

GRAPHISOFT PARK SE

Interim Management Report – Fourth Quarter 2013

February 19, 2014



GRAPHISOFT PARK





Financial highlights

IFRS, consolidated, thousand EUR

	3 months ended		12 months ended	
	December 31,	December 31,	December 31,	December 31,
	2012	2013	2012	2013
Revenue	1,981	2,053	8,285	8,125
Operating expense**	(218)	(158)	(815)	(938)
Other income (expense)*	30	221	(17)	2,266
EBITDA	1,793	2,116	7,453	9,453
Depreciation and amortization	(963)	(948)	(3,717)	(3,749)
Operating profit	830	1,168	3,736	5,704
Net interest expense	(337)	(195)	(1,593)	(1,142)
Exchange rate differences	(3)	(26)	14	(88)
Profit before tax	490	947	2,157	4,474
Income tax expense	(61)	(92)	(313)	(510)
Profit for the period	429	855	1,844	3,964

	December 31, 2012	December 31, 2013
Assets total	71,893	72,419
Investment property at cost***	62,254	61,171
Bank loans	49,870	47,149
Net debt	41,908	38,428

* Profit for the years 2012 and 2013 includes income and expenditures (hereinafter: extraordinary results) relating to the cancellation of the lease contract with AMRI Hungary Zrt. (hereinafter: legal proceedings). On the next page we present the result of the Company without the result of the legal proceedings (results from ordinary activities).

** Income and expenditures related to the legal proceedings are presented in "Other income (expense)". In previous periods, (that is 2012 and the first two quarters of 2013) expenditures presented in "Operating expenses" are reclassified to conform to presentation in the current period.

*** Investment properties are shown in the financial statements of the Company at historical cost. Estimates on property fair values are published annually. The latest valuation is disclosed in the Annual Report for 2012 (www.graphisoftpark.com), updated valuation will be published in the Annual Report for 2013, to be published in March, 2014.



Financial highlights (pro-forma)

IFRS, consolidated, thousand EUR

Results from ordinary activities:

	3 months ended		12 months ended	
	December 31,	December 31,	December 31,	December 31,
	2012	2013	2012	2013
Revenue	1,981	2,053	8,285	8,125
Operating expense	(218)	(158)	(815)	(938)
Other income (expense)	66	61	135	115
EBITDA	1,829	1,956	7,605	7,302
Depreciation and amortization	(963)	(948)	(3,717)	(3,749)
Operating profit	866	1,008	3,888	3,553
Net interest expense	(337)	(195)	(1,593)	(1,142)
Exchange rate differences	(3)	(26)	14	(88)
Profit before tax	526	787	2,309	2,323
Income tax expense	(65)	(76)	(328)	(295)
Profit for the period	461	711	1,981	2,028
EBITDA margin (%)	92.3	95.3	91.8	89.9
Operating profit margin (%)	43.7	49.1	46.9	43.7

Extraordinary results (legal proceedings):

	3 months ended		12 months ended	
	December 31,	December 31,	December 31,	December 31,
	2012	2013	2012	2013
Other income (expense)	(36)	160	(152)	2,151
Income tax expense	4	(16)	15	(215)
Profit (loss) for the period	(32)	144	(137)	1,936



Dear Shareholders,

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

- Financial results for the year 2013,
- Utilization, occupancy,
- Development activities,
- Other key issues,
- Legal proceedings,
- Forecast for the year 2014.

Financial results for the year 2013

Rental revenue and net profit for the years 2012 and 2013 are as follows:

(thousand EUR)	2012 actual	2013 actual
Rental revenue	8,285	8,125
Total net profit	1,844	3,964
Extraordinary net profit (legal proceedings)	(137)	1,936
Net profit from ordinary activities	1,981	2,028

Profit for the years 2013 and 2012 includes income and expenditures (extraordinary net profit) relating to the cancellation of the lease contract with AMRI Hungary Zrt. (see details below in Legal proceedings section). Hereinafter, as well as in the table above, we present the result of the Company without the extraordinary result of the legal proceedings (net profit from ordinary activities).

- **Revenue** (8,125 thousand euros, Q1: 2,015 thousand euros, Q2: 2,040 thousand euros, Q3: 2,017 thousand euros; Q4: 2,053 thousand euros) decreased 2% in 2013 compared to 2012. Rental fees from new lease contracts increased revenue by 226 thousand euros, that is 3%, however the cancellation of the lease contract with AMRI Hungary Zrt. and the subsequent loss in rental fees decreased it by 386 thousand euros, 5% in 2013 (see details in the “Utilization, occupancy” and “Legal proceedings” sections below).
- **Operating expense** (938 thousand euros, Q1: 196 thousand euros, Q2: 366 thousand euros, Q3: 218 thousand euros; Q4: 158 thousand euros) increased 15% in 2013 compared to 2012. This is due in part to the increase in employee related expenses (changes in engineering personnel because of the development activities started in 2013), and in part to the increase in property related expenses (larger vacant area meant more operating expenses and utility costs to be covered by us).
- **Other income** (115 thousand euros, Q1: 26 thousand euros, Q2: 37 thousand euros, Q3: 9 thousand euros loss, Q4: 61 thousand euros) decreased 15%, 20 thousand euros compared to 2012.
- **Depreciation** (3,749 thousand euros, Q1: 941 thousand euros, Q2: 928 thousand euros, Q3: 932 thousand euros; Q4: 948 thousand euros) increased 1% in 2013 compared to 2012.
- **EBITDA** (7,302 thousand euros, Q1: 1,845 thousand euros, Q2: 1,711 thousand euros, Q3: 1,790 thousand euros; Q4: 1,956 thousand euros) decreased 4% and **operating profit** (3,553 thousand euros, Q1: 904 thousand euros, Q2: 783 thousand euros, Q3: 858 thousand euros; Q4: 1,008 thousand euros) decreased 9% compared to the previous year.
- **Net interest expense** (1,142 thousand euros, Q1: 331 thousand euros, Q2: 309 thousand euros, Q3: 307 thousand euros; Q4: 195 thousand euros) decreased 28% in 2013 compared to 2012 due to decreasing interest expenses (by 600 thousand euros) and decreasing interest income (by 149 thousand euros). Less



favorable exchange rate differences than in 2012 have had a negative effect (102 thousand euros) on the financial results.

- **Income tax expense** (2013: 295 thousand euros, 2012: 328 thousand euros) is 10% lower than in previous year. 2013 corporate income tax was lowered by one tax base decreasing item (monument renovation tax credit) to a larger extent than in 2012 (150 thousand euros in 2013, compared to 86 thousand euros in 2012).
- **Net profit** (2,028 thousand euros, Q1: 473 thousand euros, Q2: 354 thousand euros, Q3: 490 thousand euros, Q4: 711 thousand euros) grew 2%, by 47 thousand euros in 2013 compared to 2012 because of the following factors: (1) the significant decrease in operating profit (355 thousand euros, 9%) was set off by (2) improving financial results (349 thousand euros, 22% increase), while (3) income tax expense was 33 thousand euros lower, 10% less than the base from last year.

Utilization, occupancy

Occupancy rate of Graphisoft Park's completed 46,850 m² (46,000 m² until the fourth quarter of 2013) rentable office and laboratory space developed as follows (at the end of the quarter):

2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
88%	81%	81%	84%	84%	84%	84%

By the termination of AMRI Hungary Zrt's leasehold in September 2012 (see details below and in the "Legal proceedings" section) the occupancy rate in Graphisoft Park has decreased from 88%, to 81% and then grew to 84% by January 2013, based on the new leases concluded.

Ustream Hungary Kft. moved to a downtown location on 1 January 2014, reducing Graphisoft Park's occupancy rate to 80%.

After the educational purpose development in the Monument area will have been completed in July 2014 (see details in the "Development activities" section below), rentable office, laboratory and educational space will have grown by 5,200 m² to 52,050 m² while Graphisoft Park's occupancy rate will grow from 80% to 82%, including a rate of 100% in the newly developed areas.

After the completion of the 3,000 m² (gross) floor area, 85 rooms dormitory building in July 2014 (see "Development activities" section below for details) within the housing developments in the southern development area, an occupancy rate of 90% is expected for the 10 months academic year. (In case of housing developments occupancy rate is calculated by the ratio of housing units rented to housing units available, rather than leased area to total leasable area).

Development activities

The total area of Graphisoft Park is nearly 18 hectares. Over the past 15 years 45,000 m² of office and laboratory space have been developed and occupied on 8.5 hectares, thus the development of the **core area** is completed. Further investments in this area are carried out to meet the needs of tenants by remodeling and renovation of office space and infrastructure development. The costs of these activities amounted to 341 thousand euros in 2013, and are expected at 400 thousand euros in 2014.

In the rest of the area an additional 65,000 m² office space can be developed. On top of that the monument area holds the potential for the utilization of another 14,000 m² of gross floor area after renovation, comprising an approximate 10,000 m² net leasable area.

The renovation works on the buildings of the **monument area** began in 2010. The wholly renovated management headquarters building of the former Gasworks (marked U1 on the map below) with a 1,000 m² net floor area was completed in 2011. The next building renovated was the old forge of the Gasworks, which was repurposed as an



educational facility with an 850 m² net floor area. At the completion of the works in the third quarter of 2013, the Aquincum Institute of Technology moved into the building marked U3 on the map below (see details in the “Realization of the education function” section).

In March 2013 the International Business School (IBS) contracted us to accommodate its relocated educational operations in Graphisoft Park. For this end, additional three buildings (marked U2, U5 and U6 on the map below) with a total net floor space of 5,200 m² will be repurposed into state of the art educational facilities by July 2014. After the completion of these works, the monument area will house an educational campus of 7,050 m² net floor area for nearly 1,000 students. The planned total costs of the program including public utilities works and landscaping are 10.7 million euros, of which 1.2 million was spent during 2010-11, another 1.2 million in 2012 and 2.1 million in 2013. The remaining 6.2 million euros will occur in 2014. As the buildings were renovated to suit lease contracts preceding the works, the monument area’s occupancy will stand at 100%, which in turn guarantees profitable operation despite the significantly higher costs associated with the high quality renovation and repurposing of industrial monuments, as opposed to the costs of new constructions.

The last building in the monument area is the largest one, marked U4 on the map. The former purifier building will comprise 3,000 m² floor area after renovation, for which planning will start after demand is shown for its utilization.



In relation to the educational development project the construction of a new restaurant and a dormitory building of 3,000 m² for 85 persons (the latter on the southern development area) are planned. Completion is forecasted in the summer of 2014.

In the **development areas**, we obtained permission for and carried out the demolition of those structures that are not protected landmarks. The planned archeological excavations have been completed.

If new demand rises, construction of further 30,000 m² office building could begin in the excavated southern development area.

No further preparatory work or development will take place in the northern development area until the clean-up projects planned by the Capital City Gas Works are finished. Total land development costs in these areas have been 3.2 million euros.



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

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

Other key issues

Dividend

On April 23, 2013, the Annual General Meeting of Graphisoft Park SE approved dividend distribution of 40 forints per share (totaling 406,104 thousand forints, which is 1,351 thousand euros on the exchange rate of April 23, 2013). The starting date for dividend payments was June 4, 2013. The Company paid out the dividends to the shareholders identified by shareholder's registration.

Realization of the educational function

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



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



Hungarian culture (language, literature, film, music and architecture) tailored for the needs of the international students.

AIT was launched with a summer pilot program in 2010 concluding three years of preparation. The curriculum was finalized after gathering the feedbacks from students and faculty and drawing the conclusions from the pilot program. 6 semesters have been concluded since the pilot program, with more than 80 students in 2013 already. To this date a total of 40 North American universities and colleges have sent students to participate in AIT's program and recognized its BME accredited credits. The most well-known universities among these are Harvard, Yale, MIT, Princeton, Brown, Cornell, Dartmouth, UPenn, Rochester and Tufts (including almost all of the elite schools of the Ivy League), and some of the famous colleges, such as Williams, Carleton, Harvey Mudd and Pomona. A significant proportion of the students remain in Hungary after the spring semesters for a 1 or 2 months internship with the best Hungarian IT companies (Graphisoft, Prezi, LogMeln, Ustream, etc). These students return home with great impressions and spread the news of the Hungarian IT industry in the world. Some of them are coming back to Hungary after obtaining their diplomas to gain permanent employment with these companies.

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



After the completed renovation of another three buildings in the monument area in the summer of 2014, the International Business School's (IBS) moving in will complete the university campus in the former Gasworks with over 1,000 students pursuing their studies there.

Creating the Startup ecosystem

The demand for floor space generated by lively evolving Startup companies has already been a driving force behind Graphisoft Park's expansion. To boost this dynamic, Graphisoft Park as a founding member, provided office space to the Aquincum Inkubátor Zrt., which has won the National Innovation Office's "Gazella" tender to support the incubation of startup companies. As Graphisoft Park does not provide venture capital, nor it takes on related responsibilities, but members of the incubator do acquire ownership in the incubated companies, Graphisoft Park



has sold its shares in the incubator on face value to the other members and to Gabor Garai, U.S. attorney helping the incubated companies in entering the American market. Graphisoft Park continues to support the startup companies by leasing office and laboratory space, and by providing pro bono business development advice with the help of Gabor Bojar, founder of Graphisoft and Graphisoft Park.

Legal proceedings

As indicated in the previous reports Graphisoft Park tenant AMRI Hungary Zrt. went under voluntary winding up on July 23, 2012, which led to the termination of the lease on August 31, 2012 in accordance with its terms. After this both parties initiated legal proceedings at different forums in Hungary and in the United States. The parties had come to an out-of-court settlement agreement terminating all ongoing procedures on August 27, 2013. As a result, on top of the receivables related to the period before the cancellation of the lease contract, approximately 2 million euros extraordinary net revenue has been recorded, after deducting legal and other costs arising in Hungary and in the United States.

Forecast for 2014

Our forecast for 2014 is summarized in the following table, based exclusively on signed, valid lease agreements with the current occupancy rate of 80% (82% from August 2014, see details in caption "Utilization, occupancy"). The first two columns show 2012 and 2013 actual results, while the second two columns show 2012 and 2013 results without the extraordinary results from the legal proceedings.

(million euros)	2012 actual	2013 actual	2012 actual	2013 actual	2014 forecast
	total	total	ordinary	ordinary	
Rental revenue	8.28	8.12	8.28	8.12	8.1
Operating expense	-0.81	-0.94	-0.82	-0.94	-0.9
Other income, net	-0.02	2.27	0.14	0.12	0.1
EBITDA	7.45	9.45	7.60	7.30	7.3
Depreciation and amortization	-3.71	-3.75	-3.71	-3.75	-4.0
Operating profit	3.74	5.70	3.89	3.55	3.3
Net interest expense	-1.60	-1.14	-1.60	-1.14	-1.3
Exchange rate difference	0.01	-0.09	0.01	-0.09	0.0
Income tax expense	-0.31	-0.51	-0.32	-0.29	-0.2
Net profit	1.84	3.96	1.98	2.03	1.8

Change in results for 2014 compared to 2013 bases (result from ordinary activities) is the impact of the following main factors:

- Rental revenues will drop by 400 thousand euros due to the loss of income from Ustream Hungary Kft, but rental income from the new leases by IBS International Business School (see "Utilization, occupation" and "Development activities" sections) and the inflationary adjustments of the rental fees will offset this effect by a 400 thousand euros growth. Therefore, the same total rental income is expected for 2014 as in 2013.
- Employee related expenses are expected to stay at the same level in 2014 as in 2013 while property related and other operating expenses are calculated with an average (inflationary) 1.5% increase.
- Depreciation and amortization will increase by 250 thousand euros, due to the new developments to be capitalized in 2014 (see caption "Development activities").
- Interest expense is expected to decrease by 100 thousand euros in 2014 compared to 2013 due to the lower interest level (EURIBOR, in case of bank loans with a floating interest rate) and the capital repayments. Interest income, however, will decrease to a larger extent by an expected 250 thousand euros. This is due in part to decreasing deposit interests and yields, and in part because our former investments with significantly



higher yield were sold at a profit in 2013 (increasing base figures). Considering the above-mentioned factors, a 150 thousand euros increase is expected in net interest expense in 2014.

- Income tax expense is expected to decrease by 100 thousand euros. The volume of investment in the renovation of the buildings in the monument area (see “Development activities” section) lowers corporate tax obligation to zero (monument renovation tax credit), only local business tax duties are expected.

With regards to the above 1.8 million euros net profit is forecasted for 2014. This forecast has been lowered by 0.2 million euros compared to our planned 2.0 million euros in the previous report for the following reasons: (1) depreciation forecast has been updated and raised by 0.2 million euros, (2) net interest expense forecast has been raised by 0.1 million euros (bonds, held by the Company as part of financial investments, were sold at a profit in December 2013, which improves the results for 2013 but lowers for 2014 in turn, because reinvestment is possible only with significantly lower yields). In contrast (3) the operating expenses forecast has been lowered by 0.1 million euros (previously expenses were forecasted to rise 5% overall).

Forecasts published here are based solely on the valid lease contracts in effect at the time of writing this report. At previous times actual revenues were repeatedly higher than forecasted, due to new leases concluded after the publication of reports. Despite this past pattern, it is not in our intention to change the forecasting methods. We will not try to predict the number or value of new lease contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only in case they have given notice by the closing date of our business report. At present this is the case with Ustream, as we already mentioned it in the “Utilization, occupancy” section. Ustream Hungary Kft. moved to a downtown office building in January 2014. We have taken this fact into account when preparing our forecast.

It is our intention to maintain the price structure designed to match the high value services provided by Graphisoft Park in order to be able to preserve the level of service provided in the long run. As the current office rental market in Budapest is in the state of oversupply, very low prices can be observed at some places, with which Graphisoft Park has no intention to compete. At the same time, we would like to emphasize that in the 15 year history of Graphisoft Park Ustream Hungary Kft. has been the one and only tenant that did not prolong its contract on expiration, despite its successful business. The root cause of this decision was not the rental fee but the fact that the business activity of Ustream is connected to the ecosystem evolved in the center of Budapest.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, the EURIBOR interest rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with a 300 HUF/EUR exchange rate, EURIBOR of 0.25% and an inflation rate of 1.5% and unchanged legal and taxation environment.



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

***Statement of responsibility** - We declare that the Quarterly Report which has been prepared in accordance with the applicable accounting standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its undertakings included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, February 19, 2014

Hajba Róbert
Chief Financial Officer

Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended December 31, 2013

in accordance with International Financial Reporting Standards (IFRS)

(unaudited)

Budapest, February 19, 2014

A handwritten signature in purple ink, reading "Hajba Róbert", positioned above a horizontal line.

Hajba Róbert
Chief Financial Officer

A handwritten signature in purple ink, reading "Kocsány János", positioned above a horizontal line.

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
DECEMBER 31, 2013

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GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
FOR THE QUARTER ENDED DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	Notes	December 31, 2012	December 31, 2013
Cash and cash equivalents	3	6,186	10,160
Securities	4	2,024	-
Trade receivables	5	422	453
Inventory	6	-	6
Current tax receivable	7	99	87
Other current assets	8	581	209
Current assets		9,312	10,915
Investment property	9	62,254	61,171
Other tangible assets	9	199	200
Intangible assets	9	1	-
Investments	10	100	107
Deferred tax asset	11	27	26
Non-current assets		62,581	61,504
TOTAL ASSETS		71,893	72,419
Short-term loans	12	2,723	2,836
Trade payables	13	367	680
Current tax liability	7	121	178
Other short-term liabilities	14	878	1,107
Current liabilities		4,089	4,801
Long-term loans	12	47,147	44,313
Deferred tax liability	11	11	255
Non-current liabilities		47,158	44,568
TOTAL LIABILITIES		51,247	49,369
Share capital		213	213
Retained earnings		23,939	26,552
Valuation reserve	4, 11	96	-
Treasury shares	22	(669)	(784)
Accumulated translation difference		(2,933)	(2,931)
Shareholders' equity		20,646	23,050
TOTAL LIABILITIES & EQUITY		71,893	72,419

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
FOR THE QUARTER ENDED DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	Notes	3 months ended		12 months ended	
		Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Property rental revenue	15	1,981	2,053	8,285	8,125
Revenue		1,981	2,053	8,285	8,125
Property related expense	16	(27)	40	(69)	(99)
Employee related expense	16	(139)	(132)	(510)	(576)
Other operating expense	16	(52)	(66)	(236)	(263)
Depreciation and amortization	16, 9	(963)	(948)	(3,717)	(3,749)
Operating expense		(1,181)	(1,106)	(4,532)	(4,687)
Other income (expense)	17	30	221	(17)	2,266
OPERATING PROFIT		830	1,168	3,736	5,704
Interest income	18	151	169	484	335
Interest expense	18	(488)	(364)	(2,077)	(1,477)
Exchange rate difference	19	(3)	(26)	14	(88)
Financial expense		(340)	(221)	(1,579)	(1,230)
PROFIT BEFORE TAX		490	947	2,157	4,474
Income tax expense	20	(61)	(92)	(313)	(510)
PROFIT FOR THE PERIOD		429	855	1,844	3,964
Attributable to equity holders of the parent		429	855	1,844	3,964
Basic earnings per share (EUR)	21	0.04	0.08	0.18	0.39
Diluted earnings per share (EUR)	21	0.04	0.08	0.18	0.39

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED DECEMBER 31, 2013
 (all amounts in thousands EUR unless otherwise stated)

	Notes	3 months ended		12 months ended	
		Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Profit for the period		429	855	1,884	3,964
Valuation difference on securities	4, 11	(42)	(101)	484	(107)
Deferred tax effect of valuation difference on securities		4	11	(49)	11
Translation difference		(1)	(2)	5	2
Other comprehensive income		(39)	(92)	440	(94)
COMPREHENSIVE INCOME		390	763	2,284	3,870
Attributable to equity holders of the parent		390	763	2,284	3,870

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE QUARTER ENDED DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	Share capital	Retained earnings	Valuation reserve	Treasury shares	Accum. translation difference	Total equity
December 31, 2011	213	23,332	(339)	(669)	(2,938)	19,599
Profit for the period	-	1,844	-	-	-	1,844
Valuation reserve	-	-	435	-	-	435
Translation difference	-	-	-	-	5	5
Dividend	-	(1,237)	-	-	-	(1,237)
December 31, 2012	213	23,939	96	(669)	(2,933)	20,646
Profit for the period	-	3,964	-	-	-	3,964
Valuation reserve	-	-	(96)	-	-	(96)
Translation difference	-	-	-	-	2	2
Purchase of treasury shares	-	-	-	(115)	-	(115)
Dividend	-	(1,351)	-	-	-	(1,351)
December 31, 2013	213	26,552	-	(784)	(2,931)	23,050

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED DECEMBER 31, 2013
(all amounts in thousands EUR unless otherwise stated)

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
OPERATING ACTIVITIES				
Income before tax	490	947	2,157	4,474
Depreciation and amortization	963	948	3,717	3,749
Interest expense	488	364	2,077	1,477
Interest income	(151)	(169)	(484)	(335)
Unrealized foreign exchange (gains) / losses	(6)	30	27	15
Changes in working capital:				
(Increase) / decrease in receivables and other current assets	160	(203)	(28)	215
Increase in inventory	-	(5)	-	(6)
Increase / (decrease) in payables and accruals	152	21	(160)	451
Corporate income tax paid	(15)	(41)	(226)	(244)
Net cash from operating activities	2,081	1,892	7,080	9,796
INVESTING ACTIVITIES				
Purchase of tangible assets and intangibles	(975)	(1,055)	(1,952)	(2,267)
Interest paid - capitalized	(18)	(22)	(73)	(88)
Sale of tangible assets	-	6	-	6
Purchase of investments	-	-	-	(7)
Sale of securities	2,264	1,811	2,264	1,811
Interest received	186	341	464	452
Net cash from (used in) investing activities	1,457	1,081	703	(93)
FINANCING ACTIVITIES				
Loan repayments	(546)	(687)	(2,118)	(2,721)
Interest paid	(559)	(358)	(2,087)	(1,466)
Purchase of treasury shares	-	(115)	-	(115)
Dividend paid	-	-	(1,167)	(1,385)
Net cash used in financing activities	(1,105)	(1,160)	(5,372)	(5,687)
Increase in cash and cash equivalents	2,433	1,813	2,411	4,016
Cash and cash equivalents at beginning of period	3,755	8,372	3,777	6,186
Exchange rate loss on cash and cash equivalents	(2)	(25)	(2)	(42)
Cash and cash equivalents at end of period	6,186	10,160	6,186	10,160

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
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1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park SE operates as a holding and provides management, financial and administrative services to its subsidiaries. The real estate development is performed by Graphisoft Park SE's subsidiary, Graphisoft Park Kft. Graphisoft Park Kft's subsidiary, Graphisoft Park Services Kft. is responsible for property operation tasks.

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 14 on December 31, 2013.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 15 years, 45,000 m² of office and laboratory space, covering 8.5 hectares, have been developed and occupied. The remaining area provides the opportunity to develop an additional 65,000 m² of office space and utilize 10,000 m² of total rentable net internal area comprising the monument area, after renovation.

The real estate is categorized as follows:

Area	Property
Core area	modern business park spreading over 8.5 hectares of land, comprising 9 office buildings with 45,000 m ² office and laboratory space, 1 storage warehouse with supporting office space, 2 restaurants and 1 service building
Monument development area	2.4 hectares of development land comprising 10,000 m ² of total rentable net internal area of the monument buildings, out of which 1,850 m ² has been renovated and the renovation of further 5,200 m ² has begun
Development areas	7.0 hectares of free development land

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1.3. Governance

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

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2015
Hornung Péter	Member	August 21, 2006	May 31, 2015
Gáthy Tibor	Member	April 26, 2012	May 31, 2015
Dr. Kálmán János	Member	August 21, 2006	May 31, 2015
Kocsány János	Member	April 28, 2011	May 31, 2015

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

1.4. Stock information

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

Name	Title	December 31, 2012		December 31, 2013	
		Shares (pcs)	Share (%)	Shares (pcs)	Share (%)
Directors and management		4,075,364	38.34	4,015,364	37.77
Bojár Gábor	BD Chairman	3,185,125	29.96	3,185,125	29.96
Hornung Péter	BD Member	530,426	5.00	530,426	5.00
Gáthy Tibor	BD Member	160,000	1.50	100,000	0.93
Dr. Kálmán János	BD Member	13,500	0.13	13,500	0.13
Kocsány János	BD Member, CEO	180,913	1.70	180,913	1.70
Hajba Róbert	CFO	5,400	0.05	5,400	0,05
Shareholders over 5% share		2,255,835	21.21	2,679,584	25.45
Tari István Gábor		1,074,329	10.10	1,074,329	10.10
Concorde Alapkezelő Zrt.		1,181,506	11.11	1,605,255	15.35
Other shareholders		3,821,399	35.94	3,427,650	31.99
Treasury shares*		479,076	4.51	509,076	4.79
Total		10,631,674	100.00	10,631,674	100.00

* Treasury share details are disclosed in Note 22.

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2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see in Notes to the Consolidated Financial Statements 2012), with the notes below.

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

Exchange rates used were as follows:

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
EUR/HUF opening:	283.71	298.48	311.13	291.29
EUR/HUF closing:	291.29	296.91	291.29	296.91
EUR/HUF average:	283.11	297.61	289.42	296.92

Income and expenditures related to the legal proceedings (Note 23) are presented in "Other income (expense)". In previous periods, (that is 2012 and the first two quarters of 2013) expenditures presented in "Operating expenses" are reclassified to conform to presentation in the current period.

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3. Cash and cash equivalents

	December 31, 2012	December 31, 2013
Cash in hand	1	1
Cash at banks	6,185	10,159
Cash and bank	6,186	10,160

4. Securities

	December 31, 2012	December 31, 2013
Bonds	2,024	-
Securities (available-for-sale financial assets)	2,024	-

The bonds were issued by the Hungarian State Holding Company, are guaranteed by the Hungarian State and are exchangeable to ordinary shares of Gedeon Richter Plc. The bonds are denominated in EUR and are of fixed interest rate (4.40% p.a.). The issue date is September 25, 2009; the maturity date is September 25, 2014.

The Company had purchased bonds of total face value of 4,500 thousand EUR in August 2011, and sold a total of 2,500 thousand EUR face value bonds in October 2012. The difference between the selling price (2,440 thousand EUR) and the book value (2,356 thousand EUR) was accounted for as financial income. The residual 2,000 thousand EUR face value bonds were sold in December 2013. The difference between the selling price (2,087 thousand EUR) and the book value (2,017 thousand EUR) is accounted for as financial income.

Valuation of the bonds is disclosed in the following table:

	December 31, 2012	December 31, 2013
Net purchase price (31.08.2011)	1,811	-
Accrued interest	106	-
Valuation difference	107	-
Bonds (at fair value)	2,024	-

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

5. Trade receivables

	December 31, 2012	December 31, 2013
Trade receivables	422	453
Provision for doubtful debts	-	-
Trade receivables	422	453

6. Inventory

	December 31, 2012	December 31, 2013
Expenses to be recharged	-	6
Inventory	-	6

7. Current tax receivables and liabilities

	December 31, 2012	December 31, 2013
Current tax receivables	99	87
Current tax liabilities	(121)	(178)
Current tax receivable (liability) – net	(22)	(91)

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8. Other current assets

	December 31, 2012	December 31, 2013
Accrued income	50	166
Prepaid expense	43	17
Other receivables	488	26
Other current assets	581	209

9. Tangible and intangible assets – book values

	December 31, 2012	December 31, 2013
Investment property	62,254	61,171
Other tangible assets	199	200
Intangible assets	1	-
Tangible and intangible assets (net)	62,454	61,371

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The table shows movements of investment property during the period:

	Land and buildings	Construction in progress	Investment property
Net value:			
December 31, 2012	58,733	3,521	62,254
Gross value:			
December 31, 2012	82,731	3,521	86,252
Reclassification	-	-	-
Additions	-	2,609	2,609
Capitalizations	2,222	(2,222)	-
Translation difference	-	-	-
December 31, 2013	84,953	3,908	88,861
Depreciation:			
December 31, 2012	23,998	-	23,998
Additions	3,692	-	3,692
Translation difference	-	-	-
December 31, 2013	27,690	-	27,690
Net value:			
December 31, 2013	57,263	3,908	61,171

Additions in construction in progress at 2,609 thousand EUR comprise the following:

- development activities in the buildings of the Monument development area (1,800 thousand EUR),
- development activities in the dormitory building in the Southern development area (468 thousand EUR),
- development activities in the buildings of the Core area (306 thousand EUR),
- development of infrastructure and public utilities (35 thousand EUR).

Capitalizations in the value of 2,222 thousand EUR comprise the following:

- development activities in the buildings of the Monument area (building U3 and its surroundings, 1,886 thousand EUR)
- development activities completed in the buildings of the Core area (301 thousand EUR) and
- completed infrastructure and public utilities development (35 thousand EUR).

Construction in progress totaling 3,908 thousand EUR comprises the cost of the Monument development area's buildings to be renovated or under renovation and the cost of the dormitory building under construction in the Southern development area.

Estimates on investment property **fair values** are disclosed annually, in the Annual Report.

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10. Investments

	December 31, 2012	December 31, 2013
AIT-Budapest Kft.	100	100
Aquincum Inkubátor Zrt.	-	7
Investments	100	107

The Company acquired a 10 % ownership share (100 thousand EUR) in AIT-Budapest Aquincum Institute of Technology Kft in 2009. In 2013 the Company acquired a 10% ownership share in Aquincum Inkubátor Zrt. and consequently sold the shares at face value in 2014.

11. Deferred tax

	December 31, 2012	December 31, 2013
Development reserve	(274)	(488)
Depreciation	22	22
Securities*	(11)	-
Loss carried forward	279	237
Deferred tax asset – net	16	(229)

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

12. Loans

	December 31, 2012	December 31, 2013
Short-term	2,723	2,836
Long-term	47,147	44,313
Loans	49,870	47,149

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The total original capital amount of these loans is 58 million EUR. Loans are denominated and due in EUR. Part of the loans is subject to fixed interest rates (3-5 years fixed period from start of term) and part to a floating rate. Collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge. The Company had no undrawn borrowing facilities as of the balance sheet date.

13. Trade payables

	December 31, 2012	December 31, 2013
Trade payables - domestic	367	680
Trade payables	367	680

14. Other short-term liabilities

	December 31, 2012	December 31, 2013
Amounts due to employees	32	30
Deposits from tenants	507	688
Other payables and accruals	339	389
Other short-term liabilities	878	1,107

15. Revenue

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Property rental	1,981	2,053	8,285	8,125
Revenue	1,981	2,053	8,285	8,125

Revenue solely consist of rental fees coming from the lease of investment properties.

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16. Operating expense

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Property related expense	27	(40)	69	99
Employee related expense	139	132	510	576
Other operating expense	52	66	236	263
Depreciation and amortization	963	948	3,717	3,749
Operating expense	1,181	1,106	4,532	4,687

Other operating expense consists of the following items:

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Office and telecommunication	3	4	13	14
Legal and administration	17	28	109	120
Marketing	13	13	52	53
Other	19	21	62	76
Other operating expense	52	66	236	263

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17. Other income (expense)

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Income from recharged construction expenses	68	32	173	171
Recharged construction expenses	(60)	(28)	(160)	(149)
Income from recharged operation expenses	822	824	3,040	3,024
Recharged operation expenses	(774)	(773)	(2,903)	(2,918)
Others	(26)	166	(167)	2,138
Other income (expense)	30	221	(17)	2,266

18. Interest

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2013
Interest received	151	169	484	335
Interest income	151	169	484	335
Interest paid on loans	(503)	(382)	(2,129)	(1,547)
Other interest paid	(4)	(4)	(21)	(18)
Borrowing cost capitalized	19	22	73	88
Interest expense	(488)	(364)	(2,077)	(1,477)
Net interest expense	(337)	(195)	(1,593)	(1,142)

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19. Exchange rate difference

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Exchange rate gain (loss) realized	(7)	(42)	43	(61)
Exchange rate gain (loss) not realized	4	16	(29)	(27)
Exchange rate gain (loss)	(3)	(26)	14	(88)

20. Income tax

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Current income tax	(57)	(3)	(219)	(254)
Deferred income tax	(4)	(89)	(94)	(256)
Income tax expense	(61)	(92)	(313)	(510)

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

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21. Earnings per share

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

	3 months ended		12 months ended	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Net profit attributable to equity holders	429	855	1,844	3,964
Weighted average number of ordinary shares	10,152,598	10,148,359	10,152,598	10,151,530
Basic earnings per share (EUR)	0.04	0.08	0.18	0.39
Weighted average number of ordinary shares	10,152,598	10,148,359	10,152,598	10,151,530
Diluted earnings per share (EUR)	0.04	0.08	0.18	0.39

The weighted average number of ordinary shares does not take into account treasury shares. There are no share option schemes in place.

22. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2012	December 31, 2013
Number of shares	479,076	509,076
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	9,582	10,182
Treasury shares (at historical cost)	669	784

23. Commitments, contingencies

Legal proceedings

Graphisoft Park tenant AMRI Hungary Zrt. went under voluntary winding up on July 23, 2012, which led to the termination of the lease on August 31, 2012 in accordance with its terms. After this both parties initiated legal proceedings at different forums in Hungary and in the United States. The parties had come to an out-of-court settlement agreement terminating all ongoing procedures on August 27, 2013.

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Development for education purposes

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

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

24. Approval of financial statements, dividend

Following the recommendation of the Board of Directors, the Annual General Meeting on April 23 2013, approved the 2012 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 71,839 thousand EUR and a profit for the year of 1,844 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 40 HUF per share, 406,104 thousand HUF in total (1,351 thousand EUR on the exchange rate of April 23, 2013). The starting date for dividend payments was June 4, 2013. The Company paid out the dividends to the shareholders identified by shareholder's registration.

25. Declaration

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