

GRAPHISOFT PARK SE PARENT COMPANY ANNUAL REPORT 2018



GRAPHISOFTPARK



Business Report

Overview

Graphisoft Park SE (the “Company”) carries out its real estate development, leasing and operation activity, being the sole activity of the Graphisoft Park group, via its subsidiaries specialized in real estate development and operation. The detailed presentation of the business activities of Graphisoft Park Group are presented in the consolidated financial statements of Graphisoft Park SE.

Graphisoft Park SE had the following individual activity during 2018:

- Revenues from dividends from the subsidiaries.

Events in 2018

Graphisoft Park Engineering & Management Kft. established by the Company in December 2017 is responsible for the Group’s certain property management, engineering and administration activities from January 1, 2018.

The Company has five fully owned subsidiaries as of December 31, 2018 as set out below:

	Ownership / Voting right (%)	December 31, 2018
Graphisoft Park Kft.	100	1,720,039
Graphisoft Park South I. Kft.	100	4,848,863
Graphisoft Park South II. Development Kft.	100	270,185
Graphisoft Park Services Kft.	100	107,418
Graphisoft Park Engineering & Management Kft.	100	289,350
Investment value (EUR)		7,235,855

The Company recognized revenues from dividends from its subsidiaries in amount of 5,509,746 EUR in 2018 (2,500,000 EUR in 2017).

The Company's registration as a regulated real estate investment company

The designation of the regulated real estate investment company (SZIT) as a new company form for doing business was introduced by the Act 102 of 2011. This Act was substantially modified by the Hungarian Parliament on June 13, 2017.

The regulated real estate investment company (SZIT), as well as the regulated real estate investment pre-company (SZIE) are public companies limited by shares that fulfill the requirements of the governing law (Act 102 of 2011 on regulated real estate investment companies) and are therefore eligible for registration with the national tax authority as SZIT or SZIE and are registered as such upon request from the company, which entitles them to certain tax benefits.

The main requirements of acquiring the SZIT designation are as follow (for the complete list and details see Act 102 of 2011):

- (a) the company's business activities are restricted to a number of real estate related activities (buying and selling/renting/operating of own real estate, management of real estate, facilities support activities, asset management),
- (b) the company is not under voluntary or court ordered winding-up, termination or bankruptcy proceedings;
- (c) proposes dividend at least at the amount of 90% of its results, or if the company's liquid funds are less than that, then the company shall pay 90% of its liquid funds in dividends, unless a loan agreement concluded with a credit institution restricts such payments,
- (d) the company owns no shares in other businesses other than in its own project companies (subsidiaries), in different regulated real estate investment companies (maximum 10% share ownership) and in companies organizing construction projects,
- (e) the direct and combined voting rights of credit institutions and insurance companies are limited to 10% of all voting rights within the company,
- (f) it has at least 5 billion HUF (consolidated) initial capital,
- (g) it is publicly listed and issues only ordinary and employee shares,
- (h) at least 25% of the total number of shares is owned by shareholders, of whom no individual shareholder owns – directly or indirectly – more than 5% of the total number of shares.

The requirements for SZIE designation are to fulfill points (a) through (e) in the list above.

There are further requirements in the regulation concerning the company's asset-portfolio and operations that are pre-requisites of applying for the SZIT designation.

The tax benefits of the SZIT and SZIE designations are as follow (for details see Act 102 of 2011 and the tax laws concerned):

- exemption from corporate income tax,
- exemption from local business tax,
- preferential (2%) property acquisition duty rate.

The Board of Directors recommended for the Company to apply for the SZIE and SZIT designation with the necessary modifications to the Articles of Association proposed to the General Meeting. The Company's General Meeting convened on July 14, 2017 and approved the proposals of the Board.

The registration under the SZIT designation was carried out in two steps:

- The Company has already fulfilled the requirements to be registered under the SZIE designation, and by its own request the national tax authority registered the Company as a regulated real estate investment pre-company (SZIE) by the date of July 31, 2017. The effects of the tax benefits prescribed by the law are kicking in from the day of registration.
- After fulfilling all the legal requirements, the Company has been registered as SZIT as of January 1, 2018.

Plans for 2019

Graphisoft Park SE will continue solely generating revenues from dividends paid by its subsidiaries.

We have not identified any factors of risk or uncertainty that could have a substantial impact on the business processes of the Company.

General information*Graphisoft Park SE*

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or "Graphisoft Park SE") is incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. The registered address of the Company is H-1031 Budapest, Záhony utca 7, Hungary; its website is www.graphisoftpark.com.

Corporate Governance

Public companies are increasingly expected to state clearly their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange (BSE), we are highly committed to meeting these expectations and legal and stock exchange requirements (publicly available at BSE website: bse.hu).

The Statutes of Graphisoft Park SE provides as governing bodies the general meeting of shareholders and the Board of Directors (single-tier system). Under the single-tier system, the SE is managed by the Board of Directors. The members of the Board of Directors have the power to represent the company in dealings with third parties. Under the single-tier system the Board of Directors may delegate the power of management to one or more of its members. The independent members of the Board of Directors form the Audit Committee.

General Meeting

The General Meeting is the principal body of the Company, which comprises all the shareholders. The following activities shall fall within the exclusive authority of the General Meeting (inter alia, see details in the Articles of Association: graphisoftpark.com/corporate-governance):

- Decision on the establishment of, and amendment to these Articles, unless otherwise provided by the Companies Act;
- Electing and dismissing the members and chairman of the Board of Directors, the auditor, and determining their remuneration, including their service as members of the committees of the Board of Directors.

Board of Directors

The Board of Directors is responsible for the Company's management and decides on matters other than those that must be determined by shareholders. The Board of Directors is required to report annually to the shareholders at the annual general meeting of the shareholders.

Pursuant to the Company's Articles of Association, the Board of Directors consists of a minimum of 5 and a maximum of 11 members elected at the annual general meeting of the shareholders for a term not to exceed of 5 years. Presently Graphisoft Park SE operates with 6 members of Board.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of major for a quorum. Each member has one vote. The Board of Directors passes resolutions by simple majority vote.

Members of the Board of Directors:

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

Audit Committee

The Audit Committee assists in the appointment of independent auditors to be elected by the annual general meeting and reviews the scope of external audit services. It must pre-approve all audit and non-audit services to be performed by the external auditor.

The Audit Committee also reviews the annual financial statements of Graphisoft Park, taking into account the results of the audits and reviews performed by the independent auditors. The Audit Committee also reviews financial reports submitted to the stock exchanges, banks and regulatory bodies.

The Audit Committee shall have as many as necessary but at least four meetings each year. Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

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

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, 2017			December 31, 2018		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	88.97	10,631,674	100.00	88.97
Directors and management	3,829,082	36.02	33.79	2,715,082	25.54	23.96
Bojár Gábor - Chairman of the BoD	3,185,125	29.96	28.10	2,485,125	23.37	21.93
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Szigeti András - Member of the BoD	126,000	1.19	1.11	126,000	1.19	1.11
Hornung Péter – Member of the BoD	414,000	3.89	3.65	-	-	-
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
Shareholders over 5% share	2,496,144	23.48	22.02	3,298,195	31.02	29.10
HOLD Alapkezelő Zrt.	1,449,701	13.64	12.79	1,504,628	14.15	13.28
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,046,443	9.84	9.23	1,093,567	10.29	9.65
B.N.B.A. Holding Zrt.	-	-	-	700,000	6.58	6.18
Other shareholders	3,757,372	35.34	33.16	4,069,321	38.28	35.91
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	11.03	1,876,167	-	11.03
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares*	625,389	-	-	625,389	-	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights.

** Class „B” employee shares are not marketable, connected to employment, may be withdrawn by the Board of Directors at any time, have no voting rights in decisions that require qualified majority and bear reduced rights to dividend at the proportion of one third of their face value. In the financial statements of the Company these payments are accounted as employee related expense instead of dividend. The Articles of Association and the Management Share Ownership Plan govern all other matters related to the employee shares.

Human resources

We ensure the continuous development of our employees, in addition we pay particular attention to special labour safety prescriptions.

Diversity policy

Graphisoft Park SE prohibits discrimination against any person based on gender identity, age, disability, race or ethnicity, gender preferences and religion and will not tolerate any form of discrimination in the workplace. The Holding is committed to provide a working environment free from discrimination and equal opportunities to all of its employees, with regards to its cultural and legal environment.

The Company will designate its managing officers and persons responsible for controlling its operation in accordance with its policies and commitments. The Company is committed to promoting and endeavours to achieve the highest level of diversity through the consistent practical implementation of its HR policies.

Environment protection

Based on the activity of the Company it has no environmental risks or liabilities.

Events after the balance sheet date

Proposed dividend by the Board: The annual financial statements of the Company for the year 2018 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, 2019. The Board proposes dividend distribution of 126 HUF per ordinary share, and 42 HUF per employee share to be approved by the Annual General Meeting of Graphisoft Park SE of April 29, 2019. The Annual General Meeting has the power to amend the annual financial statements.

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 Financial Statements which have been prepared in accordance with International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE, together with a description of the principal risks and uncertainties of its business.*

Budapest, March 22, 2019



Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

PARENT COMPANY FINANCIAL STATEMENTS

for the year ended December 31, 2018

in accordance with International Financial Reporting Standards (IFRS)

(audited)

Budapest, March 22, 2019

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

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018

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Independent Auditor's Report

to the Shareholders of Graphisoft Park SE Ingatlanfejlesztő Európai Rt.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. (the „Company”) for the year 2018 which comprise the balance sheet as at December 31, 2018 - which shows an equal amount of total assets and total liabilities of EUR 7 546 202 -, and the related statement of income and statement of comprehensive income - which shows a net profit for the year of EUR 4 910 997 -, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. as at December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS”), and the financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (hereinafter: “the Accounting Act”) relevant to the entities preparing financial statements in accordance with EU IFRS.

Basis for the opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing (“HNSA”) and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors’ Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IEASBA Code of Ethics) and we also comply with further ethical requirements set out in Rules and Standards.

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

BDO Magyarország Könyvvizsgáló Kft. egy magyar korlátolt felelősségű társaság, az egyesült királyságbeli BDO International Limited garancia alapú korlátolt felelősségű társaság tagja és a független cégekből álló nemzetközi BDO hálózat része.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information: the business report

The other information comprises the business report of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. for the year 2018. Management is responsible for the preparation of the business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the financial statements expressed in the “Opinion” section of our independent auditor’s report does not cover the business report.

In connection with our audit of the financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the business report is materially misstated we are required to report this fact and the nature of the misstatement.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the business report also include reviewing the business report to assess whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the business report complies with the requirements of Section 95/B. (2) e) and f) of the Accounting Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B. (2) a)-d), g) and h) has been provided in the business report.

In our opinion, the business report of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. for 2018 corresponds to the financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. for 2018 and the relevant provisions of the Accounting Act in all material respects. The information referred to in Section 95/B. (2) a)-d), g) and h) of the Accounting Act has been provided. As there is no other regulation prescribing further requirements for the Company’s business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the business report therefore we have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

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

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

BDO Magyarország Könyvvizsgáló Kft. egy magyar korlátolt felelősségű társaság, az egyesült királyságbeli BDO International Limited garancia alapú korlátolt felelősségű társaság tagja és a független cégekből álló nemzetközi BDO hálózat része.

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- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. by the General Meeting of Shareholders on 26 April 2018 and since then our engagement lasts without interruption.

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Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of Graphisoft Park SE Ingatlanfejlesztő Európai Rt., which we issued on 22 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Graphisoft Park SE Ingatlanfejlesztő Európai Rt. and its controlled undertakings and which have not been disclosed in the financial statements or in the business report.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

Budapest, 22 March 2019


Edmond Gaál
Managing Director

BDO Hungary Audit Ltd.
1103 Budapest, Kőér utca 2/A
Registration number: 002387




Péter Kékesi
Certified Auditor
Chamber registration No.:
007128

This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.

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GRAPHISOFT PARK SE
BALANCE SHEET
AS OF DECEMBER 31, 2018
(all amounts in EUR unless otherwise stated)

	Notes	December 31, 2017	December 31, 2018
Cash and cash equivalents	5	1,588,094	252,287
Receivables from related parties	6	280,533	47
Current tax receivable	7	26,879	49,955
Other current assets	8	13,196	6,198
Current assets		1,908,702	308,487
Property, plant and equipment	9	3,143	1,860
Investments	10	3,733,855	7,235,855
Non-current assets		3,736,998	7,237,715
TOTAL ASSETS		5,645,700	7,546,202
Trade payables	11	21,133	5,028
Payables due to related parties	12	-	70,826
Current tax liability	7	62,974	6,445
Other short-term liabilities	13	54,748	38,694
Current liabilities		138,855	120,993
TOTAL LIABILITIES		138,855	120,993
Share capital	1.2	250,157	250,157
Retained earnings		6,230,980	8,149,344
Treasury shares	20	(974,292)	(974,292)
Shareholders' equity		5,506,845	7,425,209
TOTAL LIABILITIES & EQUITY		5,645,700	7,546,202

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

GRAPHISOFT PARK SE
STATEMENT OF INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (all amounts in EUR unless otherwise stated)

	Notes	December 31, 2017	December 31, 2018
Revenue from services		1,173,545	-
Dividend income		2,500,000	5,509,746
Revenue	14	3,673,545	5,509,746
Employee related expense		(690,983)	(355,962)
Operating expense		(440,084)	(226,819)
Depreciation and amortization		(34,832)	(1,283)
Operating expense	15	(1,165,899)	(584,064)
Other (expense) income	16	(55,251)	100
OPERATING PROFIT		2,452,395	4,925,782
Interest income		19,655	-
Exchange rate difference		(31,778)	(14,785)
Financial result	17	(12,123)	(14,785)
PROFIT BEFORE TAX		2,440,272	4,910,997
Income tax expense	18	(22,940)	-
PROFIT FOR THE YEAR		2,417,332	4,910,997
Attributable to equity holders of the parent		2,417,332	4,910,997

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

GRAPHISOFT PARK SE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(all amounts in EUR unless otherwise stated)

	Notes	December 31, 2017	December 31, 2018
Profit for the year		2,417,332	4,910,997
COMPREHENSIVE INCOME		2,417,332	4,910,997
Attributable to equity holders of the parent		2,417,332	4,910,997

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

GRAPHISOFT PARK SE
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (all amounts in EUR unless otherwise stated)

	Share capital	Retained earnings	Treasury shares*	Total equity
January 1, 2017	<u>250,157</u>	<u>6,325,522</u>	<u>(961,741)</u>	<u>5,613,938</u>
Profit for the period	-	2,417,332	-	2,417,332
Dividend	-	(2,511,874)	-	(2,511,874)
Purchase of treasury shares	-	-	(12,551)	(12,551)
December 31, 2017	<u>250,157</u>	<u>6,230,980</u>	<u>(974,292)</u>	<u>5,506,845</u>
Profit for the period	-	4,910,997	-	4,910,997
Dividend**	-	(2,992,633)	-	(2,992,633)
December 31, 2018	<u>250,157</u>	<u>8,149,344</u>	<u>(974,292)</u>	<u>7,425,209</u>

* Treasury share details are disclosed in Note 20.

** Dividend details are disclosed in Note 26.

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

GRAPHISOFT PARK SE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(all amounts in EUR unless otherwise stated)

	Note	December 31, 2017	December 31, 2018
OPERATING ACTIVITIES			
Profit before tax		2,417,332	4,910,997
Depreciation and amortization		34,832	1,283
(Gain) on sale of tangible assets		(3,186)	-
Interest (income)		(19,655)	-
Unrealized foreign exchange (gains) losses		(606)	17,328
Changes in working capital:			
(Increase) / decrease in receivables and other current assets		(118,940)	266 167
(Decrease) in payables and accruals		(1,209)	(35,874)
Corporate income tax paid		(35,296)	(1,759)
Net cash from operating activities		2,273,272	5,158,142
INVESTING ACTIVITIES			
Purchase of property plant and equipment		(108,512)	-
Proceeds from disposal of property, plant and equipment		168,233	-
Repayment of loans receivable		1,836,841	-
Purchase of investments		(107,418)	-
Establishment of a subsidiary		(289,350)	-
Capital increase in a subsidiary	10	-	(3,502,000)
Interest received		19,655	-
Net cash from / (used) in investing activities		1,519,449	(3,502,000)
FINANCING ACTIVITIES			
Dividend paid	26	(2,511,874)	(2,992,633)
Net cash used in financing activities		(2,511,874)	(2,992,633)
Increase / (decrease) in cash and cash equivalents		1,280,847	(1,336,491)
Cash and cash equivalents at beginning of year		306,884	1,588,094
Exchange rate gain on cash and cash equivalents		363	684
Cash and cash equivalents at end of year		1,588,094	252,287

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

GRAPHISOFT PARK SE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
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1. General information

1.1. Graphisoft Park SE

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or "Graphisoft Park SE") is incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. The registered address of the Company is H-1031 Budapest, Záhony utca 7, Hungary; its website is www.graphisoftpark.com.

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

Average headcount of the Company was 1 in 2018 and 9 in 2017.

The Company's registration as a regulated real estate investment company:

The designation of the regulated real estate investment company (SZIT) as a new company form for doing business was introduced by the Act 102 of 2011. This Act was substantially modified by the Hungarian Parliament on June 13, 2017.

The regulated real estate investment company (SZIT), as well as the regulated real estate investment pre-company (SZIE) are public companies limited by shares that fulfill the requirements of the governing law (Act 102 of 2011 on regulated real estate investment companies) and are therefore eligible for registration with the national tax authority as SZIT or SZIE and are registered as such upon request from the company, which entitles them to certain tax benefits.

The main requirements of acquiring the SZIT designation are as follow (for the complete list and details see Act 102 of 2011):

- (i) the company's business activities are restricted to a number of real estate related activities (buying and selling/renting/operating of own real estate, management of real estate, facilities support activities, asset management),
- (j) the company is not under voluntary or court ordered winding-up, termination or bankruptcy proceedings;
- (k) proposes dividend at least at the amount of 90% of its results, or if the company's liquid funds are less than that, then the company shall pay 90% of its liquid funds in dividends, unless a loan agreement concluded with a credit institution restricts such payments,
- (l) the company owns no shares in other businesses other than in its own project companies (subsidiaries), in different regulated real estate investment companies (maximum 10% share ownership) and in companies organizing construction projects,
- (m) the direct and combined voting rights of credit institutions and insurance companies are limited to 10% of all voting rights within the company,
- (n) it has at least 5 billion HUF (consolidated) initial capital,
- (o) it is publicly listed and issues only ordinary and employee shares,
- (p) at least 25% of the total number of shares is owned by shareholders, of whom no individual shareholder owns – directly or indirectly – more than 5% of the total number of shares.

The requirements for SZIE designation are to fulfill points (a) through (e) in the list above.

There are further requirements in the regulation concerning the company's asset-portfolio and operations that are pre-requisites of applying for the SZIT designation.

GRAPHISOFT PARK SE
NOTES TO THE FINANCIAL STATEMENTS
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The tax benefits of the SZIT and SZIE designations are as follow (for details see Act 102 of 2011 and the tax laws concerned):

- exemption from corporate income tax,
- exemption from local business tax,
- preferential (2%) property acquisition duty rate.

The Board of Directors recommended for the Company to apply for the SZIE and SZIT designation with the necessary modifications to the Articles of Association proposed to the General Meeting. The Company's General Meeting convened on July 14, 2017 and approved the proposals of the Board.

The registration under the SZIT designation was carried out in two steps:

- The Company has already fulfilled the requirements to be registered under the SZIE designation, and by its own request the national tax authority registered the Company as a regulated real estate investment pre-company (SZIE) by the date of July 31, 2017. The effects of the tax benefits prescribed by the law are kicking in from the day of registration.
- After fulfilling all the legal requirements, the Company has been registered as SZIT as of January 1, 2018.

GRAPHISOFT PARK SE
NOTES TO THE FINANCIAL STATEMENTS
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1.2. 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, 2017			December 31, 2018		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	88.97	10,631,674	100.00	88.97
Directors and management	3,829,082	36.02	33.79	2,715,082	25.54	23.96
Bojár Gábor - Chairman of the BoD	3,185,125	29.96	28.10	2,485,125	23.37	21.93
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Szigeti András - Member of the BoD	126,000	1.19	1.11	126,000	1.19	1.11
Hornung Péter – Member of the BoD	414,000	3.89	3.65	-	-	-
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
Shareholders over 5% share	2,496,144	23.48	22.02	3,298,195	31.02	29.10
HOLD Alapkezelő Zrt.	1,449,701	13.64	12.79	1,504,628	14.15	13.28
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,046,443	9.84	9.23	1,093,567	10.29	9.65
B.N.B.A. Holding Zrt.	-	-	-	700,000	6.58	6.18
Other shareholders	3,757,372	35.34	33.16	4,069,321	38.28	35.91
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	11.03	1,876,167	-	11.03
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares*	625,389	-	-	625,389	-	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

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

** Class „B” employee shares are not marketable, connected to employment, may be withdrawn by the Board of Directors at any time, have no voting rights in decisions that require qualified majority and bear reduced rights to dividend at the proportion of one third of their face value. In the financial statements of the Company these payments are accounted as employee related expense instead of dividend. The Articles of Association and the Management Share Ownership Plan govern all other matters related to the employee shares.

GRAPHISOFT PARK SE
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1.3. Corporate Governance

Public companies are increasingly expected to state clearly their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange (BSE), we are highly committed to meeting these expectations and legal and stock exchange requirements (publicly available at BSE website: bse.hu).

The Statutes of Graphisoft Park SE provides as governing bodies the general meeting of shareholders and the Board of Directors (single-tier system). Under the single-tier system, the SE is managed by the Board of Directors. The members of the Board of Directors have the power to represent the company in dealings with third parties. Under the single-tier system the Board of Directors may delegate the power of management to one or more of its members. The independent members of the Board of Directors form the Audit Committee.

General Meeting

The General Meeting is the principal body of the Company, which comprises all the shareholders. The following activities shall fall within the exclusive authority of the General Meeting (inter alia, see details in the Articles of Association: graphisoftpark.com/corporate-governance):

- Decision on the establishment of, and amendment to these Articles, unless otherwise provided by the Companies Act;
- Electing and dismissing the members and chairman of the Board of Directors, the auditor, and determining their remuneration, including their service as members of the committees of the Board of Directors.

Board of Directors

The Board of Directors is responsible for the Company's management and decides on matters other than those that must be determined by shareholders. The Board of Directors is required to report annually to the shareholders at the annual general meeting of the shareholders.

Pursuant to the Company's Articles of Association, the Board of Directors consists of a minimum of 5 and a maximum of 11 members elected at the annual general meeting of the shareholders for a term not to exceed of 5 years. Presently Graphisoft Park SE operates with 6 members of Board.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of major for a quorum. Each member has one vote. The Board of Directors passes resolutions by simple majority vote.

Members of the Board of Directors:

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

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Audit Committee

The Audit Committee assists in the appointment of independent auditors to be elected by the annual general meeting and reviews the scope of external audit services. It must pre-approve all audit and non-audit services to be performed by the external auditor.

The Audit Committee also reviews the annual financial statements of Graphisoft Park SE, taking into account the results of the audits and reviews performed by the independent auditors. The Audit Committee also reviews financial reports submitted to the stock exchanges, banks and regulatory bodies.

The Audit Committee shall have as many as necessary but at least four meetings each year. Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

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

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2. Accounting policies

2.1. Basis of preparation

The financial statements of Graphisoft Park SE 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 financial statements and applicable to Graphisoft Park SE have been adopted by the EU. Therefore, the financial statements currently also comply with IFRS as issued by the IASB and also comply with the Hungarian Accounting Law on financial statements, which refers to IFRS as adopted by the EU.

The financial statements are prepared under the historical cost convention.

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

The preparation of the 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2. Changes in accounting policies

Adoption of new or modified standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following new or amended IFRSs and interpretations which have been adopted by the Company as of 1 January 2018:

A) IFRS 9 Financial Instruments: Classification and Measurement: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard is effective retrospectively for annual periods beginning on or after January 1, 2018, but comparative information is not compulsory. The adoption of the first phase of IFRS 9 had no effect on the Company.

From January 1, 2018 accounting policies after adopting IFRS 9 look as follow:

- **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.

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- **Derivative financial instruments**

The derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year as finance income or expense. The year-end fair value of derivative financial instruments is determined by the contracted partner of the Group taking into expected yield and the contractual conditions.

The fair value measurement's hierarchy level of derivative financial instruments is level 2.

- **Hedges**

For the purpose of hedge accounting, hedges are classified as either

- fair value hedges or
- cash-flow hedges.

At the inception of the hedge or the hedge relationship the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. The documentation also contains the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows. These hedges are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated.

Hedge accounting is accounted as follows:

Fair value hedges

Fair value hedges are hedges of the Company's exposure to changes in fair value of a recognized asset or liability or an unrecognized commitment, or an identified portion of such asset, liability or commitment; which is attributable to a particular risk that could affect the Company's profit or loss.

For fair value hedges, the carrying amount of the hedged item is adjusted for gains or losses attributable to the risk being hedged, while the derivative is re-measured at fair value and gains or losses are credited/debited into the profit or loss. As such gains or losses from both the hedged item and the derivative are accounted for the profit or loss. Fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest rate method is used is amortized to the profit or loss.

The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation.

Cash-flow hedges

Cash-flow hedges are hedges of the exposure to variability in cash flows which is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect the profit or loss. The effective portion of the gain or loss on the hedging instrument is recognized directly in the other comprehensive income, while the ineffective portion is recognized in the profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects the profit or loss. Where the hedged item is the cost of a non-financial asset or liability, the amounts previously taken to the other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

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If the forecast transaction is no longer expected to occur, amounts previously recognized in other comprehensive income are transferred into the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked by the Company, amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is accounted into the profit or loss.

- **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. For impairment the Group uses the "12 month expected credit losses" method; and in case of significant increase in credit risk since the initial recognition of a receivable, the Group uses the "full lifetime expected credit loss" method (General approach).

- **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.

Fair value hierarchy:

With regards to the loans, the fair value measurement's IFRS 13 hierarchy level is level 3. The effective rate of interest used to present fair value is calculated considering market rates and the Group specific premium.

- **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.

B) IFRS 15 Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The standard is effective for annual periods beginning on or after January 1, 2018. Adoption of IFRS 15 will had no effect on the Company's financial statements.

From January 1, 2018 accounting policies after adopting IFRS 15 look as follow:

- **Revenue recognition (based on IFRS 15)**

Revenue is recognized at amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. (The Company adopted IFRS 15 using the full retrospective method of adoption which had no impact on the Company's financial position as of January 1, 2018 or in earlier periods.)

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Sale of goods:

The Company's contracts with customers generally include one performance obligation. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer.

Rendering of services:

Revenue from rendering of services is recognized over time.

Other income (expense):

Incomes from agency agreements, where the Company 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) and recognized over time.

- **Revenue recognition (based on other Standards)**

Interest income:

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

Dividends:

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

C) IFRS 15: Revenue from Contracts with Customers (Clarifications): The Clarifications apply for annual periods beginning on or after January 1, 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The clarification had no effect on the Company.

D) IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments): The Amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These amendments had no effect on the Company.

E) IAS 40: Transfers to Investment Property (Amendments): The Amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments had no effect on the Company.

F) IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration: The Interpretation is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment

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asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The adoption of the interpretation had no effect on the Company.

G) The IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle, which is a collection of amendments to IFRSs: The amendments are effective for annual periods beginning on or after January 1, 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures.

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
- IAS 28 Investments in Associates and Joint Ventures: The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The adoption of the improvements had no effect on the Company.

2.3. Foreign currency translations

Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”), which is the euro (EUR), which is also the Company 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.

2.4. Property, plant and equipment

Property, plant and equipment 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.

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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
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 tangible assets.

2.5. 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.

2.6. Investments in subsidiaries

In the separate financial statements investments in subsidiaries are presented at cost under IAS 27. Cost at initial recognition is the amount paid in cash or cash equivalent, or the fair value of other consideration given by the purchaser. Cost include those costs which are directly attributable to the acquisition.

In case of investments paid in foreign currency: (a) if the consideration is paid before acquiring the owner's rights, cost is the amount calculated by applying the official foreign currency rate of the Hungarian National Bank (MNB) on the day of the bank transfer; (b) if the consideration is paid after acquiring the owner's rights, cost is the amount calculated by applying the official foreign currency rate of MNB on the day of the transfer of the owner's right. There is no subsequent revaluation of investments paid in foreign currency due to foreign exchange rate changes.

Investments in subsidiaries are subject to impairment test when indicator of potential impairment exists. When an external or internal indicator of impairment exists, recoverable amount should be determined and compared with net investment. If the recoverable amount is materially and permanently lower than the net investment, impairment should be recorded. If the recoverable amount is materially or permanently higher than the net investment, impairment reversal should be recorded. The net recoverable is the present value of future cash flows of the investment proportioned based on ownership.

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2.7. 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 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, the Company typically considers future revenues and expenses, technological obsolescence, discontinuance of services and other changes in circumstances that may indicate impairment. 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.

2.8. 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 or 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).

Company as a lessee:

Finance leases, which transfer to the Company 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.

Company as a lessor:

Finance lease is where the Company 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.

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Leases where the Company 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.

2.9. Provisions

Provisions are recognized when the Company 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.

2.10. Pensions

The Company, in the normal course of business, makes fixed contributions into the Hungarian State pension fund on behalf of its employees. The Company 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.

2.11. Treasury shares

Treasury stock represents the cost of shares repurchased (recorded individually per purchase) 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.

2.12. Employee shares

Payouts related to employee shares (reduced rate dividend payments) are shown under employee related expenses in the statement of income in the period in which the dividends are approved by the shareholders.

2.13. 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 ordinary shares outstanding. Diluted earnings per share is calculated considering the weighted average number of diluting share options (if any) in addition to the number of ordinary shares outstanding.

2.14. 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).

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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 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.

2.15. Dividend

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.

2.16. Operating profit

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

2.17. Segment information

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

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 Company 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. Impairment of investments in subsidiaries

Impairment assessment of investments in subsidiaries is based on estimates and assumptions, such as future cash flows, discount factors and the actual results may be significantly different from the results of these estimates, especially in case of start-up entities.

3.2. Provisions

Provisions in general are highly judgmental, especially in case of legal disputes. The Company 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 Company fully provides for the total amount of the estimated liability.

4. Standards issued but not yet effective

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

A) IFRS 16 Leases:

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two exemptions for lessees – leases of “low-value” assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (the “lease liability”) and an asset representing the right to use the underlying asset during the lease term (the “right-of-use asset”). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events. The lessee will recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessor will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard will be effective for annual periods beginning on or after January 1, 2019 and will require the lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16:

The Company plans to adopt IFRS 16 retrospectively to each prior reporting period presented. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

During 2018 the Company performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be, as follows:

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	December 31, 2017	December 31, 2018
Impact on the balance sheet (increase / (decrease)):		
Assets		
Property, plant and equipment (right-of-use assets)	39,033	35,638
Liabilities		
Lease liabilities	38,856	34,447
Net impact on equity	<u><u>177</u></u>	<u><u>1,191</u></u>
Impact on the income statement (increase / (decrease)):		
Operating lease expense	1,911	4,587
Depreciation expense	(1,697)	(3,394)
Operating profit	214	1,193
Finance costs	(37)	(178)
Profit for the year	<u><u>177</u></u>	<u><u>1,105</u></u>

Due to adoption of IFRS 16 the Company's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating lease under IAS 17.

B) Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management anticipates that these amendments will have no effect on the Company.

C) IFRS 9: Prepayment features with negative compensation (Amendment):

The Amendment is effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. Management anticipates that the amendment will have no effect on the Company.

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D) IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments):

The Amendments are effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. These amendments have not yet been endorsed by the EU. Management anticipates that these amendments will have no effect on the Company.

E) IFRIC INTERPRETATION 23: Uncertainty over Income Tax Treatments:

The Interpretation is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. Management anticipates that the adoption of the interpretation will have no significant effect on the Company.

F) The IASB has issued the **Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- IAS 23 Borrowing Costs: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Management anticipates that the adoption of the improvements will have no significant effect on the Company.

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5. Cash and cash equivalents

	December 31, 2017	December 31, 2018
Cash at banks	1,588,094	252,287
Cash and cash equivalents	1,588,094	252,287

6. Receivables from related parties

	December 31, 2017	December 31, 2018
Trade receivables/accrued income	280,533	47
Receivables from related parties	280,533	47

Trade receivables are on 8-30 day payment terms.

Intercompany receivables' aging is as follow:

	December 31, 2017	December 31, 2018
Not overdue	280,533	47
Receivables from related parties	280,533	47

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7. Current tax receivables and liabilities

	December 31, 2017	December 31, 2018
Current tax receivables	26,879	49,955
Current tax liabilities	(62,974)	(6,445)
Current tax (liability) receivable, net	(36,095)	43,510

8. Other current assets

	December 31, 2017	December 31, 2018
Deferred expense	13,196	6,198
Other current assets	13,196	6,198

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9. Property, plant and equipment

The table shows movements of property, plant and equipment:

	Machinery and equipment	Vehicles	Property. plant and equipment
Net value:			
January 1, 2017	5,762	89,432	95,194
Gross value:			
January 1, 2017	61,145	158,642	219,787
Additions	6,297	101,277	107,574
Disposals	(16,151)	(259,919)	(276,070)
December 31, 2017	51,291	-	51,291
Depreciation:			
January 1, 2017	55,383	69,210	124,593
Additions	6,671	28,161	34,832
Disposals	(13,906)	(97,371)	(111,277)
December 31, 2017	48,148	-	48,148
Net value:			
December 31, 2017	3,143	-	3,143
Gross value:			
January 1, 2018	51,291	-	51,291
December 31, 2018	51,291	-	51,291
Depreciation:			
January 1, 2018	48,148	-	48,148
Additions	1,283	-	1,283
December 31, 2018	49,431	-	49,431
Net value:			
December 31, 2018	1,860	-	1,860

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10. Investments

List of the Company's investments in subsidiaries is as follows:

Subsidiary	Activity	Address	Share	
			capital	Curr.
Graphisoft Park Kft.	Real estate development	H-1031 Budapest, Záhony utca 7.	1,846,108	eur
Graphisoft Park South I. Kft.	Real estate development	H-1031 Budapest, Záhony utca 7.	20,000	eur
Graphisoft Park South II. Development Kft.	Real estate development	H-1031 Budapest, Záhony utca 7.	22,000	eur
Graphisoft Park Services Kft.	Property operation	H-1031 Budapest, Záhony utca 7.	10,000	thuf
Graphisoft Park Engineering & Management Kft.	Property management, engineering and administration activities	H-1031 Budapest, Záhony utca 7.	10,000	thuf

All subsidiaries are 100% owned by Graphisoft Park SE.

Set out below the book value of investments in subsidiaries:

	December 31, 2017	December 31, 2018
Graphisoft Park Kft.	1,720,039	1,720,039
Graphisoft Park South I. Kft.	1,346,863	4,848,863
Graphisoft Park South II. Development Kft.	270,185	270,185
Graphisoft Park Services Kft.	107,418	107,418
Graphisoft Park Engineering & Management Kft.	289,350	289,350
Investments	3,733,855	7,235,855

No impairment was accounted or reversed during the periods presented.

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The table below shows the movements in investments in subsidiaries:

	December 31, 2017	Capital increase*	December 31, 2018
Graphisoft Park Kft.	1,720,039	-	1,720,039
Graphisoft Park South I. Kft.	1,346,863	3,502,000	4,848,863
Graphisoft Park South II. Development Kft.	270,185	-	270,185
Graphisoft Park Services Kft.	107,418	-	107,418
Graphisoft Park Engineering & Management Kft.	289,350	-	289,350
Investments	3,733,855	3,502,000	7,235,855

* On January 11, 2018 the Company made share capital increase in Graphisoft Park South I. Kft. in amount of 1,000 euros. At the same time there was an additional paid in capital increase in amount 1,400,000 euros. The capital increase was registered by the Court on January 16, 2018. On May 25, 2018 the Company made share capital increase in Graphisoft Park South I. Kft. in amount of 1,000 euros. At the same time there was an additional paid in capital increase in amount 2,100,000 euros. The capital increase was registered by the Court on June 25, 2018. As a result the investment value increased by 3,502,000 euros.

Subsidiaries' own equity as of December 31, 2017 and December 31, 2018 are disclosed below:

	December 31, 2017	December 31, 2018
Graphisoft Park Kft.	13,167,742	151,697,396
Graphisoft Park South I. Kft.	8,061,663	23,115,638
Graphisoft Park South II. Development Kft.	1,643,074	10,426,783
Graphisoft Park Services Kft.*	116,799	109,798
Graphisoft Park Engineering & Management Kft.*	284,007	463,435

Own equity data of the subsidiaries are based on their statutory financial statements. Subsidiaries prepare and publish their stand-alone annual financial statements according to the Hungarian Accounting Law. Graphisoft SE's voting rights agree to its share in the subsidiaries (100%).

* These entities keep their books in Hungarian forints; own equity of the subsidiaries for 2017 and 2018 are retranslated from forint to euro on the official exchange rate of MNB as of December 31, 2017 and December 31, 2018 respectively.

Impairment test: at yearend Graphisoft Park SE performed the impairment test of the subsidiaries as set out in the Company's accounting policies. As a result no impairment was recorded or reversed.

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11. Trade payables

	December 31, 2017	December 31, 2018
Trade payables – domestic	21,133	5,028
Trade payables	21,133	5,028

The Company settles trade payables within the payment term, and had no overdue payables as of December 31, 2018 and as of December 31, 2017.

12. Payables due to related parties

	December 31, 2017	December 31, 2018
Trade payables	-	70,826
Receivables due to related parties	-	70,826

13. Other short-term liabilities

	December 31, 2017	December 31, 2018
Dividend liability (from prior years)	7,931	10,106
Other payables and accruals	45,817	28,588
Other short-term liabilities	54,748	38,694

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14. Revenue

	December 31, 2017	December 31, 2018
Revenue from services*	1,173,545	-
Dividend**	2,500,000	5,509,746
Revenue	3,673,545	5,509,746

* The Company provided to its subsidiaries property management and related administration services in 2017.

** Dividend from Graphisoft Park Kft. in 2017, dividends from Graphisoft Park Kft. (5,500,000 euros) and Graphisoft Park Services Kft. (9,746 euros) in 2018.

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15. Operating expense

	December 31, 2017	December 31, 2018
Employee related expense	690,983	355,962
Other operating expense	440,084	226,819
Depreciation and amortization	34,832	1,283
Operating expense	1,165,899	584,064

Other operating expense consists of the following items:

	December 31, 2017	December 31, 2018
Office and telecommunication	76,787	9,420
Legal and administration	259,262	161,122
Travelling	35,140	928
Other	68,895	55,348
Other operating expense	440,084	226,819

Office rental contract is treated as operating lease agreement. Total present values of minimum lease payments over the lease term are as follow:

	December 31, 2017	December 31, 2018
Within 1 year	4,171	4,497
1– 5 years	14,290	17,123
Over 5 years	12,488	14,220
	30,949	35,839

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16. Other income (expense)

	December 31, 2017	December 31, 2018
Subsidies given	(57,674)	-
Gain on sale of tangible assets	3 186	-
Others	(763)	100
Other (expense) income	(55,251)	100

17. Financial result

	December 31, 2017	December 31, 2018
Interest income	19,655	-
Exchange rate (loss) gain realized	(32,747)	1,859
Exchange rate gain (loss) not realized	969	(16,644)
Financial result	(12,123)	(14,785)

18. Income taxes

	December 31, 2017	December 31, 2018
Current income tax	(14,774)	-
Deferred income tax	(8,166)	-
Income tax expense	(22,940)	-

Effective from July 31, 2017 the Company became regulated real estate investment pre-company and as such the Company was subject to corporate income tax and local business tax only till that date. As a result deferred tax assets were released against current year results as of July 31, 2017.

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

	December 31, 2017	December 31, 2018
Profit before tax	2,440,272	4,910,997
Tax at statutory rate*	219,624	441,990
Results exempt from income taxes (2017 losses between August 1 and December 31; and 2018 profit)	8,492	(441,990)
Non-taxable items (dividend)	(225,000)	-
Other	(784)	-
Corporate income tax	2,332	-
Local business tax*	12,442	-
Tax expense	14,774	-
Effective tax rate	0.6%	0.0%

*Income tax rates applied: 9% in corporate income tax rate and 2% local business tax rate in 2017 and 2018.

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19. Earnings per share

Basic and diluted earnings per share are disclosed in Graphisoft Park SE' IFRS consolidated financial statements as of December 31, 2018.

20. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2017	December 31, 2018
Number of ordinary shares	549,076	549,076
Number of employee shares	625,389	625,389
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	23,489	23,489
Treasury shares (at historical cost)	(974,292)	(974,292)

21. Financial instruments

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

	Note	Book value December 31, 2017	Fair value December 31, 2017	Difference
Cash and cash equivalents	5	1,588,094	1,588,094	-
Receivables from related parties	6	280,533	280,533	-
Other current assets	8	13,196	13,196	-
Trade payables	11	(21,133)	(21,133)	-
Other short-term liabilities	13	(54,748)	(54,748)	-
Financial instruments		1,805,942	1,805,942	-

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

	Note	Book value December 31, 2018	Fair value December 31, 2018	Difference
Cash and cash equivalents	5	252,287	252,287	-
Receivables from related parties	6	47	47	-
Other current assets	8	6,198	6,198	-
Trade payables	11	(5,028)	(5,028)	-
Payables due to related parties	12	(70,826)	(70,826)	-
Other short-term liabilities	13	(38,694)	(38,694)	-
Financial instruments		143,984	143,984	-

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22. Related party disclosure

Transactions with subsidiaries in the normal course of business:

Revenue / income:

	December 31, 2017	December 31, 2018
Revenue from services	1,170,235	-
Dividend	2,500,000	5,509,746
Sale of tangible assets (other income)	153,007	-
Interest income	19,652	-
Total	3,842,894	5,509,746

Expenses:

	December 31, 2017	December 31, 2018
Services used	70,827	71,745
Total	70,827	71,745

Assets:

	December 31, 2017	December 31, 2018
Trade receivables	280,533	-
Accrued income	-	47
Total	280,533	47

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Liabilities:

	December 31, 2017	December 31, 2018
Trade payables	-	70,826
Total	-	70,826

Transactions (sales to and purchases from) with the related parties are made at market prices. No guarantees were provided or received for any related party receivables or payables. In 2018 and 2017, the Company has not recorded any impairment loss relating to amounts owed by related parties.

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

	December 31, 2017	December 31, 2018
Remuneration of the Board of Directors	77,934	78,800
Compensation of key management personnel	295,481	166,283
Total	373,415	245,083

* Key management personnel: the Chief Executive Officer and the Chief Financial Officer of the Company.

No loans or advance payments were granted to the members of the Board of Directors or the key management personnel, and the Company did not undertake guarantees in their names.

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

Shareholder	Shares (pcs)	December 31, 2017		December 31, 2018		
		Share (%)	Voting rights (%)	Shares (pcs)	Share (%)	Voting rights (%)
ORDINARY SHARES:	3,829,082	36.02	33.79	2,715,082	25.54	23.96
Bojár Gábor - Chairman of the BoD*	3,185,125	29.96	28.10	2,485,125	23.37	21.93
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Szigeti András - Member of the BoD	126,000	1.19	1.11	126,000	1.19	1.11
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
Hornung Péter – Member of BoD**	414,000	3.89	3.65	-	-	-
EMPLOYEE SHARES:	1,250,778	-	11.03	1,250,778	-	11.03
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
SHARES TOTAL:	5,079,860	36.02	44.82	3,965,860	25.54	34.99

* Bojár Gábor transferred 700,000 shares to B.N.B.A. Holding Zrt. trustee for trust property management.

** Hornung Péter transferred all of his 414,000 shares to HFT Holding Zrt. trustee for trust property management.

Information on shareholders and governance of the Company are provided in Notes 1.2 and 1.3.

23. Commitments, contingencies

Graphisoft Park SE has no significant commitments or contingencies as of December 31, 2018 and 2017.

24. Financial risk management

Changes in market and financial conditions may affect results, assets and liabilities of the Company. Financial risk management aims to limit these risks through operational and finance activities.

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Credit risk:

Credit risk is the risk that counterparty does not meet its payment obligations. The Company might be exposed to credit risk from its financing (deposits with banks and financial investments) activities.

Receivables from related parties:

Credit risk is limited as the Company fully controls its subsidiaries.

Cash deposit and financial investments:

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

Liquidity risk:

The Company's revenues are sufficient to cover operating costs, and therefore liquidity problems are not to be expected.

The Company settles its payment obligations within the payment term, and had no overdue payables as of December 31, 2018 and 2017.

The tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments.

December 31, 2017	Overdue	Due immediately	Due between 0-3 months	Total
Trade payables	-	-	21,133	21,133
Dividend liability (from prior years, not requested from shareholders)	-	9,731	-	9,731
Other liabilities	-	-	45,017	45,017
Financial liabilities	-	9,731	66,150	75,881

December 31, 2018	Overdue	Due immediately	Due between 0-3 months	Total
Trade payables	-	-	75,854	75,854
Dividend liability (from prior years, not requested from shareholders)	-	10,106	-	10,106
Other liabilities	-	-	28,588	28,588
Financial liabilities	-	10,106	104,442	114,548

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25. Capital risk management

The Company'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 to approve dividend payments or adopt other changes in the equity capital in order to optimize the capital structure of the Group. This can be achieved primarily by adjusting the amount of dividends paid to shareholders, or alternatively, by returning capital to shareholders by capital reductions, selling or buying own shares.

26. Approval of financial statements

Following the recommendation of the Board of Directors, the Annual General Meeting on April 26, 2018 approved the 2017 annual financial statements of the Company. The Annual General Meeting approved dividend distribution of 93 HUF per ordinary share, 937,682 thousand HUF in total (2,992,633 EUR on the exchange rate of April 26, 2018), and 31 HUF per employee share, 38,774 thousand HUF in total (123,749 EUR on the exchange rate of April 26, 2018). The starting date for dividend payments was May 14, 2018. The Company paid out the dividends to the shareholders identified by shareholder's registration.

27. Events after the balance sheet date

Proposed dividend by the Board:

The annual financial statements of the Company for the year 2018 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, 2019. The Board proposes dividend distribution of 126 HUF per ordinary share, and 42 HUF per employee share to be approved by the Annual General Meeting of Graphisoft Park SE of April 29, 2019. The Annual General Meeting has the power to amend the annual financial statements.

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28. Additional presentations according to the Hungarian Accounting Law

a) Persons responsible for signing and preparing the financial statements:

The person authorized and required to sign the Company's financial statements is as follows:

Name: Kocsány János
Position: Chief Executive Officer
Address: H-1038 Budapest, Ékszer utca 4.

The person responsible for supervising transactional accounting and preparation of financial statements according to IFRS:

Name: Goór Ágnes
IFRS registration number: 200443

b) Statutory auditor and audit fees:

The Company is subject to statutory audit. The Company's auditor is BDO Magyarország Könyvvizsgáló Kft. (address: H-1103 Budapest, Kőér utca 2/A C ép.). The person responsible for signing the audit report:

Name: Kékesi Péter
Registration number: 007128

The audit fee for the Company's stand alone and consolidated financial statements as of December 31, 2018 is 16,000 euro. Audit related fees amounted to 3,500 euro.

c) Reconciliation of equity:

In accordance with paragraph 114/B of the Hungarian Accounting Law the financial statements include an equity reconciliation between the financial statements prepared in accordance with the basis of preparation note and the equity elements according to the Hungarian Accounting Law (HAL).

The equity reconciliation schedules below disclose the earnings available for distribution, which is the amount of the retained earnings plus profit after tax for the financial year closed with annual financial statements.

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Equity element	Equity under IFRS		Reconciliations			Equity under HAL
	December 31, 2017					December 31, 2017
	Note	i)	ii)	iii)		
Share capital	250,157	-	-	-	250,157	
Retained earnings	6,230,980	-	(974,292)	(2,417,332)	2,839,356	
Treasury shares	(974,292)	974,292	-	-	-	
Restricted reserve	-	-	974,292	-	974,292	
Profit after tax	-	-	-	2,417,332	2,417,332	
Total equity	5,506,845	974,292	-	-	6,481,137	

Equity element	Equity under IFRS		Reconciliations			Equity under HAL
	December 31, 2018					December 31, 2018
	Note	i)	ii)	iii)		
Share capital	250,157	-	-	-	250,157	
Retained earnings	8,149,344	-	(974,292)	(4,910,997)	2,264,055	
Treasury shares	(974,292)	974,292	-	-	-	
Restricted reserve	-	-	974,292	-	974,292	
Profit after tax	-	-	-	4,910,997	4,910,997	
Total equity	7,425,209	974,292	-	-	8,399,501	

- i) Reclassification of value of treasury shares from equity (to other current assets).
- ii) Reclassification of value of treasury shares from retained earnings to restricted reserve (reserve not available for distribution).
- iii) Reclassification of current year profit after tax from retained earnings.

29. Declarations

Forward-looking statements - This Parent Company 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 Financial Statements which have been prepared in accordance with the International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE, together with a description of the principal risks and uncertainties of its business.