GRAPHISOFT PARK SE

Interim Management Report – Third Quarter 2017

November 6, 2017

GRAPHISOFTPARK

Dear Shareholders,

In the framework of the developments that began in 2015 and 2016 there will be 20,000 m2 office space and underground parking for 750 cars constructed by 2018. The developments were in part prompted by the Park's largest tenant, SAP Hungary's remarkable expansion; and in part by the growing demand for office space that could only be satisfied at the current 100% occupancy rates through constructing new office buildings.

The new developments are carried out in 3 phases:

1. The new SAP wing

The original 8,000 m2 SAP office building housing its cafeteria and the 400 cars, 3 levels underground parking beneath it was extended by 5,500 m2 net office space and parking for 300 more cars in a similar 3 levels underground parking garage in a new building wing. This development ended in February, 2017, and SAP moved into the building in March.

2. New reception building by Graphisoft Park's main entrance

As previously, we are focusing on serving the needs of young enterprises with smaller space requirements (start-ups) that may, after a period of intensive growth, become outstanding tenants of the Park. Accumulated experience yielded the development concept suitable to serve best the emerging needs of these companies. With this particular concept and primary aim a 2,500 m2 building has been built by the main entrance of the Park, in which a range of services and a coffee shop open to the general public have been housed. The building was completed by the end of July 2017.

3. New office complex on the southern development area

Since the new wing completed in phase 1 is fully leased, the reception building to be completed in phase 2 is largely booked and SAP signaled its intent to lease more space, we have started the construction in 2016 of an office complex consisting of 4 blocks with total of 12,500 m2 net office space complete with underground parking for 450 cars. The buildings are expected to be delivered in the middle of 2018. Blocks A and B at a total of 7,600 m2 of the four blocks new complex will be leased by SAP.

To sum it all up, the existing 53,000 m2 office, laboratory and educational space and the 1,250 cars underground parking at the end of 2016 will be extended by 20,000 m2 office space and underground parking for another 750 cars by mid 2018, therefore the total capacity of the Park will be 73,000 m2 office, laboratory and educational space and underground parking for 2,000 cars. In the meantime a much more imposing façade will be created facing Ángel Sanz-Briz Street (formerly Jégtörő Street) that have evolved to be a busy artery road by now.

Net asset value

Partly due to the new developments, partly to the tax advantages owing to the Company's registration as a regulated real estate investment pre-company (see the "Other key issues" section in the management report), the Company's properties' fair value has increased 33% compared to the 189 million euros at the end of 2016 to 252 million euros by the end of the third quarter of 2017 by the Company's own valuation. Based on this, the net asset value increased to 195 million euros, which translates to the increase to 19.3 euros per share.

Financing

For the financing of phase 1 and 2 developments described above Erste Bank has made available a 16 million euros credit facility within the framework of the Hungarian National Bank's Funding for Growth Scheme at 10 years maturity, of which have been drawn until the end of the third quarter of 2017. The facility contract has been complemented by hedge agreements against exchange rate and interest rate risks. To finance phase 3 developments, we have executed a 24 million euros credit facility agreement with UniCredit Bank at 10 years maturity, also within the framework of the Hungarian National Bank's Funding for Growth Scheme. Until the end of the third quarter of 2017 14.1 million euros have been drawn from this facility.

Financial results

Financial results have progressed as expected. In the first three quarter of 2017 revenues exceeded those of one year earlier by more than 600 thousand euros at 7.8 million euros while the operating expenses rose by a 200 thousand euros, therefore EBITDA came out 400 thousand euros higher than the previous year's base figure. The operating profit rose by a lesser proportion by 200 thousand euros due to the higher depreciation. Financial results did not change resulting in a 200 thousand euros higher profit before taxes compared to the previous year. Income tax expense decreased by 350 thousand euros compared to the base of the previous year as from July 31, 2017 the Company became regulated real estate investment pre-company (see the "Other key issues" section in the management report) and as such the Company was subject to corporate income tax and local business tax only till this date. For all the above, we have achieved a profit of 2.8 million euros in the first three quarter of 2017, exceeding that of the previous year by 500 thousand euros.

The revenue figures and net profit expected for 2017 compared to the results in 2016 are to change as follows according to our current estimates:

• Revenue increase from new developments:	1.1 million euros
• Temporary drop in existing buildings' occupancy:	(100 thousand euros)
• Increasing operating expenses:	(400 thousand euros)
• Depreciation ending for older assets:	500 thousand euros
• Depreciation of new developments:	(950 thousand euros)
• Interest expense decrease for older loans:	200 thousand euros
• Interest on new loans:	(200 thousand euros)
• Income tax decrease:	350 thousand euros

For all the reasons above, for the year 2017 we are expecting revenues totaling at 10.5 million euros, 1 million euros higher than those in 2016; and net profit surpassing the figure at 3.2 million euros in 2016 by 500 thousand euros at 3.7 million euros.

These results were made possible by the significantly rising construction costs and the subsequently started price increase on the Budapest rental property market that improved our competitiveness along with the pursuit of our "micro-silicon-valley" concept articulated some 20 years ago, targeting a well-defined market - Hungarian and international technology companies pursuing innovation in our case - and focusing real estate developments to their needs. 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	Kocsány János
Chairman of Board of Directors	Chief Executive Officer

Financial highlights

IFRS, consolidated, thousand EUR

Results:

	3 months ended		9 months ended	
	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017
A) Results from ordinary activities:				
Revenue	**2,363**	**2,631**	**7,143**	**7,755**
Operating expense	(227)	(344)	(816)	(1,096)
Other income (expense)	82	144	237	345
EBITDA	**2,218**	**2,431**	**6,564**	**7,004**
Depreciation and amortization	(1,056)	(1,197)	(3,142)	(3,356)
Operating profit	**1,162**	**1,234**	**3,422**	**3,648**
Net interest expense	(196)	(211)	(659)	(587)
Exchange rate differences	24	(44)	1	(64)
Profit before tax	**990**	**979**	**2,764**	**2,997**
Income tax expense	(169)	(27)	(472)	(213)
Profit for the period	**821**	**952**	**2,292**	**2,784**
B) Other results (one-off items):				
Other income (expense)	-	-	(123)	-
Income tax benefit	-	728	12	582
Profit or loss for the period	**-**	**728**	**(111)**	**582**
A+B) Profit for the period	**821**	**1,680**	**2,181**	**3,366**

In 2016 “Other results” contain the net result of one-off demolition costs required because of new developments (111 thousand euros loss including corporate income tax effect in the first quarter of 2016).

Effective from July 31, 2017 the Company became regulated real estate investment pre-company (see the “Other key issues” section in the management report) and as such the Company was subject to corporate income tax and local business tax only till this date. Till July 31, 2017 (till the Company became regulated real estate investment pre-company) in the Group’s consolidated accounts deferred tax assets and liabilities were accounted according to IFRS. As of January 1, 2017 the Group had on consolidated level net deferred tax position of 582 thousand euros liability, while during 2017, until the date of getting the regulated real estate investment pre-company status, additional 146 thousand euros deferred tax liabilities were created.

As after receiving the regulated real estate investment pre-company status Group companies are not subject to income taxes (corporate income tax and local business tax), net deferred tax liabilities were released against current year results as of this date. As a result, on consolidated level releasing these deferred tax liabilities resulted in profit of 728 thousand euros for the three month period ended September 30, 2017, while 582 thousand euros profit for the nine month period ended September 30, 2017 (i.e. full year profit). This one-off profit on consolidated level does not create basis for dividend (distributable profit), as the basis for dividend payable is Graphisoft Park SE's standalone annual financial statements. Deferred taxes in comparative figures are presented under "Results from ordinary activities".

Financial Highlights are presented in "Results from ordinary activities" / "Other results" breakdown. Periodic comparative analyses in this business report are prepared using "Results from ordinary activities", which do not include the one-off items.

Financial highlights

IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2016	September 30, 2017
Investment property at book value	**69,655**	**81,702**
Investment property at fair value*	**188,919**	**252,074**
Net asset value at book value	**23,529**	**24,383**
Net asset value at fair value**	**143,082**	**194,955**
Number of ordinary shares outstanding (thousands)***	10,083	10,083
Net asset value at fair value per share (euro)	**14.2**	**19.34**

* Investment property fair value estimates were previously disclosed yearly in the consolidated financial statements. The last valuations for December 31, 2016 were published on March 20, 2017 within the Consolidated Financial Statements for 2016 (Note 10: Fair value of investment property). Starting from the first quarter of 2017, the Company will carry out and publish the current valuation estimates for the fair value of investment property in its quarterly reports.

Our current estimate of September 30, 2017 for the fair value of investment properties is close to the last one published in August 2017, and exceeded significantly by 33% the one prepared as of December 31, 2016. This significant increase is due to the finalization and filling up with tenants the new buildings in the first seven months of the year; progression in the developments in the southern development area; and significant decrease in the yields in the Budapest real estate market (we calculated with yield of 6.5% instead of 6.75% in case of buildings and 7.5% instead of 7.75% in case of development areas). Our valuation also considers the Company's registration as a regulated real estate investment company (pre-company) and the consequent tax advantages (exemption from corporate income and local business tax – see the "Other key issues" section for details).

Investment property fair value estimates are disclosed in Note 8 of the attached Quarterly Report.

** Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 23 of the attached Quarterly Report.

*** 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 nine months of 2017,
- Utilization, occupancy,
- Development activities,
- Future development potential,
- Financing,
- Other key issues,
- Forecast for the year 2017.

Financial results for the first nine months of 2017

Changes in the results for the first three quarters of 2017 ("Results from ordinary activities", see details in "Financial highlights" on previous pages) compared to the 2016 bases occurred by the effects of the following main factors:

- **Revenue** (2017: 7,755 thousand euros; 2016: 7,143 thousand euros) rose by 612 thousand euros, or 9% compared to the previous year due to the rental revenues derived from the new developments (SAP new wing and Start-up building) (see details in the „Development activities" section).

- **Operating expense** (2017: 1,096 thousand euros; 2016: 816 thousand euros) grew by 280 thousand euros, or 34% compared to the previous year due to the increase in employee related and other expenses (the development programs required additional staff, and the ongoing organizational development projects required additional expenditures). Property related expense stayed at the level of last year.

- **Other income** (2017: 345 thousand euros; 2016: 237 thousand euros) net amount was 108 thousand euros higher than the base last year.

- **Depreciation** (2017: 3,356 thousand euros; 2016: 3,142 thousand euros) increased by 214 thousand euros, or 7% compared to the previous year because depreciation amount (1) increased by 19% due to the depreciation of the new developments (SAP new wing and Start-up building; see "Development activities" section for details) delivered in the first and third quarter of 2017, and (2) decreased by 12% due to depreciation ending for older assets.

- **EBITDA** (2017: 7,004 thousand euros; 2016: 6,564 thousand euros) grew by 440 thousand euros, or 7%, while **operating profit** (2017: 3,648 thousand euros; 2016: 3,422 thousand euros) rose by 226 thousand euros, or 7% compared to the previous year due to the factors mentioned above.

- **Net interest expense** (2017: 587 thousand euros; 2016: 659 thousand euros) decreased by 72 thousand euros, or 11% due to the following factors: (1) interest expense fell by 198 thousand euros as a result of lower loan interest rates and lower principal amounts of earlier loans, (2) interest on loans borrowed to finance the new developments (see details in the "Financing" section) increased interest expense by 124 thousand euros, and (3) interest income dropped by 2 thousand euros due to the lower interest rates on deposits.

- **Exchange rate differences** (2017: 64 thousand euros gain; 2016: 1 thousand euros loss) have no significant effect on the results.

- **Income tax expense** (2017: 213 thousand euros; 2016: 472 thousand euros) decreased by 259 thousand euros, or 55% compared to the base period due to the fact that in the current period on July 31, 2017 the Company received regulated real estate investment pre-company status and as such the Company was subject to corporate income tax and local business tax only till this date (see the "Other key issues" section in the management report).

- **Net profit** (2017: 2,784 thousand euros; 2016: 2,292 thousand euros) grew by 492 thousand euros, that is 22% in 2017 compared to 2016 because of the following factors: (1) operating profit increased by 226 thousand euros, or 7% due to the higher rise in revenues than in operating expenses, (2) financial results improved by 1% due to the fall in net interest expense, and finally (3) income tax expense due to the facts explained in the previous point decreased by 259 thousand euros, or 55% than the base last year.

Utilization, occupancy

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

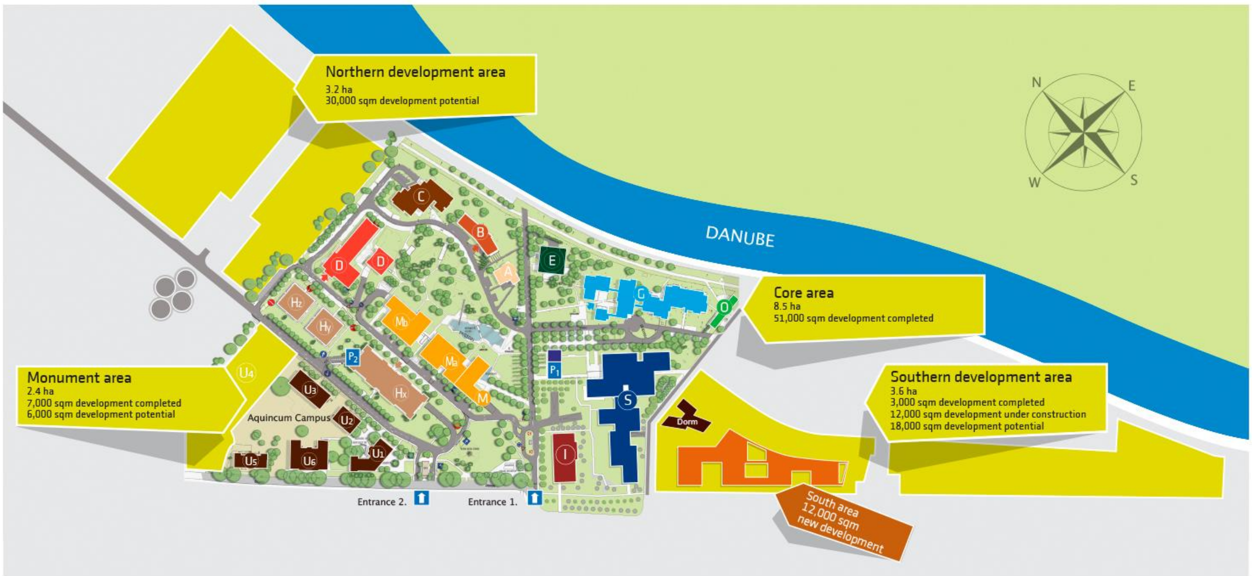
Period:	**2016 Q2**	**2016 Q3**	**2016 Q4**	**2017 Q1**	**2017 Q2**	**2017 Q3**
Occupancy (%):	**100%**	**100%**	**100%**	**100%**	**99%**	**99%**
Area (m2):	53,000	53,000	53,000	58,500	58,500	61,000

Occupancy of Graphisoft Park's rentable office, laboratory and educational space stood at an effective 100% from the beginning of 2016. Because of the significant remodeling and refurbishment works starting from the second quarter of 2017, and the temporary unavailability of the buildings being remodeled (see details under "Other developments" below) the effectively 100% occupancy is expected to be 1% lower for the remainder of 2017.

With the completion of the new SAP wing in February 2017 within the first phase of developments on the core area, rentable office, laboratory and educational space grew by 5,500 m2 to a total of 58,500 m2. The new wing's entire floor space was rented by SAP from March 2017. The completion of the start-up building in the second phase of developments in July 2017 – of which's current occupancy rate is above 90% – increased the rentable office, laboratory and educational space by a further 2,500 m2 to a total of 61,000 m2. Until the completion of the developments on the southern area in 2018 (see details in the "Development activities" section below), effectively there is no rentable area available in Graphisoft Park, unless one of the current tenants decides not to extend their lease after expiration.

New 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. During the development of the Park since 1997 altogether 55,000 m2 office, laboratory and educational space and underground parking for 1,250 cars were constructed on 11 hectares until the end of 2014. New developments started in 2016 resulted in the construction of 8,000 m2 new office space and underground parking for 300 cars in 2017 in two phases. Construction of a new wing of 5,500 m2 directly adjacent to SAP's main building (marked S on the map below) has been completed. In addition to this another building with 2,500 m2 floor space optimized for the needs of smaller companies and start-ups has been completed. At the same time demolition of a few smaller office and warehouse buildings with less economical uses reduced rentable space by 2,000 m2 in the office park, therefore the net expansion is 6,000 m2 in 2017. With the completion of these two phases of the new developments, by August, 2017 Graphisoft Park has 61,000 m2 office, laboratory and educational space as well as underground parking for 1,550 cars available for its tenants coupled with 4 restaurants and 6 snack and coffee shops in the Park.



The planned total cost of these two development phases - including the construction of about 8,000 m2 new office space and a three level underground parking facility for 300 vehicles, and in addition the upgrading of the existing S building, with the necessary works for public utilities and landscaping - is approximately 18 million euros, out of which 17.8 million euros occurred until the end of the third quarter of 2017.

New development in the southern development area

With regards to the recent expansion needs articulated by the tenants in 2016 and to the occupancy levels in the Park near their effective cap, we have started the construction of a new string of office building blocks with 12,500 m2 floor space and of an underground parking facility for 450 cars on the part of the southern development area that is already prepared for construction. The buildings are expected to be delivered in the middle of 2018. Blocks A and B at a total of 7,600 m2 of the four blocks new complex will be leased by SAP.

The planned total cost of this development phase is 25 million euros, out of which 10 million euros occurred until the end of the third quarter of 2017. Due to the current capacity shortages in the building industry and growing prices, 5-10% cost increase is expected till the finalization of the development in the southern development area.

In the summary of all the above, by the completion of the new developments expected in 2018, Graphisoft Park will have 73,000 m2 office, laboratory and educational space as well as underground parking for 2,000 cars available for its tenants coupled with 5 restaurants and 7 snack and coffee shops in the Park.

Other developments

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 20 years old office park. The cost for this is estimated at 2 million euros in 2017.

Future development potential

After completing the development phases outlined above, other parts of the southern development area offer room for another 18,000 m2 potential development, while the monument and northern development areas provide room for another 36,000 m2 of potential office and educational space development. In the latter area no further preparatory work or development is planned until the clean-up projects planned by the Capital City Gas Works are finished.

Preparation for the future developments have cost 3.2 million euros to date.

Capital City Gas Works, the obligor of the environmental clean-up had started the procurement process with a call for proposals on December 9, 2016, but cancelled the tender on March 1, 2017 and plans to relaunch the process with a new call according to their information. According to the written information of the Capital City Gas Works, the environmental clean-up is expected to start in 2019.

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

- residual environmental hazard from the prior gasification activity,
- 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 in 2013.

Financing

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the ongoing development in the core area (see "Development activities" section for details). In accordance with the loan agreement and its modification in December 2016 Erste Bank makes a 4 billion HUF (12.9 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. In order to hedge exchange rate and interest rate risks 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 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 (see "Development activities" section for details). In accordance with the loan agreement UniCredit Bank makes a 24 million EUR credit facility available to Graphisoft Park within Pillar II of the third phase of the National Bank of Hungary's Funding for Growth Scheme.

Other key issues

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

The designation of the regulated real estate investment company (SZIT) as a new company form for doing business was introduced by the Act 102 of 2011. SZIT is the Hungarian equivalent of the foreign concept of the REIT (Real Estate Investment Trust), which first appeared in the United States in the sixties and spread across Europe afterwards.

The regulated real estate investment company (SZIT), as well as the regulated real estate investment pre-company (SZIE) are public companies limited by shares that fulfill the requirements of the governing law (Act 102 of 2011 on regulated real estate investment companies) and are therefore eligible for registration with the national tax authority as SZIT or SZIE and are registered as such upon request from the company, which entitles them to certain tax benefits. SZIE designation is essentially the "waiting room" of the SZIT designation, meaning a company that does not fulfill all the requirements for the SZIT designation but undertakes to fulfill them and promises to acquire SZIT designation.

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

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

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

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

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

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

Graphisoft Park SE had started evaluating the possibility of acquiring SZIT designation since the introduction of the legislation, but the provisions of the Act 102 of 2011 before its 2017 modifications had several conditions and restrictions in place that were not feasible or bearable for Graphisoft Park. The National Assembly approved the modifications on June 13, 2017. The Board of Directors then examined the modifications, and it concluded that Graphisoft Park is capable of fulfilling all the requirements of the modified legislation and therefore it is recommended for the Company to apply for the SZIT designation with the necessary modifications to the Articles of

Association proposed to the General Meeting. The Company's General Meeting convened on July 14, 2017 and approved the proposals of the Board.

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

- The Company has already fulfilled the requirements to be registered under the SZIE designation, and by its own request the national tax authority registered the Company as a regulated real estate investment pre-company (SZIE) under the Act 102 of 2011 by the date of July 31, 2017. The effects of the tax benefits prescribed by the law are kicking in from the day of registration.
- Application for the SZIT designation will be submitted after all the legal requirements are fulfilled, no later than the end of 2018.

Realization of the educational function

As we discussed in detail in previous reports in order to realize the full potential of Graphisoft Park's "science park" features with the purchase of land contract concluded with the Municipality of Budapest in 2008 we have undertook the duty to carry out the development for educational purpose by renovating the protected monument parts of the purchased property. To secure the realization of this duty a pledge in the value of 1 billion forints had been recorded. The realization of the educational function was in part carried out by the founding of the Aquincum Institute of Technology (AIT-Budapest), owned by 10% by the Company; and through the International Business School's (IBS) relocation to Graphisoft Park. Our petition for acknowledgement of the complete fulfillment of the duty was granted by the competent trial court, and later the Debrecen Regional Court of Appeal, acting as the appeal court hearing the Municipality's appeal against the previous ruling decided for Graphisoft Park again on March 30, 2017, ordering the removal of the pledge with immediate effect. After the complete realization of the educational function the Company sold its stake in the Aquincum Institute of Technology.

Creating the start-up ecosystem

The demand for floor space generated by evolving companies has already been a driving force behind Graphisoft Park's expansion. Graphisoft Park supports the start-up 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.

Approval of financial statements, dividend

Following the recommendation of the Board of Directors, the Annual General Meeting on April 20, 2017 approved the 2016 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 79,669 thousand EUR and a profit for the year of 3,061 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 78 HUF per ordinary share, 786,443 thousand HUF in total (2,512 thousand EUR on the exchange rate of April 20, 2017), and 26 HUF per employee share, 48,780 thousand HUF in total (156 thousand EUR on the exchange rate of April 20, 2017). The starting date for dividend payments was May 22, 2017. The Company paid out the dividends to the shareholders identified by shareholder's registration.

Forecast for the year 2017

The following forecast for 2017 (10.5 million euros revenue and 3.7 million euros net profit) is identical to the one disclosed in our last half year report published on August 7, 2017, with the following modifications: (1) operating expenses are expected by 100 thousand euros higher than forecasted earlier due to additional personal and other administration costs relating to the development projects, (2) depreciation forecast has been updated and raised by 100 thousand euros and, (3) the registration as a regulated real estate investment pre-company (see details in “Other key issues” section above) happened on July 31, 2017, and consequently the company has no corporate income tax and local business tax payment liability for the last 5 months of the year, which decreases income tax expense by 200 thousand euros. Our forecast relating to 2018, due to some ongoing negotiations, will be published upon expected closure of these negotiations in November.

Our forecast 2017 results (from ordinary activities) is summarized in the following table, based on signed and valid lease agreements with the current occupancy rate at an effective 100% (see details in section “Utilization, occupancy”; the first column shows 2016 actual results):

(million euros)	**2016 actual**	**2017 forecast**
Rental revenue	**9.52**	**10.5**
Operating expense	-1.13	-1.5
Other income, net	0.35	0.3
EBITDA	**8.74**	**9.3**
Depreciation	-4.18	-4.6
Operating profit	**4.56**	**4.7**
Net interest expense	-0.83	-0.8
Profit before tax	**3.73**	**3.9**
Income tax expense	-0.56	-0.2
Net profit	**3.17**	**3.7**

Change in results for 2017 compared to 2016 bases is the impact of the following main factors:

- Revenue is expected to rise by 1.1 million euros in 2017 compared to 2016 due to the rental revenue from the new buildings in the core area to be delivered in 2017 (see “Development activities” section for details), while internal tenant moving and significant remodeling works will temporarily reduce the current 100% occupancy in the existing buildings throughout 2017, which will result in a 100 thousand euros revenue dip.

- Cost of operation is expected to rise by 400 thousand euros in 2017 compared to 2016. Employee related and other expenses will grow at that rate due to the costs associated with the ongoing developments in the core area and the southern development area (see “Development activities” section for details), due to the operating expenses associated with the buildings delivered in 2017 in the core area, and due to additional costs related to ongoing organizational development projects.

- Depreciation is expected to increase by 450 thousand euros in 2017 compared to 2016 due to the following factors: (1) depreciation for the new buildings to be delivered in the core area in 2017 (see “Development activities” section for details) will be 950 thousand euros; and (2) depreciation for the existing buildings will decrease by 500 thousand euros due to depreciation ending for older assets.

- Net interest expense is not expected to change in 2017 compared to 2016 due to the following factors: (1) interest expense on the loan borrowed to finance the development of the new buildings to be delivered in the core area in 2017 is expected to be approximately 200 thousand euros in 2017 (interest expense accounted for in the income statement after the delivery of the buildings); and (2) interest expense decrease over loans connected to the existing buildings and the diminishing principal result in a 200 thousand euros drop in net interest expense.

- Income tax is expected to decrease by 350 thousand euros in 2017 compared to 2016 due to the registration as a regulated real estate investment pre-company (see details in "Other key issues" section above) happened on July 31, 2017, and consequently the company has no corporate income tax and local business tax payment liability for the last 5 months of the year, which decreases income tax expense by 350 thousand euros

Due to all the above, for 2017 we are expecting a net profit of 3.7 million euros, 500 thousand euros higher than in 2016; 90% of which amount, 3.3 million euros will have to be distributed among the shareholders in the form of dividend in accordance with the regulations governing regulated real estate investment companies (see the "Other key issues" section for details), should the company's liquid funds be sufficient to allow the payment, unless a loan agreement concluded with a credit institution restricts such payments.

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.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, the EURIBOR interest rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with a 310 HUF/EUR exchange rate, EURIBOR of 0% 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 attached Quarterly Report which have been prepared in accordance with the applicable accounting standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its undertakings included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its undertakings included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, November 6, 2017

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended September 30, 2017

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, November 6, 2017

Kocsány János

Kocsány János
Chief Executive Officer

CONTENTS:

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2017
(all amounts in thousands of euros unless otherwise stated)

	Notes	December 31, 2016	September 30, 2017
Cash and cash equivalents	3	2,621	3,037
Trade receivables	4	1,083	511
Current tax receivable	5	271	372
Other current assets	6	5,681	10,025
Current assets		**9,656**	**13,945**
Investment property	7,8	69,655	81,702
Other tangible assets	7	247	305
Intangible assets	7	-	1
Investments	9	100	-
Deferred tax asset	13	11	-
Non-current assets		**70,013**	**82,008**
TOTAL ASSETS		**79,669**	**95,953**
Short-term loans	12	3,516	3,998
Trade payables	10	4,190	4,757
Current tax liability	5	279	369
Other short-term liabilities	11	1,661	2,744
Current liabilities		**9,646**	**11,868**
Long-term loans	12	44,313	55,881
Deferred tax liability	13	593	-
Long-term financial liability	14	1,588	3,821
Non-current liabilities		**46,494**	**59,702**
TOTAL LIABILITIES		**56,140**	**71,570**
Share capital	1.3	250	250
Retained earnings		27,174	28,028
Treasury shares	22	(962)	(962)
Accumulated translation difference		(2,933)	(2,933)
Shareholders' equity		**23,529**	**24,383**
TOTAL LIABILITIES & EQUITY		**79,669**	**95,953**

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
SEPTEMBER 30, 2017
(all amounts in thousands of euros unless otherwise stated)

	Notes	3 months ended		9 months ended	
		Sept 30, 2016	Sept 30, 2017	Sept 30, 2016	Sept 30, 2017
Property rental revenue	15	2,363	2,631	7,143	7,755
Revenue		**2,363**	**2,631**	**7,143**	**7,755**
Property related expense	16	(13)	(18)	(39)	(45)
Employee related expense	16	(129)	(167)	(550)	(678)
Other operating expense	16	(85)	(159)	(227)	(373)
Depreciation and amortization	16, 7	(1,056)	(1,197)	(3,142)	(3,356)
Operating expense		**(1,283)**	**(1,541)**	**(3,958)**	**(4,452)**
Other income	17	82	144	114	345
OPERATING PROFIT		**1,162**	**1,234**	**3,299**	**3,648**
Interest income	18	1	-	3	-
Interest expense	18	(197)	(211)	(662)	(587)
Exchange rate difference	19	24	(44)	1	(64)
Financial expense		**(172)**	**(255)**	**(658)**	**(651)**
PROFIT BEFORE TAX		**990**	**979**	**2,641**	**2,997**
Income tax (expense) / benefit	20	(169)	701	(460)	369
PROFIT FOR THE PERIOD		**821**	**1,680**	**2,181**	**3,366**
Attributable to equity holders of the parent		821	1,680	2,181	3,366
Basic earnings per share (EUR)	21	0.08	0.17	0.22	0.33
Diluted earnings per share (EUR)	21	0.08	0.17	0.22	0.33

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SEPTEMBER 30, 2017
(all amounts in thousands of euros unless otherwise stated)

	Notes	3 months ended		9 months ended	
		Sept 30, 2016	Sept 30, 2017	Sept 30, 2016	Sept 30, 2017
Profit for the period		**821**	**1,680**	**2,181**	**3,366**
Translation difference*		1	-	-	-
Other comprehensive income		**1**	-	**-**	-
COMPREHENSIVE INCOME		**822**	**1,680**	**2,181**	**3,366**
Attributable to equity holders of the parent		822	1,680	2,181	3,366

* Translation difference of subsidiaries with functional currency other than the EUR; will not be reclassified to profit or loss in subsequent periods.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
SEPTEMBER 30, 2017
(all amounts in thousands of euros unless otherwise stated)

	Share capital	**Retained earnings**	**Treasury shares***	**Accum. translation difference**	**Total equity**
December 31, 2015	**250**	**26,446**	**(962)**	**(2,933)**	**22,801**
Profit for the period	-	2,181	-	-	**2,181**
Dividend	-	(2,333)	-	-	**(2,333)**
September 30, 2016	**250**	**26,294**	**(962)**	**(2,933)**	**22,649**
December 31, 2016	**250**	**27,174**	**(962)**	**(2,933)**	**23,529**
Profit for the period	-	3,366	-	-	**3,366**
Dividend	-	(2,512)	-	-	**(2,512)**
September 30, 2017	**250**	**28,028**	**(962)**	**(2,933)**	**24,383**

* Treasury share details are disclosed in Note 22.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2017
(all amounts in thousands of euros unless otherwise stated)

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
OPERATING ACTIVITIES				
Income before tax	990	979	2,641	2,997
Depreciation and amortization	1,056	1,197	3,142	3,356
Loss on sale of fixed assets	3	-	3	-
Disposal of tangible assets	-	-	123	-
Interest expense	197	211	662	587
Interest income	(1)	-	(3)	-
Unrealized foreign exchange (gains) / losses	(14)	49	(28)	66
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	54	(2,049)	(1,856)	(3,818)
Increase in liabilities	648	1,194	775	1,173
Income taxes paid	(144)	(131)	(257)	(268)
Net cash from operating activities	**2,789**	**1,450**	**5,202**	**4,093**
INVESTING ACTIVITIES				
Purchase of tangible assets and intangibles	(3,060)	(5.704)	(6,479)	(14,861)
Interest paid - capitalized	(23)	(8)	(37)	(71)
Sale of investment	-	100	-	100
Interest received	1	-	3	-
Net cash used in investing activities	**(3,082)**	**(5.612)**	**(6,513)**	**(14,832)**
FINANCING ACTIVITIES				
Proceeds from receipt of loans	2,377	5,180	6,245	16,983
Loan repayments	(835)	(949)	(2,423)	(2,700)
Interest paid	(195)	(222)	(673)	(615)
Dividend paid	-	-	(2,305)	(2,512)
Net cash from financing activities	**1,347**	**4,009**	**844**	**11,156**
Increase / (Decrease) in cash and cash equivalents	1,054	(153)	(467)	417
Cash and cash equivalents at beginning of period	3,272	3,192	4,794	2,621
Exchange rate gain / (loss) on cash and cash equivalents	3	(2)	2	(1)
Cash and cash equivalents at end of period	**4,329**	**3,037**	**4,329**	**3,037**

(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 subsidiaries, Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park SE'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 26 on September 30, 2017.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 19 years, 61,000 m2 of office, laboratory and educational space have been developed and occupied by tenants, and further 12,500 m2 office space is under construction. The remaining area provides the opportunity to develop an additional 54,000 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 51,000 m2 completed office and laboratory space
Monument area	2.4 hectares of land comprising 13,000 m2 of total rentable net internal area of the monument buildings, out of which 7,000 m2 has been renovated
Development areas	6.8 hectares of development land, on which a 3,000 m2 floor area dormitory has been constructed, and further 12,500 m2 office space is under construction

(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:

	December 31, 2016		September 30, 2017	
Shareholder	**Shares (pcs)**	**Share (%)**	**Shares (pcs)**	**Share (%)**
ORDINARY SHARES:	**10,631,674**	**85.00**	**10,631,674**	**85.00**
Directors and management	**3,890,272**	**31.11**	**3,839,082**	**30.69**
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
Hornung Péter – Member of the BoD	466,190	3.73	414,000	3.31
Kocsány János - Member of the BoD, CEO	90,457	0.72	90,457	0.72
Hajba Róbert – CFO***	9,000	0.07	10,000	0.07
Shareholders over 5% share	**2,608,406**	**20.86**	**2,506,265**	**20.04**
HOLD Alapkezelő Zrt. (previously named Concorde Alapkezelő Zrt.)	1,602,963	12.82	1,500,822	12.00
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,005,443	8.04	1,005,443	8.04
Other shareholders	**3,583,920**	**28.64**	**3,737,251**	**29.88**
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 22.
** 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.
***Effective from October 31, 2017, Hajba Róbert, the Company's CFO by common assent will not be in this position. At the same date employee shares owned by him were redeemed by the Company.

(all amounts in thousands of euros unless otherwise stated)

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
Hornung Péter	Member	April 20, 2017	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 2016), 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		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
EUR/HUF opening:	316.16	308.87	313.12	311.02
EUR/HUF closing:	309.15	311.23	309.15	311.23
EUR/HUF average:	311.15	306.42	312.15	308.42

(all amounts in thousands of euros unless otherwise stated)

3. Cash and cash equivalents

	December 31, 2016	September 30, 2017
Cash in hand	1	1
Cash at banks	2,620	3,036
Cash and bank	**2,621**	**3,037**

4. Trade receivables

	December 31, 2016	September 30, 2017
Trade receivables	1,083	511
Provision for doubtful debts	-	-
Trade receivables	**1,083**	**511**

Trade receivables are on 8-30 day payment terms.

5. Current tax receivables and liabilities

	December 31, 2016	September 30, 2017
Current tax receivables	271	372
Current tax liabilities	(279)	(369)
Current tax receivable (liability), net	**(8)**	**3**

(all amounts in thousands of euros unless otherwise stated)

6. Other current assets

	December 31, 2016	September 30, 2017
Accrued income	126	9
Prepaid expense	19	178
Bank security accounts	1,406	1,502
Construction fund manager accounts	4,121	8,323
Other receivables	9	10
Other current assets	**5,681**	**10,022**

7. Tangible and intangible assets – book values

	December 31, 2016	September 30, 2017
Investment property	69,655	81,702
Other tangible assets	247	305
Intangible assets	-	1
Tangible and intangible assets (net)	**69,902**	**82,008**

(all amounts in thousands of euros unless otherwise stated)

The table shows movements of investment property during the period:

	Land and buildings	Construction in progress	**Investment property**
Net value:			
December 31, 2016	53,939	15,716	**69,655**
Gross value:			
December 31, 2016	92,789	15,716	**108,505**
Additions	-	15,348	**15,348**
Capitalizations	17,934	(17,934)	**-**
September 30, 2017	110,723	13,130	**123,853**
Depreciation:			
December 31, 2016	38,850	-	**38,850**
Additions	3,101	-	**3,301**
September 30, 2017	42,151	-	**42,151**
Net value:			
September 30, 2017	68,572	13,130	**81,702**

Additions in construction in progress of 15,348 thousand EUR comprise the following:

- new developments in progress in the core area (5,494 thousand EUR),
- new developments in progress in the southern development area (7,719 thousand EUR), and
- other property developments and procurements (2,135 thousand EUR).

Capitalizations in the value of 17,934 thousand EUR comprise the following:

- new developments (Building S new wing and Start-up Building) finalized in the core area (17,765 thousand EUR),
- other developments finalized (169 thousand EUR).

Construction in progress totaling 13,130 thousand EUR comprises the following:

- historical buildings to be renovated in the monument area and the northern development area (1,145 thousand EUR),
- new developments in progress in the southern development area (10,006 thousand EUR), and
- other developments in progress (1,979 thousand EUR).

The Company capitalized 71 thousand EUR interest expense on construction in progress in the first nine month of 2017.

Investment property **fair value** estimates are disclosed in Note 8.

(all amounts in thousands of euros unless otherwise stated)

8. Fair value of investment property

The table below presents investment property fair value estimates:

	December 31, 2016	**September 30, 2017**
Office park	127,230	154,573
Office park - under construction	52,784	61,695
Campus	15,530	17,477
Buildings	**195,544**	**233,745**
Development areas	**20,324**	**36,469**
Fair value*	**215,868**	**270,214**
Cost to completion of buildings under construction	(26,949)	(18,140)
Fair value for financial reporting purposes	**188,919**	**252,074**

* Investment property fair value estimates were previously disclosed yearly in the consolidated financial statements. The last valuations for December 31, 2016 were published on March 20, 2017 within the Consolidated Financial Statements for 2016 (Note 10: Fair value of investment property). Starting from the first quarter of 2017, the Company will carry out and publish the current valuation estimates for the fair value of investment property in its quarterly reports.

Our current estimate of September 30, 2017 for the fair value of investment properties is close to the last one published in August 2017, and exceeded significantly by 33% the one prepared as of December 31, 2016. This significant increase is due to the finalization and filling up with tenants the new buildings in the first seven months of the year; progression in the developments in the southern development area; and significant decrease in the yields in the Budapest real estate market (we calculated with yield of 6.5% instead of 6.75% in case of buildings and 7.5% instead of 7.75% in case of development areas). Our valuation also considers the Company’s registration as a regulated real estate investment company (pre-company) and the consequent tax advantages (exemption from corporate income and local business tax – see the “Other key issues” section for details).

(all amounts in thousands of euros unless otherwise stated)

9. Investments

	December 31, 2016	September 30, 2017
AIT-Budapest Aquincum Institute of Technology Kft.	100	-
Investments	**100**	**-**

The Company acquired a 10 % ownership share (100 thousand EUR) in AIT-Budapest Aquincum Institute of Technology Kft. in 2009. After the complete realization of the educational function (see details in Note 24), in June 2017 the Company sold its stake to the AIT-Budapest Aquincum Institute of Technology.

10. Trade payables

	December 31, 2016	September 30, 2017
Trade payables - domestic	4,190	4,757
Trade payables	**4,190**	**4,757**

11. Other short-term liabilities

	December 31, 2016	September 30, 2017
Amounts due to employees	48	61
Deposits from tenants	612	578
Initial fair value difference of loans*	237	289
Other payables and accruals	764	1,816
Other short-term liabilities	**1,661**	**2,744**

* Initial fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 12 (Loans).

(all amounts in thousands of euros unless otherwise stated)

12. Loans

12.1. Loan details

	December 31, 2016	September 30, 2017
Short-term	3,516	3,998
Long-term	44,313	55,881
Loans	**47,829**	**59,879**

Loans provided by Westdeutsche ImmobilienBank AG:

	December 31, 2016	September 30, 2017
Short-term	3,516	3,560
Long-term	33,181	30,506
Loans / Westdeutsche ImmobilienBank AG	**36,697**	**34,066**

The total original capital amount of the loans provided by Westdeutsche ImmobilienBank AG from 2007 is 58 million EUR. The loan contract expires in 2019. The loans are denominated and due in EUR. Part of the loans is subject to fixed interest rate and part to a floating rate. Main 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.

Loans provided by Erste Bank Hungary Zrt.:

	December 31, 2016	September 30, 2017
Short-term	-	438
Long-term	9,379	13,485
Loans / Erste Bank Hungary Zrt.	**9,379**	**13,923**

(all amounts in thousands of euros unless otherwise stated)

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 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 (up to 33 million EUR), revenue assignment and bank account pledge.

The forint-based credit facility (4 billion HUF, 12.852 thousand EUR at the exchange rate of September 30, 2017) was drawn, and the euro-based credit facility (3 million euros) were also drawn until September 30, 2017, which is 13,923 thousand EUR at amortized initial fair value (see 12.2 for details below). Borrowing costs of the loans were capitalized on construction in progress until the completion of the new developments.

In order to hedge exchange rate and interest rate risks associated with the forint-based loan, the Group executed a cash flow hedge (CCIRS) 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 the Group converted the forint-based capital and interest payment obligations onto euro base. In this construction, the initial change of capital will take place at the commencement of the cash flow hedge (at end of 2017), therefore, the Group also executed a related forward exchange rate agreement (forward forint purchase) to provide the forint coverage required to the initial change of capital.

Loans provided by UniCredit Bank Hungary Zrt.:

	December 31, 2016	September 30, 2017
Short-term	-	-
Long-term	1,753	11,890
Loans / UniCredit Bank Hungary Zrt.	**1,753**	**11,890**

The Company executed a loan agreement with UniCredit Bank Hungary Zrt. on December 18, 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank makes a 24 million EUR credit facility available to Graphisoft Park within Pillar II of the third phase of the National Bank of Hungary's Funding for Growth Scheme. Main collaterals provided for the bank are: mortgage on real estate (up to 24 million EUR), revenue assignment and bank account pledge.

14,071 thousand EUR was drawn from the credit facility until September 30, 2017, which is 11,890 thousand euros at amortized initial fair value (see 12.2 for details below). Borrowing costs of the loan will be capitalized on construction in progress until the completion of the new developments in 2018.

(all amounts in thousands of euros unless otherwise stated)

12.2. Analyses

Fair value of the loans:

	December 31, 2016	September 30, 2017
Westdeutsche ImmobilienBank AG	36,398	33,866
Erste Bank Hungary Zrt.	9,379	13,923
UniCredit Bank Hungary Zrt.	1,753	11,890
Loans at fair value*	**47,540**	**59,679**

* Calculated at a 2.5% effective interest rate for the fixed interest period of the loans.

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 September 30, 2017:

	Actual loan liability	**Initial fair value difference	*Initial fair value
Erste Bank Hungary Zrt.	15,852	1,929	13,923
UniCredit Bank Hungary Zrt.	14,071	2,181	11,890
Loans (FGS)	**29,923**	**4,110**	**25,813**

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

** Initial 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 11) and other long-term liabilities (Note 14) and amortized to the profit and loss statement based on the effective interest rate method.

(all amounts in thousands of euros unless otherwise stated)

13. Deferred taxes

	December 31, 2016	September 30, 2017
Development reserve	757	-
Depreciation	(20)	-
Loss carried forward	(155)	-
Deferred tax liability, net	**582**	**-**

Effective from July 31, 2017 the Company became regulated real estate investment pre-company (see the "Other key issues" section in the management report) and as such the Company was subject to corporate income tax and local business tax only till this date. As a result deferred tax assets and liabilities were released against current year results as of this date. This one-off profit on consolidated level does not create basis for dividend (distributable profit). The basis for dividend payable is Graphisoft Park SE's standalone annual financial statements, where the release of deferred taxes resulted in a one-off 10 thousand euros loss.

14. Other long-term liabilities

	December 31, 2016	September 30, 2017
Initial fair value difference of loans*	1,588	3,821
Other long-term liabilities	**1,588**	**3,821**

* Initial fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 12 (Loans).

15. Revenue

	3 months ended		9 months ended	
	Sept 30, 2016	Sept 30, 2017	Sept 30, 2016	Sept 30, 2017
Property rental	2,363	2,631	7,143	7,755
Revenue	**2,363**	**2,631**	**7,143**	**7,755**

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

(all amounts in thousands of euros unless otherwise stated)

16. Operating expense

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Property related expense	13	18	39	45
Employee related expense	129	167	550	678
Other operating expense	85	159	227	373
Depreciation and amortization	1,056	1,197	3,142	3,356
Operating expense	**1,283**	**1,541**	**3,958**	**4,452**

Other operating expense consists of the following items:

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Office and telecommunication	3	3	9	10
Legal and administration	48	117	113	243
Marketing	8	-	25	16
Other	26	39	80	104
Other operating expense	**85**	**159**	**227**	**373**

(all amounts in thousands of euros unless otherwise stated)

17. Other income (expense)

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Income from recharged construction expenses	48	173	218	1,492
Recharged construction expenses	(30)	(128)	(174)	(1,383)
Income from recharged operation expenses	816	980	2,566	2,838
Recharged operation expenses	(753)	(873)	(2,366)	(2,594)
Disposal of tangible assets*	-	-	(123)	-
Others	1	(8)	3	(8)
Other income (expense)	**82**	**144**	**114**	**345**

* New developments began in Graphisoft Park in 2015, which resulted in the construction of 8,000 m2 new office space by 2017. The construction of the new buildings required the demolition of older buildings. The demolition of Building K started in 2016 and accordingly net book value of this building (123 thousand euros) has been written off in the first quarter of 2016.

18. Interest

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Interest received	1	-	3	-
Interest income	**1**		**3**	**-**
Interest paid on loans	(219)	(220)	(696)	(656)
Other interest paid	(1)	1	(3)	(2)
Borrowing cost capitalized	23	8	37	71
Interest expense	**(197)**	**(211)**	**(662)**	**(587)**
Net interest expense	**(196)**	**(211)**	**(659)**	**(587)**

(all amounts in thousands of euros unless otherwise stated)

19. Exchange rate difference

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Exchange rate gain (loss) realized	(24)	6	(29)	2
Exchange rate gain (loss) not realized	(41)	32	(28)	(66)
Exchange rate gain (loss) not realized capitalized	89	(82)	58	-
Exchange rate gain (loss)	**24**	**(44)**	**1**	**(64)**

20. Income taxes

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Current income tax	(90)	(27)	(261)	(213)
Deferred income tax	(79)	728	(199)	582
Income tax (expense)/ benefit	**(169)**	**701**	**(460)**	**369**

Applicable tax rates are: corporate income tax 10% in 2016 and 9% in 2017 until July 31, local business tax 2%.

Effective from July 31, 2017 the Company became regulated real estate investment pre-company (see the "Other key issues" section in the management report) and as such the Company was subject to corporate income tax and local business tax only till this date. As a result deferred tax assets and liabilities were released against current year results as of this date. This one-off profit on consolidated level does not create basis for dividend (distributable profit). The basis for dividend payable is Graphisoft Park SE's standalone annual financial statements, where the release of deferred taxes resulted in a one-off 10 thousand euros loss.

(all amounts in thousands of euros unless otherwise stated)

21. Earnings per share

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

	3 months ended		9 months ended	
	Sept 30, 2016	**Sept 30, 2017**	**Sept 30, 2016**	**Sept 30, 2017**
Net profit attributable to equity holders	821	1,680	2,181	3,366
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	**0.08**	**0.17**	**0.22**	**0.33**
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	**0.08**	**0.17**	**0.22**	**0.33**

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.

22. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2016	**September 30, 2017**
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**

(all amounts in thousands of euros unless otherwise stated)

23. Net asset value

Book value and fair value of assets and liabilities as of September 30, 2017:

	Note	Book value Sept 30, 2017	Fair value Sept 30, 2017	*Difference*
Investment property	7, 8	81,702	252,074	*170,372*
Other tangible assets	7	305	305	-
Intangible assets	7	1	1	-
Non-financial instruments		**82,008**	**252,380**	***170,372***
Cash and cash equivalents	3	3,037	3,037	-
Trade receivables	4	511	511	-
Other current assets	6	10,025	10,025	-
Current tax liability, net	5	3	3	-
Trade payables	10	(4,757)	(4,757)	-
Other short-term liabilities	11	(2,744)	(2,744)	-
Loans	12	(59,879)	(59,679)	*200*
Other long-term liabilities	14	(3,821)	(3,821)	-
Financial instruments		**(57,625)**	**(57, 425)**	***200***
Net asset value		**24,383**	**194,955**	***170,172***

(all amounts in thousands of euros unless otherwise stated)

Book value and fair value of assets and liabilities as of December 31, 2016:

	Note	Book value December 31, 2016	Fair value December 31, 2016	*Difference*
Investment property	7, 8	69,655	188,919	*119,264*
Other tangible assets	7	247	247	*0*
Investments	9	100	100	*0*
Non-financial instruments		**70,002**	**189,266**	***119,264***
Cash and cash equivalents	3	2,621	2,621	*0*
Trade receivables	4	1,083	1,083	*0*
Other current assets	6	5,681	5,681	*0*
Current tax liability, net	5	(8)	(8)	*0*
Trade payables	10	(4,190)	(4,190)	*0*
Other short-term liabilities	11	(1,661)	(1,661)	*0*
Loans	12	(47,829)	(47,540)	*289*
Deferred tax liability, net	13	(582)	(582)	*0*
Other long-term liabilities	14	(1,588)	(1,588)	*0*
Financial instruments		**(46,473)**	**(46,184)**	***289***
Net asset value		**23,529**	**143,082**	***119,553***

24. Commitments, contingencies

Realization of the educational function

As we discussed in detail in previous reports in order to realize the full potential of Graphisoft Park's "science park" features with the purchase of land contract concluded with the Municipality of Budapest in 2008 we have undertook the duty to carry out the development for educational purpose by renovating the protected monument parts of the purchased property. To secure the realization of this duty a pledge in the value of 1 billion forints had been recorded. The realization of the educational function was in part carried out by the founding of the AIT-Budapest Aquincum Institute of Technology, owned by 10% by the Company; and through the International Business School's (IBS) relocation to Graphisoft Park. Our petition for acknowledgement of the complete fulfillment of the duty was granted by the competent trial court, and later the Debrecen Regional Court of Appeal, acting as the appeal court hearing the Municipality's appeal against the previous ruling decided for Graphisoft Park again on March 30, 2017, ordering the removal of the pledge with immediate effect. After the complete realization of the educational function the Company sold its stake in the AIT-Budapest Aquincum Institute of Technology.

25. Events after the balance sheet date

Effective from October 31, 2017, Hajba Róbert, the Company's CFO by common assent will not be in this position. At the same date employee shares owned by him were redeemed by the Company.

26. Approval of financial statements, dividend

Following the recommendation of the Board of Directors, the Annual General Meeting on April 20, 2017 approved the 2016 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 79,669 thousand EUR and a profit for the year of 3,061 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Annual General Meeting approved dividend distribution of 78 HUF per ordinary share, 786,443 thousand HUF in total (2,512 thousand EUR on the exchange rate of April 20, 2017), and 26 HUF per employee share, 48,780 thousand HUF in total (156 thousand EUR on the exchange rate of April 20, 2017). The starting date for dividend payments was May 22, 2017. The Company paid out the dividends to the shareholders identified by shareholder's registration.

27. 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.*