

# GRAPHISOFT PARK SE

## Interim Management Report – First Quarter 2019

May 8, 2019



GRAPHISOFTPARK





## Dear shareholders,

In 2019 the Company's forecasted IFRS consolidated pro forma result is **4.7 million euros**, due to the full year revenue generation of buildings delivered in prior year. Accordingly, with regards to the cash reserve expected to be available, as well as the dividend requirements of "SZIT" (primarily the guiding principles of those regulations), the Company plans to pay dividend, which will equal the 90% of the 2019 pro forma results.

After having completed the nearly 23,000 m<sup>2</sup> gross leasable area (GLA) developments in the last two years, we are continuing with the refurbishment and technology updates in the older buildings within the core area of the Park in 2019. Besides finishing the fit out for new tenants in the current year, we have started the refurbishment of several smaller office and service buildings planned for 2019 on 5,500 m<sup>2</sup> total, at a cost of 1 million euro. In order to continue improving tenant satisfaction, we are planning to install innovative new technologies and further extend the range of high quality services offered, besides the planned general refurbishments.

### Property portfolio and fair value of net assets

The fair value of the Company's entire property portfolio was valued by the independent appraiser (ESTON International Zrt.) at **263 million euros** in the end of the first quarter of 2019, which is 1.2 million euros lower than the 2018 Q4 figure.

Till the end of 2018 most of the South Park office building (delivered in the southern development area) having 14,000 m<sup>2</sup> GLA has been leased and so the occupancy rate of this building reached 90% from January 2019. During the first quarter of 2019 temporary vacant office spaces in the core area of certain tenants who moved from the core area to the southern area, were leased or covered by lease agreements. As a result, the fair value of the completed, delivered properties increased by 4.4 million euros.

According to the information received from NKM Földgázszolgáltató Zrt, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date. Consequently, development on the northern development area is expected to start later than planned. The value of the northern development lands has decreased by 5.6 million euros by the end of the first quarter of 2019 compared to the valuation at the end of 2018. That is attributable predominantly to the further delay in the remediation process, which is the duty of the polluter, the Capital City Gas Works (currently NKM Földgázszolgáltató Zrt).

	[thousands of EUR]	
	Dec 31, 2018	March 31, 2019
Completed, delivered properties	234,630	238,990
Development lands	29,880	24,320
<b>Estimated fair value of the entire property portfolio</b>	<b>264,510</b>	<b>263,310</b>
<b>Net asset value at estimated fair value</b>	<b>190,796</b>	<b>191,131</b>
Net asset value at fair value per share (EUR)	18.9	19.0



Besides the decrease of the investment property fair value, as a result of the upcoming loan installments and the increasing cash balance, at the end of 2019 Q1 the fair value of net assets is **191 million euros** marginally surpassing the figure of 2018 Q4, while the net asset value at fair value per share is 19 euros.

### Pro forma results

Our 2019 Q1 “pro forma” results developed as expected: we have reached a rental revenue figure of 3.5 million euros surpassing the same period of previous year by 600 thousand euros. EBITDA rose by nearly 800 thousand euros while the operational expenses decreased. Due to the delivery of new buildings depreciation charge increased, while interest expenses connected to the higher outstanding loan balance decreased the current period financial results. The net profit amounting to 1.3 million surpassed the 2018 Q1 figure by 100 thousand euros. There were no corporate income nor local business tax expenses due to the SZIT status.

(million euros)	2018 Q1	2019 Q1
<b>Rental revenue</b>	<b>2.86</b>	<b>3.51</b>
Other income (net)	0.03	0.14
Operating expense	(0.31)	(0.29)
<b>EBITDA</b>	<b>2.58</b>	<b>3.36</b>
Depreciation	(1.24)	(1.71)
<b>Operating profit</b>	<b>1.34</b>	<b>1.65</b>
Net interest expense	(0.14)	(0.33)
<b>Profit before tax</b>	<b>1.20</b>	<b>1.32</b>
Income tax expense	-	-
<b>Net profit</b>	<b>1.20</b>	<b>1.32</b>



## Forecast

Our 2019 expected pro forma results is **4.7 million euros** as it was published earlier. The new building complex delivered in 2018 will generate revenue in the whole year therefore the 2019 expected rental revenue will be 14 million euros. With operating expense expected on a similar level and with a growing level of depreciation for the new completed developments and refurbishments the 2019 net profit is expected to surpass that of the current period by nearly 6%.

(million euros)	2018 actual	2019 forecast
<b>Rental revenue</b>	<b>12.41</b>	<b>14.0</b>
Other revenue	0.41	-
Other income (net)	0.55	0.4
Operating expense	(1.49)	(1.4)
<b>EBITDA</b>	<b>11.88</b>	<b>13.0</b>
Depreciation	(5.96)	(7.1)
<b>Operating profit</b>	<b>5.92</b>	<b>5.9</b>
Net interest expense	(1.42)	(1.2)
<b>Profit before tax</b>	<b>4.50</b>	<b>4.7</b>
Income tax expense	(0.05)	0.0
<b>Net profit</b>	<b>4.45</b>	<b>4.7</b>

These results prove that we are right in our pursuit of the “micro-silicon-valley” concept articulated some 20 years ago: targeting a well-defined market - Hungarian and international technology companies pursuing innovation - and focusing real estate developments to cater to their needs. The key to success in their fields is attracting talent. We are aiming to contribute to this with quality and environmentally 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.

Bojár Gábor

Chairman of Board of Directors

Kocsány János

Chief Executive Officer



## Financial highlights

IFRS, consolidated, thousand EUR

### Results:

	„Pro forma” results (1)		Results according to financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended
	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019
<b>Rental revenue</b>	<b>2,863</b>	<b>3,509</b>	<b>2,863</b>	<b>3,509</b>
Operating expense	(307)	(292)	(307)	(292)
Other income	27	135	27	135
<b>EBITDA</b>	<b>2,583</b>	<b>3,352</b>	<b>2,583</b>	<b>3,352</b>
Valuation gains from investment property	-	-	1,163	3,728
Depreciation and amortization	(1,246)	(1,706)	(48)	(45)
<b>Operating profit</b>	<b>1,337</b>	<b>1,646</b>	<b>3,698</b>	<b>7,035</b>
Net interest expense	(163)	(302)	(163)	(302)
Other financial result	20	(27)	20	(27)
<b>Profit before tax</b>	<b>1,194</b>	<b>1,317</b>	<b>3,555</b>	<b>6,706</b>
Income tax expense	4	(4)	4	(4)
<b>Profit for the period</b>	<b>1,198</b>	<b>1,313</b>	<b>3,559</b>	<b>6,702</b>
<b>Earnings per share (EUR) (2)</b>	<b>0.12</b>	<b>0.13</b>	<b>0.35</b>	<b>0.66</b>

(1) “Pro forma” results show profit and loss according to the previously applied accounting policies (cost model).

(2) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).



IFRS, consolidated, thousand EUR

**Asset value:**

	December 31, 2018	March 31, 2019
<b>Fair value of properties</b>	<b>234,630</b>	<b>238,990</b>
<i>-from this book value (1)</i>	<i>229,492</i>	<i>233,969</i>
<b>Fair value of development lands</b>	<b>29,880</b>	<b>24,320</b>
<i>- from this book value (1)</i>	<i>11,767</i>	<i>11,767</i>
<b>Entire property portfolio at estimated fair value</b>	<b>264,510</b>	<b>263,310</b>
<b>Net asset value at estimated fair value</b>	<b>190,796</b>	<b>191,131</b>
Number of ordinary shares outstanding (thousands)	10,083	10,083
<b>Net asset value at fair value per share (euro) (2)</b>	<b>18.9</b>	<b>19.0</b>

(1) According to the accounting policies applied from January 1, 2018, investment properties and investment properties under construction are fair valued in the financial statements, while development lands and owner occupied property are stated at cost. Development lands are presented under "Investment properties" and owner occupied properties under "(Owner occupied) Property, plant and equipment" in the balance sheet. As a result, instead of accounting depreciation, current period change in fair value are presented in the profit or loss.

(2) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 21 to the financial statements.



## Management Report

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

- Financial results of the first quarter of 2019 (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for the year 2019.

### “Pro forma” results of the first quarter of 2019

“Pro forma” results of the first quarter of 2019 changed compared to the same period of 2018 because of the following main factors:

- **Rental revenue** (2019: 3,509 thousand euros; 2018: 2,863 thousand euros) rose by 646 thousand euros, or 23% compared to the previous period due to the rental revenues derived from the new office building in the southern area handed over in 2018.
- **Operating expense** (2019: 292 thousand euros; 2018: 307 thousand euros) decreased by 15 thousand euros, or 5% compared to prior year. One-off expenses of 2018 will not repeat in 2019, however property related expenses increased in the proportion of the new developments delivered.
- **Other income** (2019: 135 thousand euros; 2018: 27 thousand euros) net amount was 108 thousand euros higher than the base last year.
- **Depreciation** (2019: 1,706 thousand euros; 2018: 1,246 thousand euros) increased by 460 thousand euros, or 37% compared to the previous year because of delivery of the new building complex and refurbishment in the core area during 2018.
- **EBITDA** (2019: 3,352 thousand euros; 2018: 2,583 thousand euros) grew by 769 thousand euros, or 30%, while **operating profit** (2019: 1,646 thousand euros; 2018: 1,337 thousand euros) increased by 309 thousand euros, or 23% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (2019: 302 thousand euros; 2018: 163 thousand euros) grew by 139 thousand euros due to the higher balance of loans payable.
- **Other financial result** (2019: 27 thousand euros loss; 2018: 20 thousand euros gain) decreased by 47 thousand euros compared to prior year.
- The balance of **income tax expense/benefit** (2019: 4 thousand euros expense; 2018: 4 thousand euros benefit) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has SZIT status from January 1, 2018 and as such is not subject to corporate income tax and local business tax.
- **Net profit** (2019: 1,313 thousand euros; 2018: 1,198 thousand euros) grew by 115 thousand euros that is 10% in the first quarter of 2019 compared to the same period of 2018 because of the factors explained in the previous points.





**2019 first quarter results according to the financial statements**

2019 Q1 results according to the financial statements are 5,389 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense increased the results by 1,661 thousand euros and fair value gains increased the results by 3,728 thousand euros. Increase in fair value is due to the delivery of the development in the southern area and conclusion of new rental contracts.

In the same period of 2018 results according to the financial statements are 2,361 thousand euros higher than the “pro forma” results: unrecognized depreciation expense increased the results by 1,198 thousand euros and fair value gains increased the results by 1,163 thousand euros. In the comparative period the fair value gain was caused by the progress in the new developments and the delivery of the new SAP wing and Startup building.

Details of changes in fair values are disclosed in Note 8 (Investment property) to the financial statements.

**Utilization, occupancy**

Occupancy rate of Graphisoft Park’s gross leasable area developed as follows (at the end of the quarter):

Period:	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
Occupancy of gross leasable area (%):	98%	95%	94%	95%	96%
Gross leasable area (m <sup>2</sup> ):	68,000	72,000	82,000	82,000	82,000

Occupancy stood at an effective 100% in the beginning of 2018. In the second quarter of 2018, in relation to delivery of South Park’s first two office buildings, the temporarily rented offices became for a while available and decreased the occupancy rate by 3 percentage points. In the third quarter of 2018, due to the delivery of the development in the southern area the rentable area significantly increased in more steps. Due expansion needs of certain tenants who moved from the core area to the southern area (and leaving some empty office spaces in the core area) the occupancy rate was 94%, but due to the new lease contracts concluded in the previous two quarters increased the occupancy rate to 96% by the end of 2019 Q1. Overall due to the new deliveries, tenant movements and new rental contracts rented office space increased by more than 18% that is 12,000 m<sup>2</sup> compared to the same period of prior year.

Graphisoft Park’s tenants make longer commitments than the national average. The Park’s unique natural environment and its information technology focus (the “micro silicon-valley” concept) provide the space in which globally acclaimed companies have settled as tenants and expanded continuously over time. Examples for these companies are Microsoft, SAP or Servier; and the Park’s naming tenant and founder, Graphisoft SE, which now operates wholly independently. It is important to highlight that smaller tenants are staying in the Park for more than 5 years on average and keep extending their leases after expiration even with rental fees considered premium in the Budapest office market. The average lease term in the Park calculated with the starting date of current tenants’ earliest lease agreements (in certain cases lease agreements concluded with the predecessor of Graphisoft Park Group) is **12.2 years**, and in case of existing lease contracts the weighted average lease term to expiry is **4.8 years**.





### Development and modernization plans

By the completion of the new developments from September 2018, Graphisoft Park has **82,000 m<sup>2</sup> gross leasable area** as well as **underground parking for around 2,000 cars** available for its tenants.



Other parts of the southern development area offer room for another 20,000 m<sup>2</sup> potential development, while the monument and northern development areas provide room for another 42,000 m<sup>2</sup> gross leasable area. In the latter area no further preparatory work or development is allowed until NKM Földgázszolgáltató Zrt. completes its mandated rehabilitation duties in the area (see details below in the “Main risk factors associated with the areas” section).

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 20 years old office park. In the past 2 years costs related the refurbishment of nearly 13,000 m<sup>2</sup> office space amounted to around 4 million euros and cca. 6 million euros have been invested by the tenants to implement their individual needs. From 2019 the technological refurbishment of certain buildings in the core area is planned, at a cost of additional 1 million euro per year. In 2019 we start the refurbishment of several smaller office and service buildings on 5,500 m<sup>2</sup>.

Key characteristic of the Graphisoft Park domestic „Silicon Valley” concept is the sustained synergy between teams of startup entrepreneurs, global IT and Technology focused companies and Higher Educational Institutions as leading edge „knowledge-factories”. Another sign of our strengthening education focus is that after IBS and AIT, also Real School has chosen Graphisoft Park as location in Budapest from this year. Partnering relationships based on tight collaboration between Technology Firms, Startups and Educational Institutions have been shaped among these three main pillars of Graphisoft Park, resulting in mutual support and strengthening and stimulating cooperation. The enhanced physical proximity and meaningful collaboration act as an attractive force and is recognized as a convenient source by all the three sectors. Management of the Park is consciously supporting the balanced presence of all three pillars and application of the full potential offered by their collaboration. In order to strengthen the focus on education we are open to accommodate educational institutions that act as knowledge centers and knowledge factories and fit the Park’s concept.

Creative work, research and educational activities are further supported by the Park’s Management by sustainably ensuring inspiring environment. Our goals are the increase of comfort levels, thus the levels of productivity for all Park tenant’s creative and productive staff, the development of tools for promoting communities, hosting of relevant events and programs for further improvement of creative work conditions for all our tenants. We also aim at developing conditions allowing for various leisure, recreational and sporting activities within the Park. We do all these consciously in order to develop and sustain high levels of employee satisfaction and engagement, thus enhancing our tenant’s competitively on the market. Management is committed to have the Park feel as a comfortable, pleasant second home for all resident employees, more than just a work place.



## Financing

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement Erste Bank made a 4 billion HUF (12.2 million EUR) credit facility and another 3 million EUR credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank made a 24 million EUR credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

On November 30, 2017 we concluded a new euro-based, 10 years to maturity loan facility which is worth 40 million EUR with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Areal Bank AG in 2007 with expiration in May 2019. The remaining smaller part of the loan is used to finance the refurbishment of the older buildings of Graphisoft Park. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term; as a result the interest rate is fixed for the full term of the loan.

At the end of the period the outstanding loan liability amounted to 76.45 million euro. After concluding the hedge agreement, all of the Company's outstanding loan liabilities have been switched to fixed interest rates (average 1.6%) for the 10 year loan term, which further strengthen the Park's stable operation.

## Forecast for the year 2019

As previously published, our forecasted "pro forma" profit for 2019 is 4.7 million euros, surpassing nearly by 6% our prior year's "pro forma" profit.

(million euros)	<i>2018 actual</i>	<i>2019 forecast</i>
<b>Rental revenue</b>	<b>12.41</b>	<b>14.0</b>
Other revenue	0.41	-
Other income (net)	0.55	0.4
Operating expense	(1.49)	(1.4)
<b>EBITDA</b>	<b>11.88</b>	<b>13.0</b>
Depreciation	(5.96)	(7.1)
<b>Operating profit</b>	<b>5.92</b>	<b>5.9</b>
Net interest expense	(1.42)	(1.2)
<b>Profit before tax</b>	<b>4.50</b>	<b>4.7</b>
Income tax expense	(0.05)	0.0
<b>Net profit</b>	<b>4.45</b>	<b>4.7</b>

- In 2019 **revenue** is expected to rise by 1.6 million euros, or by 13% compared to 2018 as current year delivery of South Park office building will have full year revenue effect in 2019.
- In 2018 among **other revenue** we realized a one-off engineering work (408 thousand euro); we do not count with the repetition of this work in the upcoming years.



- We count with slight decrease of **operational costs** in 2019.
- Due to all of the above **EBIDTA** is expected to rise by 1.1 million euros or 9% compared to 2018, achieving an EBIDTA amount of 13 million euros.
- As a result of new developments and refurbishments in progress we expect significant increase in **depreciation** (which will not affect the consolidated accounts according to the SZIT rules) in 2019: it will increase by 1.1 million euros or by 19% compared to 2018.
- In 2018 net interest expense was increased due to the one-off fee relating to the refinancing of the loan. The **net interest expense** of the outstanding loan liabilities will be about 1.2 million euros in 2019.
- As a result, **net profit** in 2019 is forecasted to be 4.7 million euros surpassing the 2018 profit by almost 6%.

*Main risk factors associated with the areas*

- Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently NKM Földgázszolgáltató Zrt.). According to the information received from NKM Földgázszolgáltató Zrt, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date.
- Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

*Legal proceedings*

In the resolution received on October 3, 2018, the competent government body, the Pest County Government Office notified us about the prolongation of the completion deadline of the rehabilitation in the northern development area. We have filed suit for the review of the resolution in administrative court, and the first hearing took place on April 16, 2019, without the court entering any decision that time. The next hearing is expected on June 18, 2019.

\*\*\*

Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. 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 if 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. Since we do not intend to compete with the sometimes extremely low prices in the Budapest office market, we cannot rule out the possibility of some tenants leaving in the future.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 320 HUF/EUR till the end of 2019, euro 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 attached Quarterly Report which have been prepared in accordance with the International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.

Budapest, May 8, 2019

Bojár Gábor  
Chairman of Board of Directors

Kocsány János  
Chief Executive Officer



# GRAPHISOFT PARK SE

## QUARTERLY REPORT

**for the quarter ended March 31, 2019**

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 8, 2019

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

Kocsány János

Chief Executive Officer

**GRAPHISOFT PARK SE**  
**QUARTERLY REPORT**  
MARCH 31, 2019

**CONTENTS:**

	<b>Page(s)</b>
<b>Consolidated Balance Sheet</b>	<b>3</b>
<b>Consolidated Statement of Income</b>	<b>4</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>5</b>
<b>Consolidated Statement of Changes in Shareholders' Equity</b>	<b>6</b>
<b>Consolidated Statement of Cash Flows</b>	<b>7</b>
<b>Notes to the Quarterly Report</b>	<b>8-24</b>

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

MARCH 31, 2019

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2018	March 31, 2019
Cash and cash equivalents	3	5,874	8,248
Trade receivables	4	1,450	373
Current tax receivable	5	217	322
Other current assets	6	2,504	2,412
<b>Current assets</b>		<b>10,045</b>	<b>11,355</b>
Investment property	8	239,633	244,495
(Owner occupied) Property, Plant and Equipment	7	2,074	1,671
Intangible assets		5	4
<b>Non-current assets</b>		<b>241,712</b>	<b>246,170</b>
<b>TOTAL ASSETS</b>		<b>251,757</b>	<b>257,525</b>
Short-term loans	11	3,561	3,591
Trade payables	9	1,250	606
Current tax liability	5	136	593
Other short-term liabilities	10	5,124	5,217
<b>Current liabilities</b>		<b>10,071</b>	<b>10,007</b>
Long-term loans	11	69,111	68,219
Other long-term liabilities	12	5,030	5,742
<b>Non-current liabilities</b>		<b>74,141</b>	<b>73,961</b>
<b>TOTAL LIABILITIES</b>		<b>84,212</b>	<b>83,968</b>
Share capital	1.3	250	250
Retained earnings		170,999	177,701
Treasury shares	20	(974)	(974)
Cash flow hedge reserve	11	(308)	(1,151)
Revaluation reserve of properties		531	681
Accumulated translation difference		(2,953)	(2,950)
<b>Shareholders' equity</b>		<b>167,545</b>	<b>173,557</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>251,757</b>	<b>257,525</b>



**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF INCOME**  
MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended March 31, 2018	3 months ended March 31, 2019
Property rental revenue		2,863	3,509
<b>Revenue</b>	<b>13</b>	<b>2,863</b>	<b>3,509</b>
Property related expense	14	(15)	(25)
Employee related expense	14	(154)	(136)
Other operating expense	14	(138)	(131)
Depreciation and amortization	7, 14	(48)	(45)
<b>Operating expense</b>		<b>(355)</b>	<b>(337)</b>
Valuation gains from investment property	8	1,163	3,728
Other income	15	27	135
<b>OPERATING PROFIT</b>		<b>3,698</b>	<b>7,035</b>
Interest expense	16	(163)	(302)
Exchange rate difference	17	20	(27)
<b>Financial result</b>		<b>(143)</b>	<b>(329)</b>
<b>PROFIT BEFORE TAX</b>		<b>3,555</b>	<b>6,706</b>
Income tax expense	18	4	(4)
<b>PROFIT FOR THE PERIOD</b>		<b>3,559</b>	<b>6,702</b>
Attributable to equity holders of the parent		3,559	6,702
Basic earnings per share (EUR)	19	0.35	0.66
Diluted earnings per share (EUR)	19	0.35	0.66

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended March 31, 2018	3 months ended March 31, 2019
<b>Profit for the period</b>		<b>3,559</b>	<b>6,702</b>
Cash-flow hedge valuation reserve*		(158)	(843)
Revaluation reserve of properties		-	150
Translation difference**		-	3
<b>Other comprehensive income</b>		<b>(158)</b>	<b>(690)</b>
<b>COMPREHENSIVE INCOME</b>		<b>3,401</b>	<b>6,012</b>
Attributable to equity holders of the parent		3,401	6,012

\* Will be reclassified to profit or loss in subsequent periods.

\*\* Will not be reclassified to profit or loss in subsequent periods.

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve	***Revaluation reserve of properties	Accum. translation difference	Total equity
<b>December 31, 2017 modified</b>	<b>250</b>	<b>158,909</b>	<b>(974)</b>	<b>665</b>	<b>531</b>	<b>(2,934)</b>	<b>156,447</b>
Profit for the period	-	3,658	-	(99)	-	-	3,559
Revaluation reserve	-	(99)	-	(59)	-	-	(158)
<b>March 31, 2018</b>	<b>250</b>	<b>162,468</b>	<b>(974)</b>	<b>(507)</b>	<b>531</b>	<b>(2,934)</b>	<b>159,848</b>
<b>December 31, 2018</b>	<b>250</b>	<b>170,999</b>	<b>(974)</b>	<b>(308)</b>	<b>531</b>	<b>(2,953)</b>	<b>167,545</b>
Profit for the period	-	6,693	-	9	-	-	6,702
Translation difference	-	-	-	-	-	3	3
Revaluation reserve	-	9	-	(852)	-	-	(843)
Revaluation difference of properties	-	-	-	-	150	-	150
<b>March 31, 2019</b>	<b>250</b>	<b>177,701</b>	<b>(974)</b>	<b>(1,151)</b>	<b>681</b>	<b>(2,950)</b>	<b>173,557</b>

\* Treasury share details are disclosed in Note 20.

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

\*\*\* Revaluation surplus on leasing a part of owner occupied property, i.e. transfers from investment property to owner occupied property.

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>March 31, 2018</b>	<b>March 31, 2019</b>
<b>OPERATING ACTIVITIES</b>		
Income before tax	3,555	6,706
Fair value change of investment properties	(1,163)	(3,728)
Depreciation and amortization	48	45
Revaluation difference of properties	-	(150)
Loss on sale of tangible assets	2	-
Interest expense	163	302
Unrealized foreign exchange (gains) / losses	(29)	5
Changes in working capital:		
Decrease in receivables and other current assets	918	1,060
Increase in liabilities	658	686
Corporate income tax paid	(13)	-
<b>Net cash from operating activities</b>	<b>4,139</b>	<b>4,926</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment property	(7,429)	(1,119)
Purchase of other tangible assets and intangibles	(23)	(8)
Sale of tangible assets	19	-
<b>Net cash used in investing activities</b>	<b>(7,443)</b>	<b>(1,127)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from receipt of loans	7,513	-
Loan repayments	(1,007)	(1,080)
Interest paid	(167)	(312)
<b>Net cash from financing activities</b>	<b>6,339</b>	<b>(1,392)</b>
Increase in cash and cash equivalents	3,045	2,407
Cash and cash equivalents at beginning of period	4,239	5,874
Exchange rate (loss) on cash and cash equivalents	(1)	(33)
<b>Cash and cash equivalents at end of period</b>	<b>7,283</b>	<b>8,248</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**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 operates as a holding currently having five 100% owned subsidiaries.

The real estate development is performed by the owners of the properties, namely Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park Services Kft. is responsible for property operation tasks. On December 14, 2017 Graphisoft Park SE established Graphisoft Park Engineering & Management Kft., which entity is responsible for the Group's certain property management, engineering and administration activities from January 1, 2018.

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 22 on March 31, 2019.

**1.2. Properties**

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82,000 m<sup>2</sup> gross leasable area have been developed and occupied by tenants. In the southern development area 14,000 m<sup>2</sup> gross leasable was handed over in 2018. The remaining area provides the opportunity to develop an additional 62,000 m<sup>2</sup> of gross leasable area.

The real estate is categorized as follows:

<b>Area</b>	<b>Property</b>
Core area	Modern office park spreading over 8,5 hectares of land, comprising 59,000 m <sup>2</sup> completed gross leasable area.
Monument area	2,4 hectares of land comprising 13,500 m <sup>2</sup> of total gross leasable area of the monument buildings, out of which 6,000 m <sup>2</sup> has been renovated and handed over; as such additional 7,500 m <sup>2</sup> can be developed.
Southern and Northern development areas	6,8 hectares of development land, on which a 3,000 m <sup>2</sup> floor area dormitory has been constructed, further 14,000 m <sup>2</sup> gross leasable area was handed over during 2018 and additional 54,500 m <sup>2</sup> rentable area together with underground parking and auxiliary facilities can be developed.

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**1.3. Stock information**

Graphisoft Park SE's share capital consists of 10,631,674 class "A" publicly traded, marketable, registered 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, currently in Premium category, from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

Shareholder	December 31, 2018			March 31, 2019		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
<b>ORDINARY SHARES:</b>	<b>10,631,674</b>	<b>100.00</b>	<b>88.97</b>	<b>10,631,674</b>	<b>100.00</b>	<b>88.97</b>
<b>Directors and management</b>	<b>2,715,082</b>	<b>25.54</b>	<b>23.96</b>	<b>2,715,082</b>	<b>25.54</b>	<b>23.96</b>
Bojár Gábor - Chairman of the BoD	2,485,125	23.37	21.93	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	-	-	-	-	-	-
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
<b>Shareholders over 5% share</b>	<b>3,298,195</b>	<b>31.02</b>	<b>29.10</b>	<b>3,298,195</b>	<b>31.02</b>	<b>29.10</b>
HOLD Alapkezelő Zrt.	1,504,628	14.15	13.28	1,504,628	14.15	13.28
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,093,567	10.29	9.65	1,093,567	10.29	9.65
B.N.B.A. Holding Zrt.	700,000	6.58	6.18	700,000	6.58	6.18
<b>Other shareholders</b>	<b>4,069,321</b>	<b>38.28</b>	<b>35.91</b>	<b>4,069,321</b>	<b>38.28</b>	<b>35.91</b>
<b>Treasury shares*</b>	<b>549,076</b>	<b>5.16</b>	<b>-</b>	<b>549,076</b>	<b>5.16</b>	<b>-</b>
<b>EMPLOYEE SHARES**:</b>	<b>1,876,167</b>	<b>-</b>	<b>11.03</b>	<b>1,876,167</b>	<b>-</b>	<b>11.03</b>
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares*	625,389	-	-	625,389	-	-
<b>SHARES TOTAL:</b>	<b>12,507,841</b>	<b>100.00</b>	<b>100.00</b>	<b>12,507,841</b>	<b>100.00</b>	<b>100.00</b>

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

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

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
 FOR THE QUARTER ENDED MARCH 31, 2019  
 (all amounts in thousands of euros unless otherwise indicated)

**1.4. Governance**

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

<b>Name</b>	<b>Position</b>	<b>From</b>	<b>Until</b>
Bojár Gábor	Chairman	August 21, 2006	May 31, 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

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

**2. Accounting policies**

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Financial Statements of 2018), with the following differences:

Seasonality of business

The Company's business activities are not seasonal; 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

Exchange rates used are as follows:

	<b>3 months ended March 31, 2018</b>	<b>3 months ended March 31, 2019</b>
EUR/HUF opening:	310.14	321.51
EUR/HUF closing:	312.55	320.79
EUR/HUF average:	311.03	318.07



**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
 FOR THE QUARTER ENDED MARCH 31, 2019  
 (all amounts in thousands of euros unless otherwise indicated)

**3. Cash and cash equivalents**

	December 31, 2018	March 31, 2019
Cash in hand	2	1
Cash at banks	5,872	8,247
<b>Cash and bank</b>	<b>5,874</b>	<b>8,248</b>

**4. Trade receivables**

	December 31, 2018	March 31, 2019
Trade receivables	1,450	373
Provision for doubtful debts	-	-
<b>Trade receivables</b>	<b>1,450</b>	<b>373</b>

Trade receivables are on 8-30 day payment terms.

**5. Current tax receivables and liabilities**

	December 31, 2018	March 31, 2019
Current tax receivables	217	322
Current tax liabilities	(136)	(593)
<b>Current tax (liability) / receivable, net</b>	<b>81</b>	<b>(271)</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**6. Other current assets**

	December 31, 2018	March 31, 2019
Accrued income	123	95
Prepaid expense	133	262
Bank security accounts	2,109	1,944
Construction fund manager accounts	83	83
Other receivables	56	28
<b>Other current assets</b>	<b>2,504</b>	<b>2,412</b>

**7. (Owner occupied) Property, Plant and Equipment**

	(Owner occupied) Property	Plant and Equipment	(Owner occupied) Property, Plant and Equipment
<b>Net value:</b>			
<b>December 31, 2017 modified</b>	1,586	312	1,898
<b>Gross value:</b>			
December 31, 2017	1,635	755	2,390
Addition	131	305	436
Sale	-	(66)	(66)
Translation difference	-	(17)	(17)
<b>December 31, 2018</b>	<b>1,766</b>	<b>977</b>	<b>2,743</b>
<b>Depreciation:</b>			
December 31, 2017	49	443	492
Addition	91	99	190
Sale	-	(8)	(8)
Translation difference	-	(5)	(5)
<b>December 31, 2018</b>	<b>140</b>	<b>529</b>	<b>669</b>
<b>Net value:</b>			
<b>December 31, 2018</b>	<b>1,626</b>	<b>448</b>	<b>2,074</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**Gross value:**

December 31, 2018	1,766	977	<b>2,743</b>
Addition	1	7	<b>8</b>
Sale	-	-	-
Reclassification to investment properties	(397)	-	<b>(397)</b>
Translation difference	-	1	<b>1</b>
<b>March 31, 2019</b>	<b>1,370</b>	<b>985</b>	<b>2,355</b>

**Depreciation:**

December 31, 2018	140	530	<b>670</b>
Addition	20	25	<b>45</b>
Sale	-	-	-
Reclassification to investment properties	(31)	-	<b>(31)</b>
Translation difference	-	-	-
<b>March 31, 2019</b>	<b>129</b>	<b>555</b>	<b>684</b>

**Net value:**

<b>March 31, 2019</b>	<b>1,241</b>	<b>430</b>	<b>1,671</b>
-----------------------	--------------	------------	--------------

**8. Investment property**

	Development Land	Investment property under construction	Completed investment property	Investment property
<b>Book value:</b>				
<b>December 31, 2017 modified</b>	<b>11,767</b>	<b>23,900</b>	<b>180,571</b>	<b>216,238</b>
Addition	-	12,779	5,758	<b>18,537</b>
Reclassification	-	(39,260)	39,260	-
Change in fair value	-	2,581	2,277	<b>4,858</b>
<b>December 31, 2018</b>	<b>11,767</b>	<b>-</b>	<b>227,866</b>	<b>239,633</b>
Addition	-	-	618	<b>618</b>
Reclassification from property, plant and equipment	-	-	516	<b>516</b>
Change in fair value	-	-	3,728	<b>3,728</b>
<b>March 31, 2019</b>	<b>11,767</b>	<b>-</b>	<b>232,728</b>	<b>244,495</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
 FOR THE QUARTER ENDED MARCH 31, 2019  
 (all amounts in thousands of euros unless otherwise indicated)

In the first quarter of 2019 additions in construction in progress of 618 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (240 thousand EUR),
- new developments handed over in 2018 in the southern development area (196 thousand EUR) and
- other developments in progress (182 thousand EUR).

The independent valuation was prepared by ESTON International Zrt. with the Income approach applied for all periods presented. Properties with occupancy permits were valued based on the Discounted Cash Flow method, while properties under construction were valued based on the Residual Value method. Present value of cash flows from rental fees was calculated with a market-based discount factor reflecting the expected return from investors and creditors (cost of capital).

According to IAS 40 development lands are presented on cost.

The key assumptions applied by the independent appraiser for the periods presented were the followings:

		December 31, 2018	March 31, 2018
<b>Rental area</b>	• office, laboratory and related service areas	73,000 m <sup>2</sup>	73,000 m <sup>2</sup>
	• education area	6,000 m <sup>2</sup>	6,000 m <sup>2</sup>
	• Dormitory	3,000 m <sup>2</sup> / 85 persons	3,000 m <sup>2</sup> / 85 persons
<b>Buildings under construction</b>	• office area	-	-
<b>Development lands</b>	• rentable area which can be developed	62,000 m <sup>2</sup>	62,000 m <sup>2</sup>
<b>Long term occupancy</b>		95%	95%
<b>Growth factor</b>		1%	1%
<b>Average discount factor</b>		6.02%	6.02%

## 9. Trade payables

	December 31, 2018	March 31, 2019
Trade payables – domestic	1,250	606
<b>Trade payables</b>	<b>1,250</b>	<b>606</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**10. Other short-term liabilities**

	December 31, 2018	March 31, 2019
Amounts due to employees	64	47
Deposits from tenants	551	658
Fair value difference of loans*	752	743
Other payables and accruals	3,757	3,769
<b>Other short-term liabilities</b>	<b>5,124</b>	<b>5,217</b>

\* Fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 11 (Loans).

**11. Loans**

**11.1. Loan details**

	December 31, 2018	March 31, 2019
Short-term	3,561	3,591
Long-term	69,111	68,219
<b>Loans</b>	<b>72,672</b>	<b>71,810</b>

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

**Loan number 1. (Erste)**

	December 31, 2018	March 31, 2019
Short-term	702	712
Long-term	12,263	12,103
<b>Loan 1 / Erste Bank Hungary Zrt.</b>	<b>12,965</b>	<b>12,815</b>

**GRAPHISOFT PARK SE****NOTES TO THE QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 2019

(all amounts in thousands of euros unless otherwise indicated)

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015 with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016 Erste Bank makes a 4 billion HUF (12.4 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2019 the outstanding capital of the forint based facility amounts to 3.7 billion HUF (11,521 thousand EUR); and the euro based facility amounts to 2,758 million EUR. The fair value of the loans (calculated using market interest rates) is 12,815 thousand EUR (see details under point 11.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. In this construction, the initial change of capital took place at the commencement of the cash flow hedge transaction (on December 29, 2017), therefore, we have also executed a related forward exchange rate agreement (forward forint purchase) to provide the forint coverage required to the initial change of capital.

On December 29, 2017, at the commencement of the cash flow hedge transaction, the related forward exchange rate agreement has been closed down. As of March 31, 2019 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 143 thousand EUR; unrealized difference related to the transaction are presented within the equity (Cash flow hedge reserve) in amount of 53 thousand EUR. (As of December 31, 2018 fair value of the cash flow hedge transaction is presented among long-term financial assets in amount of 195 thousand EUR; unrealized difference in 2018 related to the transaction are presented within the equity in amount of 229 thousand EUR.)

**Loan number 2. (Erste)**

	December 31, 2018	March 31, 2019
Short-term	1,746	1,759
Long-term	37,078	36,629
<b>Loan 2 / Erste Bank Hungary Zrt.</b>	<b>38,824</b>	<b>38,388</b>

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Aareal Bank AG in 2007 with expiration in May 2019. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term from that time – unlike the facility redeemed with partly variable interest rates. On March 31, 2019 fair value of the IRS is 1,643 thousand EUR, which is presented among the long term financial liabilities.

The new facility is worth 40 million EUR, whose bulk is to be used for the repayment of the entire debt to Aareal Bank AG, while the remaining smaller part will be used to finance the refurbishment of the older buildings of Graphisoft Park. The 40,000 thousand EUR facility was drawn down and loans provided by Aareal Bank were refinanced. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
 FOR THE QUARTER ENDED MARCH 31, 2019  
 (all amounts in thousands of euros unless otherwise indicated)

**Loan provided by UniCredit Bank Hungary Zrt.:**

	December 31, 2018	March 31, 2019
Short-term	1,113	1,120
Long-term	19,770	19,487
<b>Loans / UniCredit Bank Hungary Zrt.</b>	<b>20,883</b>	<b>20,607</b>

The Company executed a 24 million EUR loan facility agreement with UniCredit Bank Hungary Zrt. on December 18, 2016 with 10 years maturity to finance the ongoing development in the southern area. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2019 the outstanding capital amounts to 23,600 thousand EUR, whose fair value was 20,607 thousand EUR (calculated using market interest rates) (see details under point 11.2 below).

**11.2. Analyses**

**Fair value of the loans:**

	December 31, 2018	December 31, 2018
Erste Bank Hungary Zrt. Loan nr. 1.*	12,965	12,815
Erste Bank Hungary Zrt. Loan nr. 2.	38,824	38,388
UniCredit Bank Hungary Zrt. *	20,883	20,607
<b>Loans at fair value*</b>	<b>72,672</b>	<b>71,810</b>

\* Calculated at a 2.5% market-based interest rate for the loans with preferential interest rate.

**Loans with preferential interest rate:**

As part of its monetary policy instruments, National Bank of Hungary (NBH) launched its Funding for Growth Scheme (FGS) in 2013, Under FGS, the central bank provides refinancing loans at a preferential fixed interest rate of 0% with a maximum maturity of 10 years to credit institutions which the credit institutions lend further to small and medium sized enterprises with a capped interest margin. The following table shows loan liability for the loans borrowed by the Group within FGS broken down by amortized initial fair value (market rate loan liability) and amortized initial fair value difference (interest rate grant) elements as of March 31, 2019:



**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	14,280	1,465	12,815
UniCredit Bank Hungary Zrt.	23,600	2,993	20,607
<b>Loans (FGS)</b>	<b>37,880</b>	<b>4,458</b>	<b>33,422</b>

\* Calculated at a 2.5% market-based fixed interest rate effective at the time of concluding the loan contract.

\*\* Fair value difference of loans with preferential interest rate (government grant received through the Funding for Growth Scheme compensating expenses) are shown at other short-term liabilities (Note 10) and other long-term liabilities (Note 12) and amortized to the profit and loss statement based on the effective interest rate method.

## 12. Other long-term liabilities

	December 31, 2018	March 31, 2019
Fair value difference of loans*	3,894	3,715
Warranty retention	157	241
Fair value of derivative instruments (as of March 31, 2019) **	979	1,786
<b>Other long-term liabilities</b>	<b>5,030</b>	<b>5,742</b>

\* Fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 11 (Loans).

\*\* Fair value of IRSs relating to Erste Bank loans nr. 1. and 2. as of March 31, 2019. The valuation was prepared by Erste Bank.

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
 FOR THE QUARTER ENDED MARCH 31, 2019  
 (all amounts in thousands of euros unless otherwise indicated)

**13. Revenue**

	March 31, 2018	Marc 31, 2019
Property rental revenue	2,863	3,509
<b>Revenue</b>	<b>2,863</b>	<b>3,509</b>

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

**14. Operating expense**

	March 31, 2018	March 31, 2019
Property related expense	15	25
Employee related expense	154	136
Other operating expense	138	131
Depreciation and amortization	48	45
<b>Operating expense</b>	<b>355</b>	<b>337</b>

Other operating expense consists of the following items:

	March 31, 2018	March 31, 2019
Office and telecommunication	4	3
Legal and administration	95	67
Other	39	61
<b>Other operating expense</b>	<b>138</b>	<b>131</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**15. Other income (expense)**

	March 31, 2018	March 31, 2019
Income from recharged construction expenses	1,307	89
Recharged construction expenses	(1,307)	(66)
Income from recharged operation expenses	1,065	1,400
Recharged operation expenses	(1,035)	(1,283)
Others	(3)	(5)
<b>Other income</b>	<b>27</b>	<b>135</b>

**16. Interest and other financing cost**

	March 31, 2018	March 31, 2019
Interest expense on loans	(162)	(301)
Other interest expense	(1)	(1)
<b>Interest and other financing cost</b>	<b>(163)</b>	<b>(302)</b>

**17. Other financial result**

	March 31, 2018	March 31, 2019
Exchange rate gain (loss) realized	(89)	-
Exchange rate gain (loss) not realized	29	(36)
Change in fair value on derivative transaction*	80	-
Ineffective portion of hedge**	-	9
<b>Other financial result</b>	<b>20</b>	<b>(27)</b>

\*Change in fair value on IRS agreement relating to the loan Nr. 2. provided by Erste Bank Hungary Zrt. as of December 31, 2017.

\*\*Ineffective portion of the IRS agreement relating to the loan Nr. 2. provided by Erste Bank Hungary Zrt.

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**18. Income taxes**

	March 31, 2018	March 31, 2019
Current income tax	(5)	(4)
Deferred income tax	9	-
<b>Income tax benefit / (expense)</b>	<b>4</b>	<b>(4)</b>

Based on the business activity, Graphisoft Park Engineering & Management Kft – established in 2017 – does not operate under the “SZIT” regulation and therefore is not subject to corporate income tax and local business tax. Applicable tax rates are: corporate income tax at 9% and local business at tax 2% both in 2018 and 2019.

**19. Earnings per share**

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

	March 31, 2018	March 31, 2019
Net profit attributable to equity holders	3,559	6,702
Weighted average number of ordinary shares	10,082,598	10,082,598
<b>Basic earnings per share (EUR)</b>	<b>0.35</b>	<b>0.66</b>
Weighted average number of ordinary shares	10,082,598	10,082,598
<b>Diluted earnings per share (EUR)</b>	<b>0.35</b>	<b>0.66</b>

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined as described in Note 1.3 to the financial statements.

Share ownership details are disclosed in Note 1.3.

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

**20. Treasury shares**

Graphisoft Park SE treasury share details are as follows:

	December 31, 2018	March 31, 2019
Number of ordinary shares	549,076	549,076
Number of employee shares	625,389	625,389
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	23,489	23,489
Total value of treasury shares (at historical cost)	974	974

**21. Net asset value**

Book value and fair value of assets and liabilities as of March 31, 2019:

	Note	Book value March 31, 2019	Fair value March 31, 2019	<i>Difference</i>
Investment property and other tangible assets*	7,8	244,166	263,740	17,574
Intangible assets		4	4	-
Current and deferred tax assets, net	5	(271)	(271)	-
<b>Non-financial instruments</b>		<b>245,899</b>	<b>263,740</b>	<b>17,574</b>
Cash and cash equivalents	3	8,248	8,248	-
Trade receivables	4	373	373	-
Other current assets	6	2,412	2,412	-
Trade payables	9	(606)	(606)	-
Other short-term liabilities	10	(5,217)	(5,217)	-
Loans	11	(71,810)	(71,810)	-
Other long-term liabilities	12	(5,742)	(5,742)	-
<b>Financial instruments</b>		<b>(72,342)</b>	<b>(72,342)</b>	<b>-</b>
<b>Net asset value</b>		<b>173,557</b>	<b>191,131</b>	<b>17,574</b>

\* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 263,310 thousand euros as of March 31, 2019.

**GRAPHISOFT PARK SE**  
**NOTES TO THE QUARTERLY REPORT**  
FOR THE QUARTER ENDED MARCH 31, 2019  
(all amounts in thousands of euros unless otherwise indicated)

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

	Note	Book value Dec 31, 2018	Fair value Dec 31, 2018	Difference
Investment property and other tangible assets*	7,8	241,707	264,958	23,521
Intangible assets		5	5	-
Current and deferred tax assets, net	5	81	81	-
<b>Non-financial instruments</b>		<b>241,793</b>	<b>265,044</b>	<b>23,521</b>
Cash and cash equivalents	3	5,874	5,874	-
Trade receivables	4	1,450	1,450	-
Other current assets	6	2,504	2,504	-
Trade payables	9	(1,250)	(1,250)	-
Other short-term liabilities	10	(5,124)	(5,124)	-
Loans	11	(72,672)	(72,672)	-
Other long-term liabilities	12	(5,030)	(5,030)	-
<b>Financial instruments</b>		<b>(74,248)</b>	<b>(74,248)</b>	-
<b>Net asset value</b>		<b>167,545</b>	<b>190,796</b>	<b>23,521</b>

\* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 264,510 thousand euros as of December 31, 2018.

## **22. Legal proceedings**

Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently NKM Földgázszolgáltató Zrt.). In the resolution received on October 3, 2018, the competent government body, the Pest County Government Office notified us about the prolongation of the completion deadline of the rehabilitation in the northern development area. We have filed suit for the review of the resolution in administrative court, and the first hearing took place on April 16, 2019, without the court entering any decision that time. The next hearing is expected on June 18, 2019.

## **23. Events after balance sheet date**

From May 1, 2019 the Company's CFO is Bodócsy Ágnes.

## **24. Approval of financial statements, dividend**

Following the recommendation of the Board of Directors, the Annual General Meeting on April 29, 2019 approved the 2018 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 251,757 thousand EUR and a profit for the year of 15,083 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 126 HUF per ordinary share, 1,270,407 thousand HUF in total (3,938 thousand EUR on the exchange rate of April 29, 2019), and 42 HUF per employee share, 52,533 thousand HUF in total (163 thousand EUR on the exchange rate of April 29, 2019). The starting date for dividend payments will be May 15, 2019. The Company will pay out the dividends to the shareholders identified by shareholder's registration as of May 8, 2019.

## **25. Declaration**

**Statement of responsibility** - *We declare that the Quarterly Report which has been prepared in accordance with International Financial Reporting 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 subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*