

GRAPHISOFT PARK SE

Interim Management Report – Third Quarter 2014

November 5, 2014



GRAPHISOFT PARK





Dear Shareholders,

It is our great pleasure to announce that the occupancy rate in the completed 55 thousand square meters office, laboratory and educational space in Graphisoft Park has reached 90% by the end of the third quarter in 2014, and with the leases signed since then it is standing at 95% at the time of publishing this report. With this figure occupancy surpassed not just the level before AMRI's leave in 2012, but also that of 2008 before the crisis. This we achieved without having to change the rent levels, cornerstones of the Park's quality and profitability; and without getting to compete with the artificially low, therefore unsustainable rates on Budapest's overcrowded office market. Due to the new leases concluded we have raised our net profit forecast by additional 200 thousand euros, to 2.3 million euros, which is expected to grow further by 500 thousand euros, to 2.8 million euros in 2015 based on the lease agreements already concluded.

All this proves that our concept for the "micro-silicon-valley" articulated some 15 years ago was right, targeting a well-defined market – Hungarian and international technology companies pursuing innovation in our case – and focusing real estate developments to their needs is working. The key to success in their fields is attracting talent. We are aiming to contribute to this with quality and environment conscious architecture, in a uniquely quiet setting on the green banks of the river Danube surrounded by the Park's state-of-the art renovated industrial monument buildings preserving the marvelous ambiance of the old Óbuda Gas Works. Our achievements prove that the leading companies in the technology field appreciate this; therefore we are continuing the development along the lines of the same concept.

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



Financial highlights

IFRS, consolidated, thousand EUR

Results from ordinary activities*:

| | 3 months ended | | 9 months ended | |
|------------------------------------|----------------|--------------|----------------|--------------|
| | Sept. 30, | Sept. 30, | Sept. 30, | Sept. 30, |
| | 2013 | 2014 | 2013 | 2014 |
| Revenue | 2,017 | 2,124 | 6,072 | 6,054 |
| Operating expense | (218) | (183) | (780) | (699) |
| Other income (expense) | (9) | 45 | 54 | 114 |
| EBITDA | 1,790 | 1,986 | 5,346 | 5,469 |
| Depreciation and amortization | (932) | (1,093) | (2,801) | (2,983) |
| Operating profit | 858 | 893 | 2,545 | 2,486 |
| Net interest expense | (307) | (313) | (947) | (943) |
| Exchange rate differences | (15) | 116 | (62) | 170 |
| Profit before tax | 536 | 696 | 1,536 | 1,713 |
| Income tax expense | (46) | (41) | (219) | (54) |
| Profit for the period | 490 | 655 | 1,317 | 1,659 |
| EBITDA margin (%) | 88.7 | 93.5 | 88.0 | 90.3 |
| Operating profit margin (%) | 42.5 | 42.0 | 41.9 | 41.1 |

Extraordinary results (legal proceedings):

| | 3 months ended | | 9 months ended | |
|----------------------------|----------------|-----------|----------------|-----------|
| | Sept. 30, | Sept. 30, | Sept. 30, | Sept. 30, |
| | 2013 | 2014 | 2013 | 2014 |
| Other income (expense) | 2,246 | - | 1,991 | - |
| Income tax expense | (225) | - | (199) | - |
| Loss for the period | 2,021 | - | 1,792 | - |

* On this page results of the Company are presented in "Results from ordinary activities" / "Extraordinary results" breakdown. The "Extraordinary results" section includes the income and expenditures relating solely to the cancellation of the lease contract with AMRI Hungary Zrt. (Legal proceedings) realized in the base period. Total results of the Company (ordinary and extraordinary results combined) are presented on the next page. Periodic comparative analyses are prepared using "Results from ordinary activities", which do not include the extraordinary items.



Financial highlights

IFRS, consolidated, thousand EUR

Results (total)*:

| | 3 months ended | | 9 months ended | |
|-------------------------------|----------------|--------------|----------------|--------------|
| | Sept. 30, | Sept. 30, | Sept. 30, | Sept. 30, |
| | 2013 | 2014 | 2013 | 2014 |
| Revenue | 2,017 | 2,124 | 6,072 | 6,054 |
| Operating expense | (218) | (183) | (780) | (699) |
| Other income (expense) | 2,237 | 45 | 2,045 | 114 |
| EBITDA | 4,036 | 1,986 | 7,337 | 5,469 |
| Depreciation and amortization | (932) | (1,093) | (2,801) | (2,983) |
| Operating profit | 3,104 | 893 | 4,536 | 2,486 |
| Net interest expense | (307) | (313) | (947) | (943) |
| Exchange rate differences | (15) | 116 | (62) | 170 |
| Profit before tax | 2,782 | 696 | 3,527 | 1,713 |
| Income tax expense | (271) | (41) | (418) | (54) |
| Profit for the period | 2,511 | 655 | 3,109 | 1,659 |

Balance sheet data:

| | December 31, 2013 | September 30, 2014 |
|--------------------------------------|-------------------|--------------------|
| Assets total | 72,419 | 70,170 |
| Investment property at cost** | 61,171 | 63,755 |
| Bank loans | 47,149 | 45,032 |
| Net debt | 38,428 | 42,554 |

* On this page total results of the Company are presented including extraordinary items. Results of the Company in the "Results from ordinary activities" / "Extraordinary results" breakdown are shown in the tables on the previous page. "Extraordinary results" section includes the income and expenditures relating solely to the cancellation of the lease contract with AMRI Hungary Zrt. (Legal proceedings) realized in the base period. Periodic comparative analyses are prepared using "Results from ordinary activities", which do not include the extraordinary items.

** Investment properties are shown in the financial statements of the Company at historical cost. Investment property fair value estimates are published annually. The latest valuation is disclosed in the Annual Report for 2013 (www.graphisoftpark.com).



Management Report

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

- Financial results for the first nine months of 2014,
- Utilization, occupancy,
- Development activities,
- Other key issues,
- Forecast for the years 2014 and 2015.

Financial results for the first nine months of 2014

Changes in the results for 2014 compared to the 2013 bases ("Results from ordinary activities", see details in "Financial highlights" on previous pages) occurred by the effects of the following main factors:

- **Revenue** (6,054 thousand euros; Q1: 1,961 thousand euros, Q2: 1,969 thousand euros, Q3: 2,124 thousand euros) amount corresponds with that of the previous year. Loss of rental fees from premises rented by Ustream Hungary Kft. decreased revenue by 300 thousand euros, 5% in 2014, however rental revenues from newly leased premises (in the third quarter particularly - see details in the "Utilization, occupancy" sections below) and inflationary adjustments of the rental fees increased it by the same amount.
- **Operating expense** (699 thousand euros; Q1: 184 thousand euros, Q2: 332 thousand euros, Q3: 183 thousand euros) decreased by 10% compared to the previous year. This is due to the significant decrease in property related expenses compared to 2013.
- **Other income** (114 thousand euros; Q1: 29 thousand euros, Q2: 40 thousand euros, Q3: 45 thousand euros) net amount is higher by 60 thousand euros than the base last year.
- **Depreciation** (2,983 thousand euros; Q1: 937 thousand euros, Q2: 953 thousand euros; Q3: 1,093 thousand euros) increased by 6% compared to the previous year due to new developments capitalized in 2014 (see details in the "Development activities" section below).
- **EBITDA** (5,469 thousand euros; Q1: 1,806 thousand euros, Q2: 1,677 thousand euros, Q3: 1,986 thousand euros) increased by 2%, while **operating profit** (2,486 thousand euros; Q1: 869 thousand euros, Q2: 724 thousand euros, Q3: 893 thousand euros) decreased by 2% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (943 thousand euros; Q1: 325 thousand euros, Q2: 305 thousand euros, Q3: 313 thousand euros) decreased by 4 thousand euros compared the previous year due to decreasing interest expenses (by 121 thousand euros) and decreasing interest income (by 117 thousand euros). More favorable exchange rate differences than in 2013 have had a substantial positive effect (232 thousand euros) on the financial results.
- **Income tax expense** (2014: 54 thousand euros, 2013: 219 thousand euros) is significantly lower than in the previous year. 2014 corporate income tax was lowered by a tax base decreasing item (monument renovation tax credit) to a larger extent than in 2013 (262 thousand euros in 2014, compared to 66 thousand euros in 2013).
- **Net profit** (1,659 thousand euros; Q1: 574 thousand euros, Q2: 430 thousand euros, Q3: 655 thousand) grew by 342 thousand euros, 26% compared to the previous year because of the following factors: (1) operating profit was lower by 59 thousand euros, 2% than the base due to the lower occupancy rate in the first two quarters, which was partly compensated by better results of the third quarter, however, (2) financial results improved by 236 thousand euros, 23% due mostly to favorable exchange rate differences, and finally (3) income tax expense was lower by 165 thousand euros than the base last year due to a tax-base decreasing item.



Utilization, occupancy

Occupancy rate of Graphisoft Park’s completed 52,050 m2 (46,000 m2 until the fourth quarter of 2013; 46,850 m2 until July 2014) rentable office, laboratory and educational space developed as follows (at the end of the quarter):

| 2013 Q1 | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2014 Q2 | 2014Q3 |
|---------|---------|---------|---------|---------|---------|--------|
| 84% | 84% | 84% | 84% | 80% | 81% | 90% |

Ustream Hungary Kft. moved to a downtown location on 1 January 2014, reducing the 84% occupancy rate in 2013 to 80% by the beginning of 2014.

New contracts with tenants operating in smaller offices raised overall occupancy by 1%, to 81% by the end of the first half year.

After the educational purpose development in the monument area completed in July (see details in the “Development activities” section below), rentable office, laboratory and educational space in Graphisoft Park grew by 5,200 m2 to 52,050 m2 while occupancy rate grew from 81% to 83%, with a nearly 100% rate in the newly developed areas.

With new leases concluded in June for 3,300 m2 office space, Graphisoft Park’s occupancy rate reached 90% by October - with the aforementioned educational development included.

The Company has concluded new leases in the third quarter covering additional 2,000 m2 office space, so Graphisoft Park’s occupancy rate surpasses 95% at the time of publishing this report.

The completed 3,000 m2 gross floor area, 85 rooms’ dormitory building (see “Development activities” section below for details) within the housing developments in the southern development area started operation from September, 2014 with 100% occupancy. (At housing developments occupancy rate is calculated by the ratio of housing units rented to housing units available.)

Development activities

The total area of Graphisoft Park is nearly 18 hectares. Over the past 17 years 45,000 m2 of office and laboratory space have been developed and occupied on the core 8.5 hectares. Further investments in the **core area** are focused currently on meeting the needs of tenants by remodeling and renovation of office space and by infrastructure development. The Company spent 426 thousand euros on these activities in the first three quarters of 2014, and the costs are expected at 900 thousand euros total in 2014 (with the comprehensive remodeling costs of the premises newly leased included).

The renovation works on the 14,000 m2 gross floor area (10,000 m2 net leasable area) buildings of the 2.4 hectares **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 were repurposed into state of the art educational facilities and were handed over in July 2014. By now the monument area houses a **university campus** of 7,050 m2 net floor area for nearly 1,000 students.



The last and largest building in the monument area, the former purifier building marked U4 on the map, has an additional 3,000 m² development potential. Planning will start when actual tenant interest is shown in the building. The façade on the university campus side is now covered up under a series of Hungarian scientist portraits.





In relation to the educational development project the construction of a new restaurant and a new cafe was completed on campus, alongside the construction of a **dormitory** building of 3,000 m2 for 85 persons on the southern development area (rights side on the map above), which started operation in September 2014 with a 100% occupancy rate.

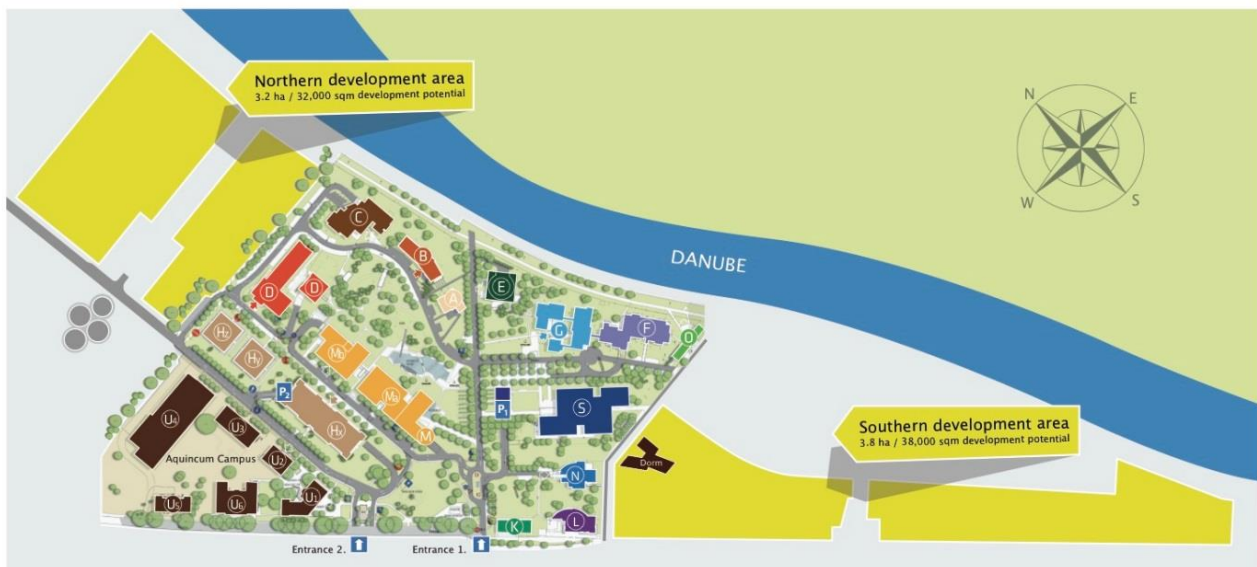




The planned total costs of the program including public utilities works and landscaping were 10.7 million euros. Out of this 1.2 million were spent during 2010-11, another 1.2 million euros in 2012, 2.1 million euros in 2013 and 5.1 million euros in 2014 – 9,6 million euros total – were spent on the renovation of 5 industrial monument buildings with 7,050 m² leasable space in them and on the construction of the dormitory building. As the buildings were renovated to suit lease contracts preceding the works, the monument area's occupancy stands near to 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 cost of new constructions.

In the southern and northern **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 on roughly half of the southern development area. Land development costs amounted to 3.2 million euros to date.

The 7 hectares area has a development potential of additional 70,000 m² net leasable space, on a part of which (on the left section of the Southern development area, see the site plan below) 2,500 m² has already been completed with the construction of the dormitory building in 2014, and this area has been completely prepared for construction of a further office building of net 14,000 m².



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.

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

- significant risk of environmental pollution,
- regulations protecting landmark buildings limit the land's usability,
- potential flood risk due to the location and the increasing water level fluctuation of the river Danube, despite the fact that flood defense works originally built to protect the former Gasworks have been proved to be a safe defense even at highest water levels.



Other key issues

Realization of the educational function

In order to further strengthen Graphisoft Park’s “science park” features we have concluded an agreement with the Aquincum Institute of Technology (AIT) 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. 7 semesters have been concluded since the pilot program, with 120 students in 2014 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, LogMeIn, Ustream, etc). These students return home with great impressions and spread the news of the Hungarian IT industry in the world. Some of them are coming back to Hungary after obtaining their diplomas to gain permanent employment with these companies.

At the time of making this report the 2014 Fall semester is taking place. In 2014, 80 North American and 40 Hungarian students are expected to have completed their studies at AIT. Tuition paid by the North American students will make AIT-Budapest’s operation sustainable on long term.

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



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





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 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. Graphisoft Park supports the startup companies by leasing office and laboratory space, and by providing pro bono business development advice with the help of Gábor Bojár, founder of Graphisoft and Graphisoft Park.

Management Share Ownership Plan

On July 21, 2014, the General Meeting of Graphisoft Park SE approved the Management Share Ownership Plan of the Company, and gave authorization to the Board of Directors at the same time to raise share capital. The purpose of raising share capital is to issue employee shares up to 15% of the raised share capital, with the potential maximum of 1,876,178 employee shares issued at the face value of 2 euro cent each, at a potential maximum value of 37,524 euros. Management Shares bear voting rights equivalent to their face value, but different (reduced) rights to dividend at the proportion of one third of their face value.

The primary purpose of the Management Share Ownership Plan is to enable employees of the Company in management positions through multiple voting shares to meaningfully participate in the decision-making at issues in the sole competence of the General Meeting, thus enabling them to obfuscate takeover attempts hindering the Company's interests and reasonable operations when needed, while preserving the primacy of interests of the Company and acting within the framework provided by the law. The other purpose of the Management Share Ownership Plan is to provide a long-term roadmap for the compensation and motivation of employees in leadership positions with higher responsibilities, thus contributing to attracting the most talented employees, and to keep those already in position providing further motivation. The Board of Directors of the Company shall award employee shares within the framework of the Management Share Ownership Plan.

Forecast for the years 2014 and 2015

Our forecast for the years 2014 and 2015 is summarized in the following table, based exclusively on signed, valid lease agreements with the current occupancy rate of 95% (see details in caption "Utilization, occupancy"). The first column shows 2013 results without the extraordinary results from the legal proceedings.

| (million euros) | 2013 actual | 2014 forecast | 2015 plan |
|-------------------------------|--------------------|----------------------|------------------|
| Rental revenue | 8.12 | 8.4 | 9.7 |
| Operating expense | -0.94 | -0.9 | -1.0 |
| Other income, net | 0.12 | 0.2 | 0.2 |
| EBITDA | 7.30 | 7.7 | 8.9 |
| Depreciation and amortization | -3.75 | -4.1 | -4.2 |
| Operating profit | 3.55 | 3.6 | 4.7 |
| Net interest expense | -1.14 | -1.3 | -1.3 |
| Exchange rate difference | -0.09 | 0.2 | - |
| Profit before tax | 2.32 | 2.5 | 3.4 |
| Income tax expense | -0.29 | -0.2 | -0.6 |
| Net profit | 2.03 | 2.3 | 2.8 |

Forecast for the year 2014:

Change in results for 2014 compared to 2013 bases (results 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 areas newly leased in 2014 (see “Utilization, occupation” and “Development activities” sections), along with the inflationary adjustments of the rental fees will result in a 700 thousand euros growth. Therefore, the overall rental income in 2014 is expected to surpass that of 2013 by 300 thousand euros.
- Operating expense and other income (net) amounts are expected to decrease by 100 thousand euros in 2014 compared to 2013. Depreciation and amortization will increase by about 350 thousand euros, due to the new developments capitalized in 2014 (see caption “Development activities”). Due to the above, total cost of operation is expected to exceed 2013 base by 250 thousand euros.
- 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. Financial results are expected to increase by 300 thousand euros compared to the previous year due to more favorable exchange rate differences (2014: expected gain of 200 thousand euros, 2013: loss of 100 euros). Thus, financial results in total are expected to grow by 150 thousand euros in 2014 compared to 2013.
- Income tax expense is expected to decrease by 100 thousand euros compared to the base, because a tax base decreasing item (monument renovation tax credit) lowers corporate tax to a larger extent compared to the previous year (in 2014 by 250 thousand euros, in 2013 by 150 thousand euros).

With regards to the above 2.3 million euros net profit is forecasted for 2014. Our forecast has been raised by 200 thousand euros compared to the 2.1 million euros forecasted in our Half-year report published on August 6, 2014, for the following reasons: (1) rental revenue forecast has been raised by 100 thousand euros due to new leases concluded in the third quarter (see “Utilization, occupancy” section for details), (2) forecast for financial results has been raised by 200 thousand euros considering more favorable exchange rate differences, in contrast (3) forecast for income tax expense has been increased by 100 thousand euros due to the growth in profit before tax, and the fact that the actual cost of monument renovation, and thus the resulting tax credit, has been lower than earlier planned on a conservative basis.

Forecast for the year 2015:

Change in results for 2015 compared to 2014 bases is the impact of the following main factors:

- Rental income from areas newly leased in 2014 (see “Utilization, occupation” and “Development activities” sections) will be realized during the whole year, increasing rental revenues by 1.1 million euros compared to the base of 2014. Inflationary adjustments of the rental fees results in an expected additional revenue increase of 200 thousand euros. Therefore, the overall rental income in 2015 is expected to surpass that of 2014 by 1.3 million euros.
- Operating expenses are expected to increase by 100 thousand euros in 2015, by a significantly lower rate than revenues or results. Depreciation and amortization will expectedly exceed 2014 amount by 100 thousand euros (as a common result of additional depreciation of new developments capitalized in 2014 and running out of depreciation of old assets). Due to the above, total cost of operation is expected to exceed 2014 base by 200 thousand euros.
- Interest expense is expected to stay at the 2014 level in 2015, and we do not calculate with any exchange rate differences. Thus, financial results are expected to decrease by 200 thousand euros in 2015 compared to 2014 (by the amount of the expected exchange rate gain in 2014).



- Corporate and local business tax expense is expected to increase by about 150 thousand euros in 2015 due to the substantial growth of revenues and profit before tax. In addition, we do not calculate with renovation of monument buildings and thus the related tax decreasing effect (monument renovation tax credit, 250 thousand euros in 2014) in 2015. Therefore, income tax expense is expected to rise by 400 thousand euros in 2015 compared to 2014.
- Due to all the above, net profit is expected to grow by 500 thousand euros in 2015 compared to 2014.

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.

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 (see "Utilization, occupancy" section). 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 310 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, November 5, 2014

Hajba Róbert
Chief Financial Officer

Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended September 30, 2014

in accordance with International Financial Reporting Standards (IFRS)

(unaudited)

Budapest, November 5, 2014

Handwritten signature of Hajba Róbert in blue ink, written over a horizontal line.

Hajba Róbert
Chief Financial Officer

Handwritten signature of Kocsány János in blue ink, written over a horizontal line.

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
SEPTEMBER 30, 2014

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2014

(all amounts in thousands EUR unless otherwise stated)

| | Notes | December 31, 2013 | September 30, 2014 |
|---------------------------------------|-------|-------------------|--------------------|
| Cash and cash equivalents | 3 | 10,160 | 5,057 |
| Trade receivables | 4 | 453 | 642 |
| Inventories | 5 | 6 | 8 |
| Current tax receivable | 6 | 87 | 81 |
| Other current assets | 7 | 209 | 237 |
| Current assets | | 10,915 | 6,025 |
| Investment property | 8 | 61,171 | 63,755 |
| Other tangible assets | 8 | 200 | 263 |
| Investments | 9 | 107 | 100 |
| Deferred tax asset | 10 | 26 | 27 |
| Non-current assets | | 61,504 | 64,145 |
| TOTAL ASSETS | | 72,419 | 70,170 |
| Short-term loans | 11 | 2,836 | 2,907 |
| Trade payables | 12 | 680 | 1,640 |
| Current tax liability | 6 | 178 | 151 |
| Other short-term liabilities | 13 | 1,107 | 1,654 |
| Current liabilities | | 4,801 | 6,352 |
| Long-term loans | 11 | 44,313 | 42,125 |
| Deferred tax liability | 10 | 255 | 129 |
| Non-current liabilities | | 44,568 | 42,254 |
| TOTAL LIABILITIES | | 49,369 | 48,606 |
| Share capital | | 213 | 213 |
| Retained earnings | | 26,552 | 25,246 |
| Treasury shares | 21 | (784) | (962) |
| Accumulated translation difference | | (2,931) | (2,933) |
| Shareholders' equity | | 23,050 | 21,564 |
| TOTAL LIABILITIES & EQUITY | | 72,419 | 70,170 |

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

| | Notes | 3 months ended | | 9 months ended | |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| | | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Property rental revenue | 14 | 2,017 | 2,124 | 6,072 | 6,054 |
| Revenue | | 2,017 | 2,124 | 6,072 | 6,054 |
| Property related expense | 15 | (68) | - | (139) | (30) |
| Employee related expense | 15 | (88) | (104) | (444) | (434) |
| Other operating expense | 15 | (62) | (79) | (197) | (235) |
| Depreciation and amortization | 15, 8 | (932) | (1,093) | (2,801) | (2,983) |
| Operating expense | | (1,150) | (1,276) | (3,581) | (3,682) |
| Other income | 16 | 2,237 | 45 | 2,045 | 114 |
| OPERATING PROFIT | | 3,104 | 893 | 4,536 | 2,486 |
| Interest income | 17 | 57 | 12 | 166 | 49 |
| Interest expense | 17 | (364) | (325) | (1,113) | (992) |
| Exchange rate difference | 18 | (15) | 116 | (62) | 170 |
| Financial expense | | (322) | (197) | (1,009) | (773) |
| PROFIT BEFORE TAX | | 2,782 | 696 | 3,527 | 1,713 |
| Income tax expense | 19 | (271) | (41) | (418) | (54) |
| PROFIT FOR THE PERIOD | | 2,511 | 655 | 3,109 | 1,659 |
| Attributable to equity holders of the parent | | 2,511 | 655 | 3,109 | 1,659 |
| Basic earnings per share (EUR) | 20 | 0.24 | 0.06 | 0.30 | 0.16 |
| Diluted earnings per share (EUR) | 20 | 0.24 | 0.06 | 0.30 | 0.16 |

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

| | Notes | 3 months ended | | 9 months ended | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Profit for the period | | 2,511 | 655 | 3,109 | 1,659 |
| Valuation reserve*** | | 16 | - | (6) | - |
| Valuation reserve – tax effect | | (2) | - | - | - |
| Other comprehensive income – to be reclassified* | | 14 | - | (6) | - |
| Translation difference**** | | 2 | - | 4 | (2) |
| Other comprehensive income – not to be reclassified** | | 2 | - | 4 | (2) |
| Other comprehensive income | | 16 | - | (2) | (2) |
| COMPREHENSIVE INCOME | | 2,527 | 655 | 3,107 | 1,657 |
| Attributable to equity holders of the parent | | 2,527 | 655 | 3,107 | 1,657 |

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

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

*** Fair value changes of available-for-sale securities

**** Translation difference comprises the translation difference of subsidiaries with functional currency other than EUR

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

| | Share capital | Retained earnings | Valuation reserve | Treasury shares* | Accum. translation difference | Total equity |
|-----------------------------|------------------|----------------------|----------------------|---------------------|-------------------------------------|-----------------|
| December 31, 2012 | 213 | 23,939 | 96 | (669) | (2,933) | 20,646 |
| Profit for the period | - | 3,109 | - | - | - | 3,109 |
| Valuation reserve | - | - | (6) | - | - | (6) |
| Translation difference | - | - | - | - | 4 | 4 |
| Dividend | - | (1,351) | - | - | - | (1,351) |
| September 30, 2013 | 213 | 25,697 | 90 | (669) | (2,929) | 22,402 |
| December 31, 2013 | 213 | 26,552 | - | (784) | (2,931) | 23,050 |
| Profit for the period | - | 1,659 | - | - | - | 1,659 |
| Valuation reserve | - | - | - | - | - | - |
| Translation difference | - | - | - | - | (2) | (2) |
| Purchase of treasury shares | - | - | - | (178) | - | (178) |
| Dividend | - | (2,965) | - | - | - | (2,965) |
| September 30, 2014 | 213 | 25,246 | - | (962) | (2,933) | 21,564 |

* Treasury share details are disclosed in Note 21

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

| | 3 months ended | | 9 months ended | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| OPERATING ACTIVITIES | | | | |
| Income before tax | 2,782 | 696 | 3,527 | 1,713 |
| Depreciation and amortization | 932 | 1,093 | 2,801 | 2,983 |
| Interest expense | 364 | 325 | 1,113 | 992 |
| Interest income | (57) | (12) | (166) | (49) |
| Unrealized foreign exchange (gains) / losses | (19) | 21 | (15) | (21) |
| Changes in working capital: | | | | |
| (Increase) / decrease in receivables and other current assets | 335 | (334) | 418 | (137) |
| Increase in inventory | (1) | - | (1) | (2) |
| Increase in payables and accruals | 189 | 494 | 430 | 582 |
| Corporate income tax paid | (94) | (120) | (203) | (248) |
| Net cash from operating activities | 4,431 | 2,163 | 7,904 | 5,813 |
| INVESTING ACTIVITIES | | | | |
| Purchase of tangible assets and intangibles | (721) | (1,610) | (1,212) | (4,699) |
| Interest paid (capitalized) | (24) | (32) | (66) | (94) |
| Purchase of investment | (7) | - | (7) | - |
| Sale of investment | - | - | - | 7 |
| Interest received | 94 | 22 | 111 | 42 |
| Net cash used in investing activities | (658) | (1,620) | (1,174) | (4,744) |
| FINANCING ACTIVITIES | | | | |
| Loan repayments | (683) | (712) | (2,034) | (2,117) |
| Interest paid | (362) | (325) | (1,108) | (1,016) |
| Purchase of treasury shares | - | - | - | (178) |
| Dividend paid | - | - | (1,385) | (2,994) |
| Net cash used in financing activities | (1,045) | (1,037) | (4,527) | (6,305) |
| Decrease in cash and cash equivalents | 2,728 | (494) | 2,203 | (5,236) |
| Cash and cash equivalents at beginning of period | 5,660 | 5,455 | 6,186 | 10,160 |
| Exchange rate gain / (loss) on cash and cash equivalents | (16) | 96 | (17) | 133 |
| Cash and cash equivalents at end of period | 8,372 | 5,057 | 8,372 | 5,057 |

The accompanying notes form an integral part of the report.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

1. General information

1.1. Business activities

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

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 17 on September 30, 2014.

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 by tenants. The remaining area provides the opportunity to develop an additional 70,000 m² of office space and utilize further 10,000 m² of 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 over 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 7,050 m ² has been renovated |
| Development areas | 7.0 hectares of free development land, on which a 3,000 m ² gross floor area dormitory has been constructed |

1.3. Governance

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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

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

Members of the Graphisoft Park SE Board of Directors (Bojár Gábor, Dr. Kálmán János, Hornung Péter, Gáthy Tibor and Kocsány János) have all resigned from their duties as board members on June 25, 2014 – taking effect on the next general meeting with a quorum –, in order to allow the next general meeting to vote new members into the Board, with regards to the significant changes in the Company’s Articles of Association, and the increased responsibility of the Board members specifically. The general meeting of the Company held on July 21, 2014, elected Dr. Martin-Hajdu György and Szigeti András to the Board and re-elected Bojár Gábor, Dr. Kálmán János and Kocsány János.

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

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, 2013 | | September 30, 2014 | |
|-----------------------------------|-------------------|--------------------------|----------------------|---------------------------|----------------------|
| | | Shares (pcs) | Share (%) | Shares (pcs) | Share (%) |
| Directors and management | | 3,506,493 | 32.98 | 3,511,538 | 33.04 |
| Bojár Gábor | BD Chairman | 3,185,125 | 29.96 | 3,185,125 | 29.96 |
| 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 |
| Szigeti András | BD Member | 121,555 | 1.14 | 126,000 | 1.19 |
| Hajba Róbert | CFO | 5,400 | 0.05 | 6,000 | 0.06 |
| Shareholders over 5% share | | 2,705,843 | 25.45 | 2,725,559 | 25.63 |
| Tari István Gábor | | 1,074,329 | 10.10 | 1,074,329 | 10.10 |
| Concorde Alapkezelő Zrt. | | 1,631,514 | 15.35 | 1,651,230 | 15.53 |
| Other shareholders | | 3,910,262 | 36.78 | 3,845,501 | 36.17 |
| Treasury shares* | | 509,076 | 4.79 | 549,076 | 5.16 |
| Total | | 10,631,674 | 100.00 | 10,631,674 | 100.00 |

* Treasury share details are disclosed in Note 21.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see in Notes to the Consolidated Financial Statements 2013), with the following differences:

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

Exchange rates used were as follows:

| | 3 months ended | | 9 months ended | |
|------------------|-----------------------|------------------|-----------------------|------------------|
| | Sept. 30, | Sept. 30, | Sept. 30, | Sept. 30, |
| | 2013 | 2014 | 2013 | 2014 |
| EUR/HUF opening: | 295.16 | 307.19 | 291.29 | 296.91 |
| EUR/HUF closing: | 298.48 | 310.36 | 298.48 | 310.36 |
| EUR/HUF average: | 297.88 | 312.24 | 296.70 | 308.76 |

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

3. Cash and cash equivalents

| | December 31, 2013 | September 30, 2014 |
|----------------------|-------------------|--------------------|
| Cash in hand | 1 | - |
| Cash at banks | 10,159 | 5,057 |
| Cash and bank | 10,160 | 5,057 |

4. Trade receivables

| | December 31, 2013 | September 30, 2014 |
|------------------------------|-------------------|--------------------|
| Trade receivables | 453 | 642 |
| Provision for doubtful debts | - | - |
| Trade receivables | 453 | 642 |

Trade receivables are on 8-30 day payment terms.

5. Inventories

| | December 31, 2013 | September 30, 2014 |
|--------------------------|-------------------|--------------------|
| Expenses to be recharged | 6 | 8 |
| Inventories | 6 | 8 |

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

6. Current tax receivables and liabilities

| | December 31, 2013 | September 30, 2014 |
|-------------------------------------|-------------------|--------------------|
| Current tax receivables | 87 | 81 |
| Current tax liabilities | (178) | (151) |
| Current tax receivable – net | (91) | (70) |

7. Other current assets

| | December 31, 2013 | September 30, 2014 |
|-----------------------------|-------------------|--------------------|
| Accrued income | 166 | 97 |
| Prepaid expense | 17 | 113 |
| Other receivables | 26 | 27 |
| Other current assets | 209 | 237 |

8. Tangible and intangible assets – book values

| | December 31, 2013 | September 30, 2014 |
|---|-------------------|--------------------|
| Investment property | 61,171 | 63,755 |
| Other tangible assets | 200 | 263 |
| Tangible and intangible assets (net) | 61,371 | 64,018 |

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

The table shows movements of investment property during the period:

| | Land and buildings | Construction in progress | Investment property |
|---------------------------|-----------------------|-----------------------------|------------------------|
| Net value: | | | |
| December 31, 2013 | 57,263 | 3,908 | 61,171 |
| Gross value: | | | |
| December 31, 2013 | 84,953 | 3,908 | 88,861 |
| Additions | - | 5,445 | 5,445 |
| Capitalizations | 8,134 | (8,134) | - |
| Translation difference | - | - | - |
| September 30, 2014 | 93,087 | 1,219 | 94,306 |
| Depreciation: | | | |
| December 31, 2013 | 27,690 | - | 27,690 |
| Additions | 2,861 | - | 2,861 |
| Translation difference | - | - | - |
| September 30, 2014 | 30,551 | - | 30,551 |
| Net value: | | | |
| September 30, 2014 | 62,536 | 1,219 | 63,755 |

Additions in construction in progress of 5,445 thousand EUR comprise the following:

- developments in the monument area and the southern development area (5,019 thousand EUR),
- developments in the core area (426 thousand EUR).

Capitalizations in the value of 8,134 thousand EUR comprise the following:

- developments completed in the monument area and the southern development area (7,760 thousand EUR),
- developments completed in the core area (374 thousand EUR).

Construction in progress totaling 1,219 thousand EUR comprises the cost of the monument area's buildings to be renovated (1,167 thousand EUR), and the cost of development activities taking place in the core area (52 thousand EUR).

In the first three quarters of 2014 the Company capitalized 94 thousand EUR interest expense on construction in progress (66 thousand euros in the first three quarters of 2013).

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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

9. Investments

| | December 31, 2013 | September 30, 2014 |
|--|-------------------|--------------------|
| AIT-Budapest Aquincum Institute of Technology Kft. | 100 | 100 |
| Aquincum Technológiai Inkubátor Zrt. | 7 | - |
| Investments | 107 | 100 |

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 20% ownership share (7 thousand euros) in Aquincum Technológiai Inkubátor Zrt. and consequently sold the shares at face value in the first quarter of 2014.

10. Deferred tax

| | December 31, 2013 | September 30, 2014 |
|---------------------------|-------------------|--------------------|
| Development reserve | (488) | (505) |
| Depreciation | 22 | 22 |
| Loss carried forward | 237 | 381 |
| Deferred tax asset | (229) | (102) |

11. Loans

| | December 31, 2013 | September 30, 2014 |
|--------------|-------------------|--------------------|
| Short-term | 2,836 | 2,907 |
| Long-term | 44,313 | 42,125 |
| Loans | 47,149 | 45,032 |

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.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

12. Trade payables

| | December 31, 2013 | September 30, 2014 |
|---------------------------|-------------------|--------------------|
| Trade payables - domestic | 680 | 1,640 |
| Trade payables | 680 | 1,640 |

13. Other short-term liabilities

| | December 31, 2013 | September 30, 2014 |
|-------------------------------------|-------------------|--------------------|
| Amounts due to employees | 30 | 37 |
| Deposits from tenants | 688 | 617 |
| Other payables and accruals | 389 | 1,000 |
| Other short-term liabilities | 1,107 | 1,654 |

14. Revenue

| | 3 months ended | | 9 months ended | |
|-----------------|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Property rental | 2,017 | 2,124 | 6,072 | 6,054 |
| Revenue | 2,017 | 2,124 | 6,072 | 6,054 |

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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2014
 (all amounts in thousands EUR unless otherwise stated)

15. Operating expense

| | 3 months ended | | 9 months ended | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Property related expense | 68 | - | 139 | 30 |
| Employee related expense | 88 | 104 | 444 | 434 |
| Other operating expense* | 62 | 79 | 197 | 235 |
| Depreciation and amortization | 932 | 1,093 | 2,801 | 2,983 |
| Operating expense | 1,150 | 1,276 | 3,581 | 3,682 |

Other operating expense consists of the following items:

| | 3 months ended | | 9 months ended | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Office and telecommunication | 4 | 4 | 10 | 10 |
| Legal and administration* | 29 | 27 | 92 | 105 |
| Marketing | 14 | 7 | 40 | 25 |
| Other | 15 | 41 | 55 | 95 |
| Other operating expense | 62 | 79 | 197 | 235 |

* "Other income (expense)" includes expenditures relating to the legal proceedings (Note 22).

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

16. Other income (expense)

| | 3 months ended | | 9 months ended | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Income from recharged construction expenses | 91 | 181 | 139 | 216 |
| Recharged construction expenses | (77) | (170) | (121) | (188) |
| Income from recharged operation expenses | 615 | 668 | 2,200 | 2,021 |
| Recharged operation expenses | (618) | (620) | (2,145) | (1,927) |
| Others* | 2,226 | (14) | 1,972 | (8) |
| Other income (expense) | 2,237 | 45 | 2,045 | 114 |

* "Other income (expense)" includes income and expenditures relating to the legal proceedings (Note 22): 1,991 thousand EUR net income in the first nine months of 2013 (2,246 thousand EUR net income in the third quarter of 2013).

17. Interest

| | 3 months ended | | 9 months ended | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Interest received | 57 | 12 | 166 | 49 |
| Interest income | 57 | 12 | 166 | 49 |
| Interest paid on loans | (384) | (355) | (1,165) | (1,079) |
| Other interest paid | (4) | (2) | (14) | (7) |
| Borrowing cost capitalized | 24 | 32 | 66 | 94 |
| Interest expense | (364) | (325) | (1,113) | (992) |
| Net interest expense | (307) | (313) | (947) | (943) |

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
(all amounts in thousands EUR unless otherwise stated)

18. Exchange rate difference

| | 3 months ended | | 9 months ended | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Exchange rate gain realized | 8 | 41 | 19 | 16 |
| Exchange rate gain not realized | 7 | 75 | 43 | 154 |
| Exchange rate gain | 15 | 116 | 62 | 170 |

19. Income tax

| | 3 months ended | | 9 months ended | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Current income tax | (144) | (71) | (251) | (181) |
| Deferred income tax | (127) | 14 | (167) | 127 |
| Income tax expense | (271) | (57) | (418) | (54) |

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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
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(all amounts in thousands EUR unless otherwise stated)

20. Earnings per share

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

| | 3 months ended | | 9 months ended | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2013 | Sept. 30, 2014 | Sept. 30, 2013 | Sept. 30, 2014 |
| Net profit attributable to equity holders | 2,511 | 655 | 3,109 | 1,659 |
| Weighted average number of ordinary shares | 10,152,598 | 10,101,939 | 10,152,598 | 10,082,598 |
| Basic earnings per share (EUR) | 0.24 | 0.16 | 0.30 | 0.06 |
| Weighted average number of ordinary shares | 10,152,598 | 10,101,939 | 10,152,598 | 10,082,598 |
| Diluted earnings per share (EUR) | 0.24 | 0.16 | 0.30 | 0.06 |

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

21. Treasury shares

Graphisoft Park SE treasury share details are as follows:

| | December 31, 2013 | September 30, 2014 |
|---|-------------------|--------------------|
| Number of shares | 509,076 | 549,076 |
| Face value per share (EUR) | 0.02 | 0.02 |
| Total face value (EUR) | 10,182 | 10,982 |
| Treasury shares (at historical cost) | 784 | 962 |

The Company acquired 40,000 Graphisoft Park SE shares on May 12, 2014, from Gáthy Tibor, then member of the Board of Directors at a price of 1,360 HUF per share in an over the counter transaction.

22. Commitments, contingencies

Legal proceedings

Graphisoft Park's 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 reached an out-of-court settlement agreement terminating all ongoing procedures on August 27, 2013. "Other income (expense)" includes income and expenditures relating to the legal procedures (Note 16).

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 had been approved, and the university campus was completed and handed over in September 2014. The educational program, which started in 2008, has been further extended with International Business School's (IBS) moving in.

In accordance with the project to develop a part of the property for educational purposes, the Company signed a cooperation agreement with AIT-Budapest Aquincum Institute of Technology Kft. in 2009. According to this agreement, development of the educational infrastructure is the responsibility of Graphisoft Park, while organizing the educational program and operating the institute are the 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.

23. Approval of financial statements, dividend

Following the recommendation of the Board of Directors, the Annual General Meeting on April 23, 2014 approved the 2013 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 72,419 thousand EUR and a profit for the year of 3,964 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 90 HUF per share, 911,034 thousand HUF in total (2,965 thousand EUR on the exchange rate of April 23, 2014).

The starting date for dividend payments was May 29, 2014. The Company paid out the dividends to the shareholders identified by shareholder's registration.

24. Declaration

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, 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.*