

GRAPHISOFT PARK SE

Interim Management Report – First Quarter 2015

May 6, 2015



GRAPHISOFT PARK





Dear Shareholders,

The most important development in the first quarter of 2015 is the renewal of the Parks' largest tenant's, SAP's lease contract, which warrants the continued extension of the existing 55,000 m² office, laboratory and educational space with current occupancy level standing at 96%. To this end we have started the planning of additional 8,000 m² of office space and an underground parking facility for 400 vehicles, with the first phase to be delivered by the beginning of 2017. The primary aim of the new developments is to provide SAP after its significant expansion last year with the most optimal and economical home in the Park, instead of scattering its divisions in many buildings, while paying utmost respect to its green and sustainable values equally important for SAP and Graphisoft Park alike. In order to achieve optimal utilization for the SAP building delivered in 2006, most of the new developments will be taking place in the integrally connecting new wing. This in turn necessitates the demolition of the adjacent smaller buildings and storage facilities (roughly 2,000 m² altogether), which at the current occupancy levels of the Park may be deemed less economical uses of land.



All of these will allow the creation of a much more imposing façade towards Jégtörő Street, which has developed into a busy artery in the past years.



Financial results have progressed as forecasted: we have achieved a 924 thousand euros net profit over 2.43 million euros revenues in the first quarter of 2015, compared to the respective figures of 574 thousand euros net profit over 1.96 million euros revenue in the first quarter of 2014. For the entire year of 2015 we are expecting a 12% increase in revenues compared to 2014 at 9.5 million euros and a similar 12% increase in net profit at 2.7 million euros, which will be lowered by a one-time writing-off of 500 thousand euros for all the necessary demolition and refurbishment works.

These results were made possible by the continually improving occupancy rates and not changing the rent levels, cornerstones of the Park's quality and profitability; consciously not competing with the artificially low, therefore unsustainable rates on Budapest's overcrowded office market. All this proves that our concept for the "micro-silicon-valley" articulated some 16 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

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Revenue	1,961	2,429
Operating expense	(184)	(181)
Other income (expense)	29	65
EBITDA	1,806	2,313
Depreciation and amortization	(937)	(1,035)
Operating profit	869	1,278
Net interest expense	(325)	(333)
Exchange rate differences	57	151
Profit before tax	601	1,096
Income tax expense	(27)	(172)
Profit for the period*	574	924
EBITDA margin (%)	92.1	95.2
Operating profit margin (%)	44.3	52.6

	December 31, 2014	March 31, 2015
Investment property at book value	63,151	62,274
Investment property at fair value**	156,920	156,920
Net asset value at book value	22,308	23,234
Net asset value at fair value	116,176	117,880
Number of ordinary shares outstanding (thousands)***	10,083	10,083
Net asset value at fair value per share (euro)	11.5	11.7

* Without the one-time write-offs to be accounted for in the third quarter due to demolitions related to developments starting in 2015.

** 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 2014. In determining net asset fair value for the actual period the results of the most recent property valuations are used with investment property, and book values of the balance sheet date are used for other assets and liabilities.

*** Treasury shares possessed by the Company and employee shares are excluded when net asset value at fair value per share is determined.



Management Report

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

- Financial results for the first quarter of 2015,
- Utilization, occupancy,
- Development activities,
- Other key issues,
- Forecast for the year 2015.

Financial results for the first quarter of 2015

Changes in the results for the first quarter of 2015 compared to the 2014 bases occurred by the effects of the following main factors:

- **Revenue** (2015: 2,429 thousand euros; 2014: 1,961 thousand euros) rose by 468 thousand euros, or 24%. The growth in occupancy rate increased revenue by 13% and rental income coming from developments completed in the monument and the southern development areas increased it by a further 11% (see details in the „Utilization, occupancy“ and „Development activities“ sections below).
- **Operating expense** (2015: 181 thousand euros; 2014: 184 thousand euros) did not change substantially compared to the previous year. Slight increase in property related and other operating expenses was offset by the decrease in employee related expense.
- **Other income** (2015: 65 thousand euros; 2014: 29 thousand euros) net amount is 36 thousand euros higher than the base last year.
- **Depreciation** (2015: 1,035 thousand euros; 2014: 937 thousand euros) increased by 98 thousand euros, or 10% due to newly capitalized developments (see details in the “Development activities” section below).
- **EBITDA** (2015: 2,313 thousand euros; 2014: 1,806 thousand euros) grew by 507 thousand euros, or 28%, while **operating profit** (2015: 1,278 thousand euros; 2014: 869 thousand euros) rose by 409 thousand euros, or 47% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (2015: 333 thousand euros; 2014: 325 thousand euros) increased by 8 thousand euros, or 2% due to the following factors. Interest expense fell by 25 thousand euros as a result of lower loan interest rates and loan liability, interest income dropped by 6 thousand euros due to the lower interest rates on deposits and because of the depleting effect of last year’s large developments on the cash reserves, and finally interest capitalized on construction in progress decreased interest expense by 27 thousand euros in the base period.
- **Exchange rate gain** (2015: 151 thousand euros; 2014: 57 thousand euros) worked out favorably, by 94 thousand euros in 2015 than in 2014. 2015 gains are attributable mostly to cash reserves held partly in US dollars strengthening significantly against the euro (nearly 2 million USD, 129 thousand euros not realized exchange rate gain).
- **Income tax expense** (2015: 172 thousand euros; 2014: 27 thousand euros) is 145 thousand euros higher than in the previous year. The growth in revenue and profit before tax increased calculated corporate and local business tax by 66 thousand euros, while 2014 corporate income tax was lowered by a specific tax base decreasing item (monument renovation tax credit) by 79 thousand euros.



- **Net profit** (2015: 924 thousand euros; 2014: 574 thousand euros) rose by 350 thousand euros, that is 61% in 2015 compared to 2014 because of the following factors: (1) operating profit rose by 409 thousand euros, or 47% because of the growth in rentable area and occupancy rate, (2) financial results improved by 86 thousand euros, or 32% due to favorable exchange rate differences, and finally (3) income tax expense was higher by 145 thousand euros than the base last year due to the higher tax base and the drop of a tax-base decreasing item.

Utilization, occupancy

Occupancy rate of Graphisoft Park’s rentable office, laboratory and educational space developed as follows (at the end of the quarter):

Period:	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Occupancy (%):	80%	81%	90%	95%	96%
Area (m2):	46,800	46,800	55,000	55,000	55,000

As demonstrated in the table above, rentable space in the Park grew by 8,200 m2 (5,200 m2 renovated and repurposed for education historical buildings and 3,000 m2 dormitory), while occupancy rose from 80% to 95%, which increased an additional 1% by the first quarter of 2015.

By renting over 10,000 m2 of office space, Graphisoft Park’s largest tenant, SAP Magyarország Kft. has renewed its lease in April 2015, originally expiring in the end of 2016. In relation to the extension of the lease period, new developments will begin in 2015 (see “Development activities” section for details), which will result in the gradual construction of 8,000 m2 new office premises over several phases starting from 2017. With the necessary demolition and refurbishment works rentable office space in the Park will temporarily shrink by 2,000 m2 from the summer of 2015, therefore the net planned expansion is 6,000 m2. This means that occupancy levels in the Park will be at an effective 100% until the delivery of the first phase (expected in the first quarter of 2017), with no free rentable area in that period.

Development activities

The total area of Graphisoft Park is nearly 18 hectares covering the office park located in the core area, the campus formed in the monument area, and development areas north and south of these as well.

Office park

Over the past 17 years 45,000 m2 of office and laboratory space have been developed and occupied on the core 8.5 hectares of Graphisoft Park.

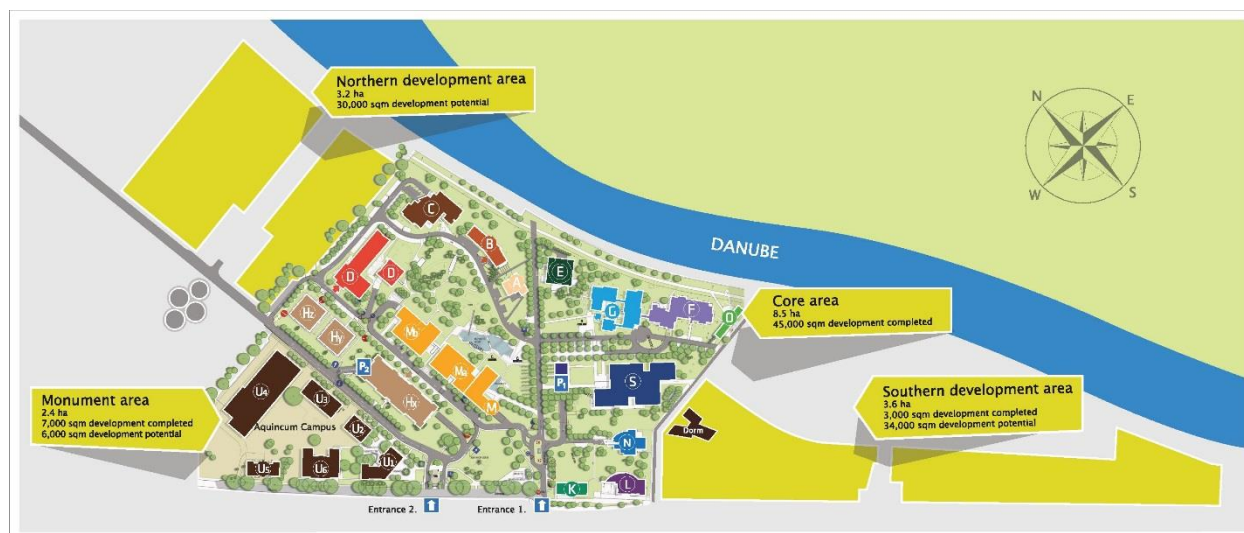
In relation to the 2015 April renewal of the SAP lease (see “Utilization, occupancy” section for details), we have undertaken to construct a new wing of 5,500 m2 directly adjacent to SAP’s main building (marked S on the map below). Out of the total area of the new wing SAP will occupy 2,500 m2 which will allow a much more efficient placement than operating in multiple buildings as of currently. The remaining 3,000 m2 will partly serve the needs of new tenants and partly remains available to satisfy SAP’s requested potential future growth options. In addition to this development we are planning to build another building with 2,500 m2 floor space optimized for the needs of smaller companies and start-ups. With the new constructions as well as with the refurbishment of older sections, we are committing to even more environmentally conscious and sustainable architectural solutions.

In addition to the refurbishment of the existing S building, the construction of the new wing requires the demolition of older buildings and sections with less economical uses of space (marked N and L on the map below), which temporarily reduces rentable space by 2,000 m2.



The planned total cost of development activities - including the construction of about 8,000 m² new office space and a three level underground parking facility for 400 vehicles, the upgrading of the existing S building, with the necessary works for public utilities and landscaping - is approximately 18 million euros, out of which 1 million euros is expected to occur in 2015.

Further investments in the core area are focused on meeting the needs of tenants by remodeling and renovation of office space and by infrastructure development. Costs of these activities are expected at 500 thousand euros total in 2015.



Campus

The renovation works on 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 above) with a nearly 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 above (see details in the “Realization of the education function” section).

In 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 above) 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 7,000 m² net floor area for nearly 1,000 students.

The renovation of the last and largest building in the monument area, the former purifier building marked U4 on the map above, will start when actual tenant interest is shown in the building. The building U4 along with the attached land is considered to be development area until renovation starts.



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.

Development areas

The 7 hectares of free development areas in Graphisoft Park (the southern development area, the northern development area and parts of the monument area) allow for the development of a combined total of 70,000 m² leasable office space.

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.

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 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 of 2013.



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. 8 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, Columbia, Dartmouth, UPenn, Rochester and Tufts (including all the prestigious 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 2015 Spring semester is taking place. Tuition collected from the North American students makes AIT-Budapest's operation sustainable on the long term from 2014 on.

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.

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

Dividend

On April 23, 2015, the Annual General Meeting of Graphisoft Park SE approved dividend distribution of 60 forints per ordinary share and 20 forints per employee share (totaling 642,479 thousand forints, which is 2,128 thousand euros on the exchange rate of April 23, 2015). Starting date for dividend payments is May 28, 2015.



Forecast for the year 2015

Our forecast for the year 2015 is summarized in the following table, based on signed and valid lease agreements with the current occupancy rate of 96% (see details in caption “Utilization, occupancy”; without one-off write-offs to be accounted for due to demolitions related to developments starting in 2015.):

(million euros)	2014 actual	2015 forecast
Rental revenue	8.47	9.5
Operating expense	-0.93	-0.9
Other income, net	0.21	0.2
EBITDA	7.75	8.8
Depreciation	-4.08	-4.2
Operating profit	3.67	4.6
Net interest expense	-1.29	-1.3
Exchange rate difference	0.22	-
Profit before tax	2.60	3.3
Income tax expense	-0.20	-0.6
Net profit	2.40	2.7

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

- Rental income is expected to rise by 1 million euros in 2015 compared to 2014 due to the significant increase in rental space available and better occupancy rates (see “Utilization, occupancy” and “Development activities” sections for details).
- Operating expenses are expected to remain on 2014 levels throughout 2015. Depreciation and amortization will expectedly exceed 2014 amount by 100 thousand euros (as combined result of additional depreciation of new developments capitalized in 2014 and ending depreciation of old assets). Combined total cost of operation therefore is expected to exceed base by 100 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.
- Corporate and local business tax expense is expected to increase by nearly 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, 263 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, for 2015 we are expecting 2.7 million euros net profit, 300 thousand euros higher compared to the previous year. Our current forecast corresponds with our recent forecast published in the annual report on March 19, 2015.

Due to the effect of the demolition of older buildings and sections in relation to the developments in the core area beginning in 2015 (see “Utilization, occupancy” section) a one-time 500 thousand euros write-off has to be accounted for, therefore besides our forecast for net profit from ordinary activities in 2015 at 2.7 million euros, the total net profit is expected at 2.2 million euros including the one-off items.



Forecasts published here are based 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, losing some tenants for this is a probable but not likely factor to be reckoned with.

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 305 HUF/EUR exchange rate, EURIBOR of 0.1% and an inflation rate of 0% 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, May 6, 2015

Hajba Róbert
Chief Financial Officer

Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended March 31, 2015

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 6, 2015

Handwritten signature of Hajba Róbert in blue ink.

Hajba Róbert
Chief Financial Officer

Handwritten signature of Kocsány János in blue ink.

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
MARCH 31, 2015

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2015

(all amounts in thousands of euros unless otherwise stated)

	Notes	December 31, 2014	March 31, 2015
Cash and cash equivalents	3	4,822	6,102
Trade receivables	4	275	267
Current tax receivable	5	107	156
Other current assets	6	154	202
Current assets		5,358	6,727
Investment property	7	63,151	62,274
Other tangible assets	7	276	299
Investments	8	100	100
Deferred tax asset	9	23	29
Non-current assets		63,550	62,702
TOTAL ASSETS		68,908	69,429
Short-term loans	10	2,935	2,957
Trade payables	11	534	584
Current tax liability	5	191	311
Other short-term liabilities	12	1,361	1,422
Current liabilities		5,021	5,274
Long-term loans	10	41,377	40,629
Deferred tax liability	9	202	292
Non-current liabilities		41,579	40,921
TOTAL LIABILITIES		46,600	46,195
Share capital	1.3	250	250
Retained earnings		25,953	26,877
Treasury shares	20	(962)	(962)
Accumulated translation difference		(2,933)	(2,931)
Shareholders' equity		22,308	23,234
TOTAL LIABILITIES & EQUITY		68,908	69,429

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
FOR THE QUARTER ENDED MARCH 31, 2015
(all amounts in thousands of euros unless otherwise stated)

	Notes	3 months ended March 31, 2014	3 months ended March 31, 2015
Property rental revenue	13	1,961	2,429
Revenue		1,961	2,429
Property related expense	14	(12)	(16)
Employee related expense	14	(108)	(96)
Other operating expense	14	(64)	(69)
Depreciation and amortization	7, 14	(937)	(1,035)
Operating expense		(1,121)	(1,216)
Other income (expense)	15	29	65
OPERATING PROFIT		869	1,278
Interest income	16	16	10
Interest expense	16	(341)	(343)
Exchange rate difference	17	57	151
Financial expense		(268)	(182)
PROFIT BEFORE TAX		601	1,096
Income tax expense	18	(27)	(172)
PROFIT FOR THE YEAR		574	924
Attributable to equity holders of the parent		574	924
Basic earnings per share (EUR)	19	0.06	0.09
Diluted earnings per share (EUR)	19	0.06	0.09

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED MARCH 31, 2015
 (all amounts in thousands of euros unless otherwise stated)

	Notes	3 months ended March 31, 2014	3 months ended March 31, 2015
Profit for the year		574	924
Translation difference*		(4)	2
Other comprehensive income**		(4)	2
COMPREHENSIVE INCOME		570	926
Attributable to equity holders of the parent		570	926

* Translation difference of subsidiaries with functional currency other than euro.

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE QUARTER ENDED MARCH 31, 2015
 (all amounts in thousands of euros unless otherwise stated)

	Share capital	Retained earnings	Treasury shares*	Accum. translation difference	Total equity
December 31, 2013	<u>213</u>	<u>26,552</u>	<u>(784)</u>	<u>(2,931)</u>	<u>23,050</u>
Profit for the period	-	574	-	-	574
Translation difference	-	-	-	(4)	(4)
March 31, 2014	<u>213</u>	<u>27,126</u>	<u>(784)</u>	<u>(2,935)</u>	<u>23,620</u>
December 31, 2014	<u>250</u>	<u>25,953</u>	<u>(962)</u>	<u>(2,933)</u>	<u>22,308</u>
Profit for the period	-	924	-	-	924
Translation difference	-	-	-	2	2
March 31, 2015	<u>250</u>	<u>26,877</u>	<u>(962)</u>	<u>(2,931)</u>	<u>23,234</u>

* Treasury share details are disclosed in Note 20.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2015
(all amounts in thousands of euros unless otherwise stated)

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
OPERATING ACTIVITIES		
Profit before tax	601	1,096
Depreciation and amortization	937	1,035
Interest expense	341	343
Interest income	(16)	(10)
Unrealized foreign exchange (gains) / losses	(38)	34
Changes in working capital:		
Decrease / (increase) in receivables and other current assets	109	(67)
Decrease in inventory	5	-
Decrease in payables and accruals	(102)	(13)
Corporate income tax paid	(98)	(123)
Net cash from operating activities	1,739	2,295
INVESTING ACTIVITIES		
Expenditure on investment property	(1,130)	(112)
Expenditure on other tangible assets and intangibles	(2)	(42)
Interest paid - capitalized	(27)	-
Sale of investment	7	-
Interest received	5	23
Net cash used in investing activities	(1,147)	(131)
FINANCING ACTIVITIES		
Loan repayments	(700)	(726)
Interest paid	(362)	(315)
Net cash used in financing activities	(1,062)	(1,041)
(Decrease) / increase in cash and cash equivalents	(470)	1,123
Cash and cash equivalents at beginning of year	10,160	4,822
Exchange rate gain on cash and cash equivalents	23	157
Cash and cash equivalents at end of year	9,713	6,102

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2015
(all amounts in thousands of euros 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 15 on March 31, 2015.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 17 years, 55,000 m² of office, laboratory and educational space have been developed and occupied by tenants. The remaining area provides the opportunity to develop an additional 70,000 m² of office space.

The real estate is categorized as follows:

Area	Property
Core area	modern office 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 area	2.4 hectares of land comprising 10,000 m ² of total rentable net internal area of the monument buildings, out of which 7,000 m ² has been renovated
Development areas	6.8 hectares of development land, on which a 3,000 m ² floor area dormitory has been constructed

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2015
(all amounts in thousands of euros unless otherwise stated)

1.3. 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, 2014		March 31, 2015	
	Shares (pcs)	Share (%)	Shares (pcs)	Share (%)
ORDINARY SHARES:	10,631,674	85.00	10,631,674	85.00
Directors and management	3,511,538	28.09	3,511,538	28.09
Bojár Gábor - Chairman of the BoD	3,185,125	25.47	3,185,125	25.47
Dr. Kálmán János - Member of the BoD	13,500	0.11	13,500	0.11
Szigeti András - Member of the BoD	126,000	1.01	126,000	1.01
Kocsány János - Member of the BoD, CEO	180,913	1.45	180,913	1.45
Hajba Róbert - CFO	6,000	0.05	6,000	0.05
Shareholders over 5% share	2,802,189	22.40	2,801,537	22.40
Tari István Gábor***	1,074,329	8.59	1,074,329	8.59
Concorde Alapkezelő Zrt.	1,727,860	13.81	1,727,208	13.81
Other shareholders	3,768,871	30.12	3,769,523	30.12
Treasury shares*	549,076	4.39	549,076	4.39
EMPLOYEE SHARES**:	1,876,167	15.00	1,876,167	15.00
Kocsány János - Member of the BoD, CEO	1,250,778	10.00	1,250,778	10.00
Hajba Róbert - CFO	625,389	5.00	625,389	5.00
SHARES TOTAL:	12,507,841	100.00	12,507,841	100.00

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

** Class „B” employee shares bear different (reduced) rights to dividend at the proportion of one third of their face value, and are governed by the provisions of the Articles of Association and the Management Share Ownership Plan.

*** Shareholder over 5%, Tari István Gábor passed away on March 16, 2015.

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1.4. Governance

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

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 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

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.

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see in Notes to the Consolidated Financial Statements 2014), 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 are as follows:

	3 months ended March 31, 2014	3 months ended March 31, 2015
EUR/HUF opening:	296.91	314.89
EUR/HUF closing:	307.06	299.14
EUR/HUF average:	307.90	308.78

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3. Cash and cash equivalents

	December 31, 2014	March 31, 2015
Cash in hand	1	1
Cash at banks	4,821	6,101
Cash and bank	4,822	6,102

4. Trade receivables

	December 31, 2014	March 31, 2015
Trade receivables	275	267
Provision for doubtful debts	-	-
Trade receivables	275	267

Trade receivables are on 8-30 day payment terms.

5. Current tax receivables and liabilities

	December 31, 2014	March 31, 2015
Current tax receivables	107	156
Current tax liabilities	(191)	(311)
Current tax liability, net	(84)	(155)

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6. Other current assets

	December 31, 2014	March 31, 2015
Accrued income	105	87
Prepaid expense	44	114
Other receivables	5	1
Other current assets	154	202

7. Tangible and intangible assets – book values

	December 31, 2014	March 31, 2015
Investment property	63,151	62,274
Other tangible assets	276	299
Tangible and intangible assets (net)	63,427	62,573

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The table shows movements of investment property during the period:

	Land and buildings	Construction in progress	Investment property
Net value:			
December 31, 2014	61,997	1,154	63,151
Gross value:			
December 31, 2014	93,612	1,154	94,766
Additions	-	139	139
Capitalizations	111	(111)	-
March 31, 2015	93,723	1,182	94,905
Depreciation:			
December 31, 2014	31,615	-	31,615
Additions	1,016	-	1,016
March 31, 2015	32,631	-	32,631
Net value:			
March 31, 2015	61,092	1,182	62,274

Additions in construction in progress of 139 thousand EUR comprise the following:

- developments in the monument area and the southern development area (4 thousand EUR),
- developments in the core area (135 thousand EUR).

Capitalizations in the value of 111 thousand EUR comprise the following:

- developments completed in the monument area and the southern development area (4 thousand EUR),
- developments completed in the core area (107 thousand EUR).

Construction in progress totaling 1.182 thousand EUR comprises the cost of the monument area's buildings to be renovated (1.141 thousand EUR), and the cost of development activities taking place in the core area (41 thousand EUR).

The Company capitalized no interest expense on construction in progress in the first quarter of 2015 (27 thousand EUR in the first quarter of 2014).

Investment property **fair value** estimates are disclosed annually, in the Annual Report.

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8. Investments

	December 31, 2014	March 31, 2015
AIT-Budapest Aquincum Institute of Technology Kft.	100	100
Investments	100	100

The Group acquired a 10 % ownership share (100 thousand EUR) in AIT-Budapest Aquincum Institute of Technology Kft. in 2009.

9. Deferred taxes

	December 31, 2014	March 31, 2015
Development reserve	(537)	(617)
Depreciation	22	22
Loss carried forward	336	332
Deferred tax liability, net	(179)	(263)

10. Loans

	December 31, 2014	March 31, 2015
Short-term	2,935	2,957
Long-term	41,377	40,629
Loans	44,312	43,586

The total original capital amount of the 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.

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11. Trade payables

	December 31, 2014	March 31, 2015
Trade payables - domestic	534	584
Trade payables	534	584

12. Other short-term liabilities

	December 31, 2014	March 31, 2015
Amounts due to employees	38	32
Deposits from tenants	600	633
Other payables and accruals	723	757
Other short-term liabilities	1,361	1,422

13. Revenue

	3 months ended March 31, 2014	3 months ended March 31, 2015
Property rental	1,961	2,429
Revenue	1,961	2,429

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

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14. Operating expense

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Property related expense	12	16
Employee related expense	108	96
Other operating expense	64	69
Depreciation and amortization	937	1,035
Operating expense	1,121	1,216

Other operating expense consists of the following items:

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Office and telecommunication	4	4
Legal and administration	27	35
Marketing	9	8
Other	24	22
Other operating expense	64	69

15. Other income (expense)

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Income from recharged construction expenses	12	33
Recharged construction expenses	(8)	(26)
Income from recharged operation expenses	692	900
Recharged operation expenses	(669)	(849)
Others	2	7
Other income (expense)	29	65

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16. Interest

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Interest received	16	10
Interest income	16	10
Interest paid on loans	(365)	(341)
Other interest paid	(3)	(2)
Borrowing cost capitalized	27	-
Interest expense	(341)	(343)
Net interest expense	(325)	(333)

17. Exchange rate difference

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Exchange rate gain (loss) realized	(4)	28
Exchange rate gain not realized	61	123
Exchange rate gain	57	151

18. Income taxes

	3 months ended	3 months ended
	March 31, 2014	March 31, 2015
Current income tax	(54)	(88)
Deferred income tax	27	(84)
Income tax expense	(27)	(172)

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

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19. Earnings per share

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

	3 months ended March 31, 2014	3 months ended March 31, 2015
Net profit attributable to equity holders of the parent	574	924
Weighted average number of ordinary shares outstanding	10,122,598	10,082,598
Basic earnings per share (EUR)	0.06	0.09
Weighted average number of ordinary shares outstanding	10,122,598	10,082,598
Diluted earnings per share (EUR)	0.06	0.09

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined.

Share ownerships details are disclosed in Note 1.3.

20. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2014	March 31, 2015
Number of shares	549,076	549,076
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	10,982	10,982
Treasury shares (at historical cost)	962	962

21. Commitments, contingencies

Development for education purposes

The Group has a contractual commitment to develop 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 started in 2010 extended further with the International Business School (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 responsibilities 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.

22. Approval of financial statements

Following the recommendation of the Board of Directors, the Annual General Meeting on April 23, 2015 approved the 2014 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 68,908 thousand EUR and a profit for the year of 2,403 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 60 HUF per ordinary share, 20 HUF per employee share, 642,479 thousand HUF in total (2,128 thousand EUR on the exchange rate of April 23, 2015). The starting date for dividend payments is May 28, 2015.

23. 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.*