



Business Report

Overview

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

Graphisoft Park SE had the following individual activity during 2018:

- Revenues from dividends from the subsidiaries.

Events in 2018

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



Plans for 2019

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

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

General information

Graphisoft Park SE

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

Corporate Governance

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

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

General Meeting

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

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

Board of Directors

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

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

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



Members of the Board of Directors:

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

Audit Committee

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

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

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

Members of the Audit Committee:

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



Stock information

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

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

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

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

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



Human resources

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

Diversity policy

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

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

Environment protection

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

Events after the balance sheet date

Proposed dividend by the Board: The annual financial statements of the Company for the year 2018 prepared in accordance with International Financial Reporting Standards (IFRS) are authorized for issue in accordance with the resolution of the Board of Directors on March 22, 2019. The Board proposes dividend distribution of 126 HUF per ordinary share, and 42 HUF per employee share to be approved by the Annual General Meeting of Graphisoft Park SE of April 29, 2019. The Annual General Meeting has the power to amend the annual financial statements.

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

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

Budapest, March 22, 2019

Kocsány János
Chief Executive Officer