The most well-known universities among these are Harvard, Yale, MIT, Princeton, Brown, Cornell, Columbia, Dartmouth, UPenn, Rochester and Tufts (including all the prestigious schools of the Ivy League), and some of the famous colleges, such as Williams, Carleton, Harvey Mudd and Pomona. A significant proportion of the students remain in Hungary after the spring semesters for a 1 or 2 months internship with the best Hungarian IT companies (Graphisoft, Prezi, LogMeIn, Ustream, etc). These students return home with great impressions and spread the news of the Hungarian IT industry in the world. Some of them are coming back to Hungary after obtaining their diplomas to gain permanent employment with these companies.



Since 2013 fall, AIT is operating in its permanent location, in one of the former industrial buildings renovated and repurposed exemplarily to suit educational functions.







With the renovation of another three buildings in the monument area in July, 2014, and with the International Business School's (IBS) moved in, the university campus in the former Gasworks with over 1,000 students is complete. The inauguration ceremony of the new educational facilities named "Aquincum Campus" took place on September 5, 2014, with the participation of István Tarlós, mayor of Budapest and Balázs Bús, mayor of the third district.

AIT-Budapest reached the income level needed for long term operation in 2014 from the tuition collected from North American students, and in 2015 it achieved a profit over 120 million forints after taxes. This supports the long term sustainability of the educational venture (of which Graphisoft Park owns a 10% share), making the Park an even more attractive destination.

#### *Creating the Startup ecosystem*

The demand for floor space generated by lively evolving Startup companies has already been a driving force behind Graphisoft Park's expansion. Graphisoft Park supports the startup companies by leasing office and laboratory space, and by providing pro bono business development advice from Gábor Bojár, founder of Graphisoft, Graphisoft Park and AIT-Budapest.

#### *Legal proceedings*

Graphisoft Park SE's wholly owned subsidiary, Graphisoft Park Ingatlanfejlesztő Kft. filed suit on June 8, 2016 against the Municipality of Budapest for the removal of a pledge over property.

As published in our previous reports, in the purchase of land contract with the Municipality of Budapest in 2008 we have undertaken the duty to carry out development for educational purpose by renovating the protected monument parts of the purchased property. To secure the realization of this duty a pledge in the value of 1 billion forints had been recorded. The starting date of the 5 year deadline (execution of plot division) for completing the development has not passed yet, we have met and exceeded our duties ahead of time (see details in the „Realization of the educational function” section above). As the Municipality has refused our request to remove the pledge over property, we have filed suit to the same end with the Budapest-Capital Regional Court.

#### **Forecast for the year 2016**

The following forecast is identical to the ones published in our quarterly report on May 5, 2016 and in our annual report on March 24, 2016.

Our forecast for 2016 results (from ordinary activities) is summarized in the following table, based on signed and valid lease agreements with the current occupancy rate at an effective 100% (see details in section "Utilization, occupancy"; the first column shows 2015 actual results):

<b>(million euros)</b>	<b>2015 actual</b>	<b>2016 forecast</b>
<b>Rental revenue</b>	<b>9.48</b>	<b>9.5</b>
Operating expense	-0.91	-1.0
Other income, net	0.28	0.3
<b>EBITDA</b>	<b>8.85</b>	<b>8.8</b>
Depreciation	-4.19	-4.2
<b>Operating profit</b>	<b>4.66</b>	<b>4.6</b>
Net interest expense	-1.31	-0.9
Exchange rate difference	0.22	-
<b>Profit before tax</b>	<b>3.57</b>	<b>3.7</b>
Income tax expense	-0.59	-0.6
<b>Net profit</b>	<b>2.98</b>	<b>3.1</b>





Change in results for 2016 compared to 2015 bases is the impact of the following main factors:

- Revenue is expected to stay at the 2015 level in 2016. Drop in revenue due to temporary decrease in rentable area (due to demolitions and remodeling) will be offset by additional revenues coming from the rise in occupancy rate (see “Utilization, occupancy” and “Development activities” sections for details).
- Combined total cost of operation is expected to increase by 100 thousand euros in 2016 compared to 2015. Employee related expense will grow by 100 thousand euros (the development program started in 2015 required expanding the engineering staff). Property related expense, other expense as well as depreciation and amortization are expected to stay at last year’s level.
- Due to the significant fall of interest rates for the existing loan obligations, as well as to the decreasing principal amount, the net interest expense is expected to decrease by 400 thousand euros. We are not making estimates for exchange rate differences for 2016, therefore our overall financial results forecast for the year 2016 is 200 thousand euros higher than the base, which contained the actual exchange rate gain of 200 thousand euros.
- Income tax expense is expected to remain at the 2015 level in 2016, considering that revenues and net profits are expected to come out nearly the same in these two years.

Due to all the above, for 2016 we are expecting 3.1 million euros net profit, 100 euros higher compared to 2015.

Due to the effect of the demolition of building K in relation to the developments that began in 2015 (see “Development activities” section) a one-time 100 thousand euros write-off had to be accounted for in 2016, therefore besides our forecast for net profit from ordinary activities at 3.1 million euros the total net profit is expected at 3 million euros including this one-off item.

Forecasts published here are based 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 contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only in case they have given notice by the closing date of our business report.

It is our intention to maintain the price structure designed to match the high value services provided by Graphisoft Park in order to be able to preserve the level of service provided in the long run. 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, losing some tenants for this is a probable but not likely factor to be reckoned with.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, the EURIBOR interest rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with a 310 HUF/EUR exchange rate, EURIBOR of 0% and an inflation rate of 0% and unchanged legal and taxation environment.

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



**Statement of responsibility** - We declare that the Half-year Report which has 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, August 4, 2016

Hajba Róbert  
Chief Financial Officer

Kocsány János  
Chief Executive Officer



# GRAPHISOFT PARK SE

## HALF-YEAR REPORT

**for the half-year ended June 30, 2016**

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, August 4, 2016

A handwritten signature in blue ink that reads "Hajba Róbert".

Hajba Róbert  
Chief Financial Officer

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

Kocsány János  
Chief Executive Officer

**CONTENTS:**

	<b>Page(s)</b>
<b>Consolidated Balance Sheet</b>	<b>3</b>
<b>Consolidated Statement of Income</b>	<b>4</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>5</b>
<b>Consolidated Statement of Changes in Shareholders' Equity</b>	<b>6</b>
<b>Consolidated Statement of Cash Flows</b>	<b>7</b>
<b>Notes to the Half-year Report</b>	<b>8-21</b>



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

JUNE 30, 2016

(all amounts in thousands of euros unless otherwise stated)

	Notes	December 31, 2015	June 30, 2016
Cash and cash equivalents	3	4,794	3,272
Trade receivables	4	178	534
Current tax receivable	5	131	43
Other current assets	6	125	1,650
<b>Current assets</b>		<b>5,228</b>	<b>5,499</b>
Investment property	7	60,254	62,190
Other tangible assets	7	273	271
Intangible assets	7	-	1
Investments	8	100	100
Deferred tax asset	13	19	16
<b>Non-current assets</b>		<b>60,646</b>	<b>62,578</b>
<b>TOTAL ASSETS</b>		<b>65,874</b>	<b>68,077</b>
Short-term loans	11	3,243	3,444
Trade payables	9	961	1,863
Current tax liability	5	123	181
Other short-term liabilities	10	1,601	1,420
<b>Current liabilities</b>		<b>5,928</b>	<b>6,908</b>
Long-term loans	11	36,737	38,816
Long-term financial liability	12	-	599
Deferred tax liability	13	408	466
<b>Non-current liabilities</b>		<b>37,145</b>	<b>39,881</b>
<b>TOTAL LIABILITIES</b>		<b>43,073</b>	<b>46,789</b>
Share capital	1.3	250	250
Retained earnings		26,446	25,473
Valuation reserve		-	(539)
Treasury shares	21	(962)	(962)
Accumulated translation difference		(2,933)	(2,934)
<b>Shareholders' equity</b>		<b>22,801</b>	<b>21,288</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>65,874</b>	<b>68,077</b>

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

JUNE 30, 2016

(all amounts in thousands of euros unless otherwise stated)

	Notes	3 months ended		6 months ended	
		June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Property rental revenue	14	2,398	2,385	4,827	4,780
<b>Revenue</b>		<b>2,398</b>	<b>2,385</b>	<b>4,827</b>	<b>4,780</b>
Property related expense	15	(18)	(11)	(34)	(26)
Employee related expense	15	(244)	(293)	(340)	(421)
Other operating expense	15	(81)	(82)	(150)	(142)
Depreciation and amortization	15, 7	(1,047)	(1,048)	(2,082)	(2,086)
<b>Operating expense</b>		<b>(1,390)</b>	<b>(1,434)</b>	<b>(2,606)</b>	<b>(2,675)</b>
Other income	16	84	74	149	32
<b>OPERATING PROFIT</b>		<b>1,092</b>	<b>1,025</b>	<b>2,370</b>	<b>2,137</b>
Interest income	17	5	-	15	2
Interest expense	17	(334)	(200)	(677)	(465)
Exchange rate difference	18	32	9	183	(23)
<b>Financial expense</b>		<b>(297)</b>	<b>(191)</b>	<b>(479)</b>	<b>(486)</b>
<b>PROFIT BEFORE TAX</b>		<b>795</b>	<b>834</b>	<b>1,891</b>	<b>1,651</b>
Income tax expense	19	(134)	(151)	(306)	(291)
<b>PROFIT FOR THE PERIOD</b>		<b>661</b>	<b>683</b>	<b>1,585</b>	<b>1,360</b>
Attributable to equity holders of the parent		661	683	1,585	1,360
Basic earnings per share (EUR)	20	0.07	0.07	0.16	0.13
Diluted earnings per share (EUR)	20	0.07	0.07	0.16	0.13

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

	Notes	3 months ended		6 months ended	
		June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
<b>Profit for the period</b>		<b>661</b>	<b>683</b>	<b>1,585</b>	<b>1,360</b>
Cash flow hedge reserve***	11, 12	-	(599)	-	(599)
Cash flow hedge reserve – deferred tax effect	11, 13	-	60	-	60
Other comprehensive income – to be reclassified*		-	(539)	-	(539)
Translation difference****		(3)	-	(1)	(1)
Other comprehensive income – not to be reclassified**		(3)	-	(1)	(1)
<b>Other comprehensive income</b>		<b>(3)</b>	<b>(539)</b>	<b>(1)</b>	<b>(540)</b>
<b>COMPREHENSIVE INCOME</b>		<b>658</b>	<b>144</b>	<b>1,584</b>	<b>820</b>
Attributable to equity holders of the parent		658	144	1,584	820

\* Net other comprehensive income to be reclassified to profit or loss in subsequent periods.

\*\* Net other comprehensive income not to be reclassified to profit or loss in subsequent periods.

\*\*\* Reserve provided for the market (settlement) value of cash flow hedge (CCIRS) transaction related to HUF-based loan.

\*\*\*\* Translation difference of subsidiaries with functional currency other than the EUR.

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

	Share capital	Retained earnings	Valuation reserve	Treasury shares*	Accum. translation difference	Total equity
<b>December 31, 2014</b>	<u>250</u>	<u>25,953</u>	<u>-</u>	<u>(962)</u>	<u>(2,933)</u>	<u>22,308</u>
Profit for the period	-	1,585	-	-	-	1,585
Translation difference	-	-	-	-	(1)	(1)
Dividend	-	(2,004)	-	-	-	(2,004)
<b>June 30, 2015</b>	<u>250</u>	<u>25,534</u>	<u>-</u>	<u>(962)</u>	<u>(2,934)</u>	<u>21,888</u>
<b>December 31, 2015</b>	<u>250</u>	<u>26,446</u>	<u>-</u>	<u>(962)</u>	<u>(2,933)</u>	<u>22,801</u>
Profit for the period	-	1,360	-	-	-	1,360
Cash flow hedge reserve	-	-	(539)	-	-	(539)
Translation difference	-	-	-	-	(1)	(1)
Dividend	-	(2,333)	-	-	-	(2,333)
<b>June 30, 2016</b>	<u>250</u>	<u>25,473</u>	<u>(539)</u>	<u>(962)</u>	<u>(2,934)</u>	<u>21,288</u>

\* Treasury share details are disclosed in Note 21.

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



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

JUNE 30, 2016

(all amounts in thousands of euros unless otherwise stated)

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
<b>OPERATING ACTIVITIES</b>				
Income before tax	795	834	1,891	1,651
Depreciation and amortization	1,047	1,048	2,082	2,086
Gain on sale of tangible assets	(3)	-	(3)	-
Disposal of tangible assets	-	-	-	123
Interest expense	334	200	677	465
Interest income	(5)	-	(15)	(2)
Unrealized foreign exchange (gains) / losses	(20)	8	14	(14)
Changes in working capital:				
Increase in receivables and other current assets	(200)	(1,152)	(267)	(1,910)
Increase / (decrease) in liabilities	(322)	(281)	(335)	127
Corporate income tax paid	(10)	-	(133)	(113)
<b>Net cash from operating activities</b>	<b>1,616</b>	<b>657</b>	<b>3,911</b>	<b>2,413</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of tangible assets and intangibles	(237)	(1,679)	(391)	(3,419)
Sale of tangible assets	6	-	6	-
Interest paid - capitalized	-	(11)	-	(14)
Interest received	7	1	30	2
<b>Net cash used in investing activities</b>	<b>(224)</b>	<b>(1,689)</b>	<b>(355)</b>	<b>(3,431)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from receipt of loans	-	2,620	-	3,868
Loan repayments	(732)	(831)	(1,458)	(1,588)
Interest paid	(347)	(204)	(662)	(478)
Dividend paid	(2,002)	(2,305)	(2,002)	(2,305)
<b>Net cash used in financing activities</b>	<b>(3,081)</b>	<b>(720)</b>	<b>(4,122)</b>	<b>(503)</b>
Decrease in cash and cash equivalents	(1,689)	(1,752)	(566)	(1,521)
Cash and cash equivalents at beginning of period	6,102	4,976	4,822	4,794
Exchange rate gain / (loss) on cash and cash equivalents	(24)	48	133	(1)
<b>Cash and cash equivalents at end of period</b>	<b>4,389</b>	<b>3,272</b>	<b>4,389</b>	<b>3,272</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2016  
(all amounts in thousands of euros unless otherwise stated)

**1. General information**

**1.1. Business activities**

Graphisoft Park SE was established through a demerger from Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park 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.

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 19 on June 30, 2016.

**1.2. Properties**

The total area of Graphisoft Park is nearly 18 hectares. Over the past 18 years, 53,000 m<sup>2</sup> of office, laboratory and educational space have been developed and occupied by tenants. The remaining area provides the opportunity to develop an additional 70,000 m<sup>2</sup> of office space.

The real estate is categorized as follows:

<b>Area</b>	<b>Property</b>
Core area	modern office park spreading over 8.5 hectares of land, comprising 43,000 m <sup>2</sup> completed office and laboratory space, and further 8,000 m <sup>2</sup> office space under construction
Monument area	2.4 hectares of land comprising 10,000 m <sup>2</sup> of total rentable net internal area of the monument buildings, out of which 7,000 m <sup>2</sup> has been renovated
Development areas	6.8 hectares of development land, on which a 3,000 m <sup>2</sup> floor area dormitory has been constructed

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

**1.3. Stock information**

Graphisoft Park SE's share capital consists of 10,631,674 class "A" ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.

Ordinary shares of the Company are publicly traded at Budapest Stock Exchange from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

Shareholder	December 31, 2015		June 30, 2016	
	Shares (pcs)	Share (%)	Shares (pcs)	Share (%)
<b>ORDINARY SHARES:</b>	<b>10,631,674</b>	<b>85.00</b>	<b>10,631,674</b>	<b>85.00</b>
<b>Directors and management</b>	<b>3,514,538</b>	<b>28.11</b>	<b>3,424,082</b>	<b>27.38</b>
Bojár Gábor - Chairman of the BoD	3,185,125	25.47	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01	126,000	1.01
Kocsány János - Member of the BoD, CEO***	180,913	1.45	90,457	0.72
Hajba Róbert - CFO	9,000	0.07	9,000	0.07
<b>Shareholders over 5% share</b>	<b>2,139,524</b>	<b>17.10</b>	<b>2,593,707</b>	<b>20.74</b>
Concorde Alapkezelő Zrt.	1,643,881	13.14	1,598,064	12.78
AEGON Magyarország Befektetési Alapkezelő Zrt.****	495,643	3.96	995,643	7.96
<b>Other shareholders</b>	<b>4,428,536</b>	<b>35.40</b>	<b>4,064,809</b>	<b>32.49</b>
<b>Treasury shares*</b>	<b>549,076</b>	<b>4.39</b>	<b>549,076</b>	<b>4.39</b>
<b>EMPLOYEE SHARES**:</b>	<b>1,876,167</b>	<b>15.00</b>	<b>1,876,167</b>	<b>15.00</b>
Kocsány János - Member of the BoD, CEO	1,250,778	10.00	1,250,778	10.00
Hajba Róbert - CFO	625,389	5.00	625,389	5.00
<b>SHARES TOTAL:</b>	<b>12,507,841</b>	<b>100.00</b>	<b>12,507,841</b>	<b>100.00</b>

\* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details, see Note 21.

\*\* Class „B” employee shares bear different (reduced) rights to dividend at the proportion of one third of their face value, and are governed by the provisions of the Articles of Association and the Management Share Ownership Plan.

\*\*\* Share ownership of Kocsány János decreased in the first quarter of 2016 due to division of assets between family members.

\*\*\*\* AEGON Magyarország Befektetési Alapkezelő Zrt. has acquired 500,000 Graphisoft Park SE ordinary shares on February 24, 2016 through its managed funds in an over the counter transaction. Altogether with the completed recent transaction AEGON Magyarország Befektetési Alapkezelő Zrt. increased its Graphisoft Park SE stock to 995,643 shares with 7.96% of the voting rights.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

**1.4. Governance**

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

<b>Name</b>	<b>Position</b>	<b>From</b>	<b>Until</b>
Bojár Gábor	Chairman	August 21, 2006	May 31, 2018
Dr. Kálmán János	Member	August 21, 2006	May 31, 2018
Kocsány János	Member	April 28, 2011	May 31, 2018
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2018
Szigeti András	Member	July 21, 2014	May 31, 2018

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

**2. Accounting policies**

The accounting policies adopted are consistent with those of the previous financial year (see in Notes to the Consolidated Financial Statements 2015), with the following differences:

The Company's business activities are neither seasonal nor cyclical; revenues and expenses generally accrue at a constant rate during the course of the financial year. Certain one-off transactions may affect the results from one quarter to the next.

Exchange rates used are as follows:

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>
EUR/HUF opening:	299.14	314.16	314.89	313.12
EUR/HUF closing:	315.04	316.16	315.04	316.16
EUR/HUF average:	306.11	313.32	307.45	312.68



**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

**3. Cash and cash equivalents**

	December 31, 2015	June 30, 2016
Cash in hand	1	1
Cash at banks	4,793	3,271
<b>Cash and bank</b>	<b>4,794</b>	<b>3,272</b>

**4. Trade receivables**

	December 31, 2015	June 30, 2016
Trade receivables	190	546
Provision for doubtful debts	(12)	(12)
<b>Trade receivables</b>	<b>178</b>	<b>534</b>

Trade receivables are on 8-30 day payment terms.

**5. Current tax receivables and liabilities**

	December 31, 2015	June 30, 2016
Current tax receivables	131	43
Current tax liabilities	(123)	(181)
<b>Current tax receivable (liability), net</b>	<b>8</b>	<b>(138)</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

**6. Other current assets**

	December 31, 2015	June 30, 2016
Accrued income	103	40
Prepaid expense	21	9
Bank security accounts	-	602
Construction fund manager accounts	-	993
Other receivables	1	6
<b>Other current assets</b>	<b>125</b>	<b>1,650</b>

**7. Tangible and intangible assets – book values**

	December 31, 2015	June 30, 2016
Investment property	60,254	62,190
Other tangible assets	273	271
Intangible assets	-	1
<b>Tangible and intangible assets (net)</b>	<b>60,527</b>	<b>62,462</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2016  
(all amounts in thousands of euros unless otherwise stated)

The table shows movements of investment property during the period:

	Land and buildings	Construction in progress	Investment property
<b>Net value:</b>			
<b>December 31, 2015</b>	58,009	2,245	<b>60,254</b>
<b>Gross value:</b>			
December 31, 2015	92,911	2,245	<b>95,156</b>
Additions	-	4,102	<b>4,102</b>
Capitalizations	71	(71)	-
Disposals	(274)	-	<b>(274)</b>
<b>June 30, 2016</b>	92,708	6,276	<b>98,984</b>
<b>Depreciation:</b>			
December 31, 2015	34,902	-	<b>34,902</b>
Additions	2,043	-	<b>2,043</b>
Disposals	(151)	-	<b>(151)</b>
<b>June 30, 2016</b>	36,794	-	<b>36,794</b>
<b>Net value:</b>			
<b>June 30, 2016</b>	55,914	6,276	<b>62,190</b>

Additions in construction in progress of 4,102 thousand EUR comprise the following:

- new developments in progress (4,011 thousand EUR) and other developments (52 thousand EUR) in the core area,
- new developments under preparation (37 thousand EUR) in the southern area, and
- developments in the monument area (2 thousand EUR).

Capitalizations in the value of 71 thousand EUR comprise the following:

- other developments completed in the core area (69 thousand EUR), and
- developments completed in the monument area (2 thousand EUR).

Construction in progress totaling 6,276 thousand EUR comprises the cost of the monument area's buildings to be renovated (1,145 thousand EUR), the cost of new developments in progress in the core area (5,094 thousand EUR) and the cost of new developments under preparation (37 thousand EUR) taking place in the southern area.

The Company capitalized 14 thousand EUR interest expense and 31 thousand EUR exchange rate gain on construction in progress in the first half of 2016.

New developments began in Graphisoft Park in 2015, which will result in the construction of 8,000 m2 new office space by 2017. The construction of the new buildings required the demolition of older buildings (marked N, L and K). Demolition works started in the third quarter of 2015 and accordingly net book values of buildings demolished (535 thousand EUR) marked N and L has been written off. The demolition of Building K started in 2016 and accordingly net book value of this building (123 thousand euros) has been written off in the first quarter of 2016.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

Investment property **fair value** estimates are disclosed annually, in the Annual Report.

**8. Investments**

	December 31, 2015	June 30, 2016
AIT-Budapest Aquincum Institute of Technology Kft.	100	100
<b>Investments</b>	<b>100</b>	<b>100</b>

The Company acquired a 10 % ownership share (100 thousand EUR) in AIT-Budapest Aquincum Institute of Technology Kft. in 2009.

**9. Trade payables**

	December 31, 2015	June 30, 2016
Trade payables - domestic	961	1,863
<b>Trade payables</b>	<b>961</b>	<b>1,863</b>

**10. Other short-term liabilities**

	December 31, 2015	June 30, 2016
Amounts due to employees	41	45
Deposits from tenants	608	600
Other payables and accruals	952	775
<b>Other short-term liabilities</b>	<b>1,601</b>	<b>1,420</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

**11. Loans**

	December 31, 2015	June 30, 2016
Short-term	3,243	3,444
Long-term	36,737	38,816
<b>Loans</b>	<b>39,980</b>	<b>42,260</b>

**Loans provided by Westdeutsche ImmobilienBank AG:**

	December 31, 2015	June 30, 2016
Short-term	3,243	3,444
Long-term	36,737	34,948
<b>Loans / Westdeutsche ImmobilienBank AG</b>	<b>39,980</b>	<b>38,392</b>

The total original capital amount of the loans provided by Westdeutsche ImmobilienBank AG from 2007 is 58 million EUR. The loan contract expires in 2019. The loans are denominated and due in EUR. Part of the loans is subject to fixed interest rate and part to a floating rate. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge. The Company had no undrawn borrowing facilities as of the balance sheet date.

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

	December 31, 2015	June 30, 2016
Short-term	-	-
Long-term	-	3,868
<b>Loans / Erste Bank Hungary Zrt.</b>	<b>-</b>	<b>3,868</b>

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015 for a 16.5 million EUR credit facility with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement Erste Bank shall make available a 4 billion HUF credit facility within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 5 million EUR market rate credit facility to Graphisoft Park (16.5 million EUR maximum altogether). The loan agreement is complemented by hedging agreements to cover exchange and interest rate risks (cross currency interest rate swap (CCRIS) for the HUF based loan and interest rate swap (IRS) for the EUR based loan). Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2016  
(all amounts in thousands of euros unless otherwise stated)

3,868 thousand EUR (1,223 million HUF) was drawn from the credit facility until June 30, 2016. Borrowing costs of the loan will be capitalized on construction in progress until the completion of the new developments in 2017.

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement covering the entire loan amount (cash flow), by which we have converted the forint-based capital and interest service obligations onto euro base from the beginning of the loan repayment period for its entire duration. The management expects the forint-based loan and the related cash flow hedge (CCIRS) transaction agreement to remain in place until the end of their terms, therefore the market value of the cash flow hedge (CCIRS) transaction on the reporting date (the cost of premature closing on the reporting date calculated based on the bank's statement) is accounted in equity (Valuation reserve) and among long term liabilities (Long-term financial liability) according to the rules of International Financial Reporting Standards (IFRS).

**12. Long-term financial liability**

	December 31, 2015	June 30, 2016
Market (settlement) value of cash flow hedge transaction	-	599
<b>Long-term financial liability</b>	<b>-</b>	<b>599</b>

\* The long-term financial liability contains solely the market (settlement) value of the cash flow hedge (CCIRS) transaction related to the forint-based loan facility made available by Erste Bank Hungary Zrt as of the reporting date. Transaction details are disclosed in Note 11 (Loans).

**13. Deferred taxes**

	December 31, 2015	June 30, 2016
Development reserve	675	750
Depreciation	(22)	(22)
Loss carried forward	(264)	(218)
Cash flow hedge*	-	(60)
<b>Deferred tax liability, net</b>	<b>389</b>	<b>450</b>

\* The deferred tax impact of the market (settlement) value of the cash flow hedge (CCIRS) transaction related to the forint-based loan facility made available by Erste Bank Hungary Zrt. as of the reporting date. Transaction details are disclosed in note 11 (Loans).



**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2016  
(all amounts in thousands of euros unless otherwise stated)

**14. Revenue**

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Property rental	2,398	2,385	4,827	4,780
<b>Revenue</b>	<b>2,398</b>	<b>2,385</b>	<b>4,827</b>	<b>4,780</b>

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

**15. Operating expense**

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Property related expense	18	11	34	26
Employee related expense	244	293	340	421
Other operating expense	81	82	150	142
Depreciation and amortization	1,047	1,048	2,082	2,086
<b>Operating expense</b>	<b>1,390</b>	<b>1,434</b>	<b>2,606</b>	<b>2,675</b>

Other operating expense consists of the following items:

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Office and telecommunication	3	3	7	6
Legal and administration	44	39	79	65
Marketing	8	8	16	17
Other	26	32	48	54
<b>Other operating expense</b>	<b>81</b>	<b>82</b>	<b>150</b>	<b>142</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2016  
(all amounts in thousands of euros unless otherwise stated)

**16. Other income (expense)**

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Income from recharged construction expenses	52	99	85	170
Recharged construction expenses	(41)	(82)	(67)	(144)
Income from recharged operation expenses	851	866	1,751	1,740
Recharged operation expenses	(800)	(806)	(1,649)	(1,613)
Disposal of tangible assets*	-	-	-	(123)
Others	22	(3)	29	2
<b>Other income (expense)</b>	<b>84</b>	<b>74</b>	<b>149</b>	<b>32</b>

\* New developments began in Graphisoft Park in 2015, which will result in the construction of 8,000 m2 new office space by 2017. The construction of the new buildings required the demolition of older buildings (marked N, L and K). Demolition works started in the third quarter of 2015 and accordingly net book values of buildings demolished (535 thousand EUR) marked N and L has been written off. The demolition of Building K started in 2016 and accordingly net book value of this building (123 thousand euros) has been written off in the first quarter of 2016.

**17. Interest**

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Interest received	5	-	15	2
<b>Interest income</b>	<b>5</b>		<b>15</b>	<b>2</b>
Interest paid on loans	(333)	(210)	(674)	(477)
Other interest paid	(1)	(1)	(3)	(2)
Borrowing cost capitalized	-	11	-	14
<b>Interest expense</b>	<b>(334)</b>	<b>(200)</b>	<b>(677)</b>	<b>(465)</b>
<b>Net interest expense</b>	<b>(329)</b>	<b>(200)</b>	<b>(662)</b>	<b>(463)</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE QUARTER ENDED JUNE 30, 2016  
 (all amounts in thousands of euros unless otherwise stated)

**18. Exchange rate difference**

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Exchange rate gain (loss) realized	36	(12)	64	(5)
Exchange rate gain (loss) not realized	(4)	40	119	13
Exchange rate gain not realized capitalized	-	(19)	-	(31)
<b>Exchange rate gain (loss)</b>	<b>32</b>	<b>9</b>	<b>183</b>	<b>(23)</b>

**19. Income taxes**

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Current income tax	(85)	(86)	(173)	(171)
Deferred income tax	(49)	(65)	(133)	(120)
<b>Income tax expense</b>	<b>(134)</b>	<b>(151)</b>	<b>(306)</b>	<b>(291)</b>

Applicable tax rates are: income tax 10%, local business tax 2%.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE QUARTER ENDED JUNE 30, 2016  
(all amounts in thousands of euros unless otherwise stated)

**20. Earnings per share**

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

	3 months ended		6 months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Net profit attributable to equity holders	661	683	1,585	1,360
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
<b>Basic earnings per share (EUR)</b>	<b>0.07</b>	<b>0.07</b>	<b>0.16</b>	<b>0.13</b>
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
<b>Diluted earnings per share (EUR)</b>	<b>0.07</b>	<b>0.07</b>	<b>0.16</b>	<b>0.13</b>

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined.

Share ownerships details are disclosed in Note 1.3.

**21. Treasury shares**

Graphisoft Park SE treasury share details are as follows:

	December 31, 2015	June 30, 2016
Number of shares	549,076	549,076
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	10,982	10,982
<b>Treasury shares (at historical cost)</b>	<b>962</b>	<b>962</b>

## **22. Commitments, contingencies**

### **Development for education purposes**

The Group has a contractual commitment to develop 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 approval of the zoning plan for the area and the execution of the plot division. The zoning plan has been approved, the plot division may take several years to be carried out. The university campus was completed and handed over in September 2014. The educational program started in 2010 extended further with the International Business School (IBS) moving in.

In accordance with the project to develop a part of the property for educational purposes, the Company signed a cooperation agreement with AIT-Budapest Aquincum Institute of Technology Kft. in 2009. 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 responsibilities 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.

### **Legal proceedings**

Graphisoft Park SE's wholly owned subsidiary, Graphisoft Park Ingatlanfejlesztő Kft. filed suit on June 8, 2016 against the Municipality of Budapest for the removal of a pledge over property.

As published in our previous reports, in the purchase of land contract with the Municipality of Budapest in 2008 we have undertaken the duty to carry out development for educational purpose by renovating the protected monument parts of the purchased property. To secure the realization of this duty a pledge in the value of 1 billion forints had been recorded. The starting date of the 5 year deadline (execution of plot division) for completing the development has not passed yet, we have met and exceeded our duties ahead of time (see details in the „ Development for education purposes” section above). As the Municipality has refused our request to remove the pledge over property, we have filed suit to the same end with the Budapest-Capital Regional Court.

## **23. Approval of financial statements**

Following the recommendation of the Board of Directors, the Annual General Meeting on April 28, 2016 approved the 2015 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 65,874 thousand EUR and a profit for the year of 2,497 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 72 HUF per ordinary share, 24 HUF per employee share, 770,975 thousand HUF in total (2,478 thousand EUR on the exchange rate of April 28, 2016). The starting date for dividend payments was May 31, 2016. The Company paid out the dividends to the shareholders identified by shareholder's registration.

## **24. Declaration**

**Statement of responsibility** - *We declare that the Half-year Report which has been prepared in accordance with the applicable accounting standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its 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.*