

GRAPHISOFT PARK SE

Interim Management Report – Fourth Quarter 2021

February 22, 2022



GRAPHISOFT PARK





Executive Summary

In 2021, with a **rental revenue** of **14.7 million euros**, the pro forma **net profit** reached **4.84 million euros**, which is almost 140,000 euros higher than the forecast. Accordingly, the Board of Directors plans to propose to the General Meeting the payment of 4.4 million euros **dividend**, or approximately **43 eurocents** per ordinary share, corresponding to 90% of the 2021 pro forma profit.

Due to the fact, that properties in Graphisoft Park are rented by stable companies engaged mainly in research & development activities less affected by the crisis caused by the coronavirus epidemic, the utilization of the office park decreased only slightly in 2020 as a direct effect of the crisis. In the second half of 2021, **occupancy** began to increase again based on tenant demand, **rising to 96%** by the end of 2021, while the average vacancy rate in the Budapest office market remained around 9%, partly due to increased office supply. As a result of the favorable occupancy rate and the continuous extension and renewal of the leases, we expect a further increase in revenues of approximately 300 thousand euros in **2022**, so in addition to the **expected rental revenue of 15 million euros**, the **pro forma net profit** could reach **5.1 million euros** which is an additional 5% increase compared to 2021.

Due to the coronavirus, the changing use of offices and the rise of the “home office” have a noticeable effect on the overall demand for offices. At the same time, there were still no significant space reduction needs among the Park's tenants, and smaller reductions provided an opportunity to meet the growth needs of other tenants and to move in more new, smaller tenants, resulting in an overall 2% increase in office occupancy over the past six months. In view of the current high occupancy level and the new needs of tenants in the future, in 2022 we will start preparing the construction permitting process for the approximately 4,000 m² building that can be developed by merging the development area purchased by the Company in 2021 and the existing southern development site, in order to be able to start the development in case of significant tenant demand. Based on the experience of recent years, many new start-ups have chosen Graphisoft Park as their location, so in the new building, like many of our other smaller buildings, we want to provide space for some start-ups or startup companies already in growth. The archaeological and territorial planning works required to prepare for the project have already been completed during the previous year. The experiences of the recent period show, that as the high level of uncertainty regarding the vacancy of offices resulted by the coronavirus epidemic has eased, personal presence and joint work will be also noticeable in the long run, in addition to the rise of the home office and hybrid work. Besides the home office a few days a week, it is worth keeping the employees' dedicated workplaces and providing them the community spaces they need to work creatively and innovatively. The costs of this are insignificant within the total cost of highly qualified and talented employees. In case of companies at the forefront of innovation, it is especially important to keep highly qualified, talented employees and to keep employee turnover low. The inspiring green environment provided by the Park gives a lot of help in this, as well as the office buildings dominated by airy, open spaces, which at the same time make it possible to meet the new requirement of social distance. The architectural concept works, continuing to ensure the Company's profitable operations.

Property portfolio and fair value of net assets

At the end of 2021, the independent valuer estimated the **fair value of the real estate portfolio at 241 million euros**, which is almost the same as in the end of the previous year.

The fair value of the completed and delivered properties did not change significantly (increased by 215 thousand euros) compared to the previous year. This is largely due to the fact, that tenants of the office park and occupancy remained stable in 2021, therefore the fair value of office buildings did not decrease



despite the prolonged economic downturn caused by the COVID 19 epidemic and despite the increase in yield that represents the general market uncertainty and risks.

The value of the development lands was affected by two factors: on the one hand, according to the decision of the Pest County Government Office in June 2021, a new deadline was set for the remediation of the northern area, which is currently December 31, 2022, and which is the responsibility of the legal successor of Fővárosi Gázművek, MVM Next Energiakereskedelmi Zrt. The independent valuer reduced the fair value of the plots by approximately 760 thousand euros in the second quarter of 2021, calculating the earliest start of possible developments with the repeatedly postponed deadline. The decrease in fair value due to the further postponement of remediation for the northern development area was offset by the 2021 Q1 acquisition of 1,200 m² property located between the already built-in South Park I and South Park II southern development areas. This acquired property combined with the plots already owned by the Company will enable the development of an additional 4,000 m² of leasable office space in the southern area. The transaction represented an increase in fair value of approximately 530 thousand euro in the first quarter. In preparation for the developments in the affected southern areas, the archaeological and territorial planning works have already been completed, so a new development can be launched at any time if required.

	[thousands of EUR]				
	Dec 31, 2020	March 31, 2021	June 30, 2021	Sept 30, 2021	Dec 31, 2021
Completed, delivered properties	218,041	217,941	218,161	218,196	218,256
Development lands	23,100	23,630	22,870	22,860	22,860
Estimated fair value of the entire property portfolio	241,141	241,571	241,031	241,056	241,116
Net asset value at estimated fair value	148,653	152,272	144,879	147,793	150,876
Net asset value at fair value per share (EUR)	14.7	15.1	14.4	14.7	15.0

The 10 million euro dividend paid in June 2021 reduced the previous quarter end net asset fair value by approximately 6.5%. At the same time, the change in the fair value of investment property, the net income and the current loan repayments resulted in an increase to nearly **151 million euro** net asset fair value at the end of Q4 2021.

Pro forma results and forecast

Our “pro forma” financial results for 2021 were favorable: EBITDA increased by 224 thousand euros, or 1.6%, while pro forma net income increased by 402 thousand euros, or about 9%, compared to the previous year. Rental revenue increased by a total of 100 thousand euros, despite a lag in the first quarter of 2021 compared to the same period of last year, which was not yet affected by the coronavirus crisis. During the year, due to the stable utilization of the office park – which already increased in the second half of 2021 –, the stability of the tenant group and the continuous extension of the tenant contracts, the rental revenue reached 14.7 million euros. In 2022, with a favorable occupancy rate and continuous indexation of leases, rental revenue could increase by an additional 300 thousand euros to 15 million euros. Total operating costs fell short in 2021 compared to the previous year: no extra items arose which were budgeted because



of the coronavirus crisis, and on the other hand, in 2020, one-off expert fees increased the operating costs. In 2022, however, half of the forecasted increase in operating expenses of around 300 thousand euros can be explained by built-in inflation expectations, while the other half is driven by the expanding volume of services purchased. Most of the other income reflects the results of the rental developments and renovations during the period, which are not expected to change significantly compared to previous years. Based on the above, in 2022 EBITDA could reach the same level as this year, at 13.9 million euros. Depreciation has not changed significantly in recent years but is expected to decrease by almost 200 thousand euros in 2022, due to the depletion of some older assets. In 2021 the decrease in the net interest expense is the combined result of two effects: on the one hand, the interest payable on the principal due to loan repayments decreased, and on the other hand, the interest income on forint assets also developed more favorably compared to the previous year. In 2022, we expect a further decrease in net interest expense of nearly 100 thousand euros. As a result, the pro forma net profit for 2021 reached 4.8 million euros, which is 9% increase compared to prior year, and for 2022 it could reach 5.1 million euros, up 5% from the previous year.

(million euros)	2020 actual	2021 actual	2022 plan
Rental revenue	14.54	14.66	15.0
Other income (net)	0.59	0.56	0.5
Operating expense	(1.41)	(1.27)	(1.6)
EBITDA	13.72	13.95	13.9
Depreciation	(7.09)	(7.17)	(7.0)
Operating profit	6.63	6.78	6.9
Net interest expense	(2.18)	(1.92)	(1.8)
Profit before tax	4.45	4.86	5.1
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	4.43	4.84	5.1

We are right in our pursuit of the “micro Silicon Valley” concept articulated some 25 years ago. Even during the crisis caused by the coronavirus epidemic and the consequent changing long-term needs for office use, it is worth focusing on a well-defined customer base in real estate development, in our case, domestic and international companies dealing with technological development. Attracting talent is the key to success in this area. This is greatly enhanced by the high-quality and environmentally conscious architecture, a uniquely quiet park rich in ancient trees, on the truly green bank of the Danube, surrounded by the monuments of the former Óbuda Gas Factory and preserved in a modern way.

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



Financial highlights

IFRS, consolidated, thousand EUR

Results:

	Results	
	December 31, 2020	December 31, 2021
	12 months ended	
Rental revenue	14,539	14,657
Operating expense	(1,406)	(1,268)
Other income (net)	590	558
EBITDA	13,723	13,947
Depreciation and amortization	(7,087)	(7,168)
Operating profit	6,636	6,779
Net interest expense	(1,963)	(1,728)
Other financial result	(216)	(192)
Profit before tax	4,457	4,859
Income tax expense	(23)	(20)
Pro forma profit after tax without one-off items (1)	4,434	4,839
Pro forma profit after tax without one-off items per share (EUR) (2)	0.44	0.48
One-off items: exchange rate difference (3)	(747)	-
Pro forma profit after tax (1)	3,687	4,839
Pro forma profit after tax per share (EUR) (2)	0.37	0.48
Valuation difference of investment properties	(24,315)	(721)
Unrecognized depreciation	6,858	6,924
Profit after tax according to financial statements	(13,770)	11,042
Profit after tax per share according to financial statements (EUR) (2)	(1.37)	1.10

(1) "Pro forma" results show profit and loss according to the cost model.

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

(3) The exchange rate loss of 747 thousand euro relating to the 30 million euro dividend paid in HUF is presented among one-off items in 2020.



IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2020	December 31, 2021
Fair value of properties	218,041	218,256
<i>- from this book value (1)</i>	<i>212,039</i>	<i>212,252</i>
Fair value of development lands	23,100	22,860
<i>- from this book value (1)</i>	<i>12,358</i>	<i>12,819</i>
Entire property portfolio at estimated fair value	241,141	241,116
Net asset value at estimated fair value (2)	148,653	150,876
<i>Net asset value at cost (1)</i>	<i>133,011</i>	<i>135,854</i>
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	14.74	14.96
<i>Net asset value at cost per share (euro) (1) (3)</i>	<i>13.19</i>	<i>13.47</i>

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

(2) Estimated net asset fair value contains both development lands and owner-occupied properties on fair value instead of cost.

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

Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 22 to the financial statements.



Detailed Analysis

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

- Financial results of 2021 (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for the year 2022.

“Pro forma” results of 2021

“Pro forma” results of 2021 changed compared to 2020 because of the following main factors:

- **Rental revenue** (2021: 14,657 thousand euros; 2020: 14,539 thousand euros) grew by 118 thousand euros or 1% compared to prior year is the same as in the same period of the previous year, due to the stable - and in the second half of 2021 increasing - utilization of the office park in the face of the coronavirus crisis, the stability of the tenant group and the continuous extension of tenant contracts.
- **Operating expense** (2021: 1,268 thousand euros; 2020: 1,406 thousand euros) decreased by 138 thousand euros compared to the previous period, mainly due to the one-off expert fees incurred in the base period.
- **Other income** (2021: 558 thousand euros; 2020: 590 thousand euros) net amount was 32 thousand euros, or 5% lower than the base last year. This is largely the result of the developments and refurbishments based on tenant requests.
- **Depreciation** (2021: 7,168 thousand euros; 2020: 7,087 thousand euros) overall did not change in comparison with prior year.
- **EBITDA** (2021: 13,947 thousand euros; 2020: 13,723 thousand euros) grew by 224 thousand euros, which is 1.6%, while **operating profit** (2021: 6,779 thousand euros; 2020: 6,636 thousand euros) increased nearly by 143 thousand euros, or 2.2% compared to the previous year.
- **Net interest expense** (2021: 1,728 thousand euros; 2020: 1,963 thousand euros) decreased by 235 thousand euros compared to prior year partly because of the declining principal amounts due to loan repayments, and partly as a result of the interest income on forint assets in current year.
- **Other financial result** (2021: 192 thousand euros loss; 2020: 963 thousand euros loss) is much more favorable than in prior year: 747 thousand euro loss out of the financial exchange loss of 2020 related to the 30 million euro dividend paid in forint. Besides, exchange loss of forint assets also worsened the financial result due to the significant weakening of the forint in both years.
- The balance of **income tax expense** (2021: 20 thousand euros; 2020: 23 thousand euros) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has “SzlT” status and as such is not subject to corporate income tax and local business tax.
- **Net profit** (2021: 4,839 thousand euros; 2020: 3,687 thousand euros) nearly 1.2 million euros higher compared to 2020. Net profit of 2020 decreased significantly due to the 747 thousand euro exchange rate loss relating to the 30 million euro dividend paid in forint, at the same time, even except this one-off item, the 2021 result is still 400 thousand euros, or 9% more favorable than the same period of prior year.



2021 results according to the financial statements

In 2021, results according to the financial statements are 6,203 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 6,924 thousand euros, while fair value losses decreased the results by 721 thousand euros. The slight decrease in fair value is caused by the uncertain business environment due to the pandemic, the higher market yields and the more regular usage of home office, which long term factors were considered by the independent appraiser.

In 2020, results according to the financial statements were 17,457 thousand euros lower than the “pro forma” results: unrecognized depreciation expense increased the results by 6,858 thousand euros and fair value losses decreased the results by 24,315 thousand euros. In the comparative period the fair value losses were caused by the impact on yields of the uncertain market conditions due to the spread of the COVID-19 epidemic and the temporary loss of revenue counted for 2020-2021 (which did not happen in the end).

Details of changes in fair values are disclosed in Note 9 (Investment property) to the financial statements.

Utilization, occupancy

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

Period:	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4
Occupancy of gross leasable area (%):	97%	97%	95%	94%	94%	94%	95%	96%
Gross leasable area (m ²):	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000

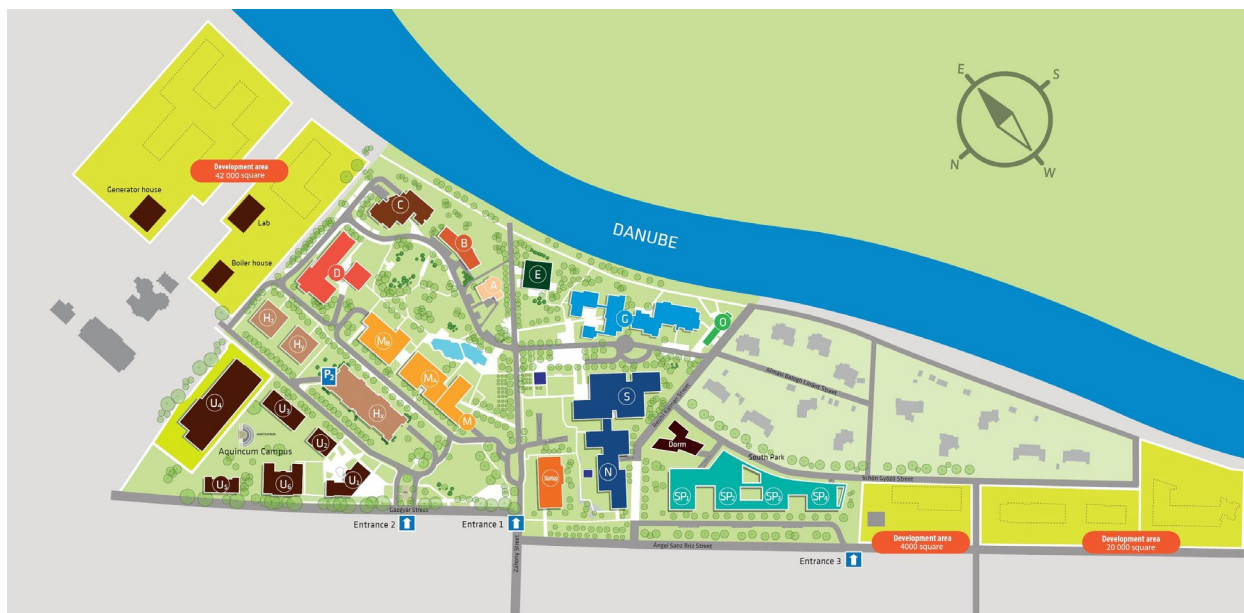
In 2018, due to the delivery of the development in the southern area the rentable area increased to 82,000 sqm from the previous 68,000 sqm. Due expansion needs of certain tenants who moved from the core area to the southern area and the new lease contracts concluded in the previous quarters, from the second half of 2019 the occupancy rate increased durably to 97% again. During 2020 the occupancy rate slightly decreased to 94%, partly due to the economic downturn and partly due to tenant requests. In the first half of 2021, despite the protracted crisis, the level of occupancy remained stable; the declining space requirements of some tenants when renewing due leases provided an opportunity to meet the growth needs of other tenants. In the third and fourth quarter of 2021, occupancy increased again and reached 96%, proving the significant and lasting need for an office park dominated by a green environment as a workplace.

Graphisoft Park’s tenants make longer commitments than the national average. The Park’s unique natural environment and its information technology focus (the “micro Silicon Valley” concept) provide the space in which globally acclaimed companies have settled as tenants and expanded continuously over time. Examples for these companies are Microsoft (from 1998), SAP (from 2005) or Servier (from 2007); and the Park’s naming tenant and founder, Graphisoft SE (from 1998), which now operates wholly independently as a software company. It is also important to highlight that smaller tenants are staying in the Park for more than 5 years on average and keep extending (average 1-3 years) their leases after expiration. Due to the peculiarities of the Park, we can meet the growth needs of the tenants: start-ups can become tenants of the Park even with a 1 year contract, and later they will also have the opportunity to expand in line with their growth path. The average lease term in the Park calculated with the starting date of current tenants’ earliest lease agreements (in certain cases lease agreements concluded with the predecessor of Graphisoft Park Group) is **14.4 years**, and in case of existing lease contracts the weighted average lease term to expiry is **3.5 years**.



Development and modernization plans

By the completion of the new developments from September 2018, Graphisoft Park has **82,000 m² gross leasable area** as well as **underground parking for around 2,000 cars** available for its tenants, ensuring the green dominance in the Park.



In 2020 the Company submitted a tender for the acquisition of a development land located directly between the already built-in South Park I and the development area named South Park II. The tender for the approximately 1,200 m² (Budapest III. 19333/60 hrsz.) land was approved by the local governmental body (Budapest Capital City III. district Óbuda-Békásmegyer Local Government Representative Body Resolution Nr. 613/2020. (IX.24.)). The related sale and purchase agreement came into force in January 2021. This area, combined with the other plots already owned by the Company, enables the development of an additional 4,000 m² of leasable office space, for which we will begin preparations for the building permitting process in 2022.

In addition, the southernmost part of the southern development area, named South Park II, offer room for another 20,000 m² potential development. In the second half of 2019 we have commenced the archeological and landscaping works there on 4,000 m², as well as the preparations for launching possible future projects. The preparatory works were finished in 2020 to deliver new buildings on this area even within 18 months if demand would arise.

In the northern area no further preparatory work or development is allowed until MVM Next Energiakereskedelmi Zrt. completes its mandated rehabilitation duties in the area (see details below in the “Main risk factors associated with the areas” and in “Legal proceedings” sections). After the remediation, this northern development area together with the unused part of the monument area will provide room for another 42,000 m² gross leasable area. Altogether this gives development potential of around additional 66,000 m² gross leasable area, and as such, the gross leasable area might increase to 148,000 m² in the whole Graphisoft Park.

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 25 years old office park. In 2017 and 2018 costs related the refurbishment of nearly 13,000 m² office space amounted to around 4 million euros and cca. 6 million euros have been invested by the tenants to implement their individual needs. In 2019-2021 we have refurbished several smaller office and service buildings, including engineering modernization on nearly 12,000 m², which amounted to 1,600 thousand euro. From 2022 the technological refurbishment of certain buildings in the core area is planned to continue, at a cost of additional 0.5-1 million euro per year.



Key characteristic of the Graphisoft Park domestic „Silicon Valley” concept is the sustained synergy between teams of startup entrepreneurs, global IT and technology focused companies and higher educational institutions as leading edge „knowledge-factories”. Partnering relationships based on tight collaboration between technology firms, start-ups and educational institutions have been shaped among these three main pillars of Graphisoft Park, resulting in mutual support and strengthening and stimulating cooperation. The enhanced physical proximity and meaningful collaboration act as an attractive force and is recognized as a convenient source by all the three sectors. Management of the Park is consciously supporting the balanced presence of all three pillars and application of the full potential offered by their collaboration. We are open to accommodate educational institutions that act as knowledge centers and knowledge factories and fit the Park’s concept.

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

Financing

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement Erste Bank made a 4 billion HUF (12.6 million euro) credit facility and another 3 million euro credit facility available to Graphisoft Park within the National Bank of Hungary’s Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

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

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

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million euro value with UniCredit Bank in order to optimize the Company’s capital structure and to take advantage of the current very favorable borrowing conditions, which has been drawn on December 30, 2019. To fix the interest rate, the new loan facility was also complemented by an interest rate swap agreement (IRS) for its entire term. From the total amount of the loan, 3 million euro has been paid back after 3 months. In addition to the dividends paid based on the normal course of business, in 2020 the Company paid out of this loan an extraordinary dividend of 25.5 million euro and in 2021 additional 6 million euro. The remaining 5.5 million euro of the loan increases the Company’s cash reserves, providing an opportunity to initiate further developments if justified by market needs. The Company’s Board of Directors does not plan to propose extraordinary dividends (i.e., in addition to 90% of the pro forma profit) in the near future.

At the end of the period the notional value of the outstanding loan liability amounted to 97 million euro, which is about 40% of the property fair value. After concluding the hedge agreements, all of the Company’s outstanding loan



liabilities have been switched to fixed interest rates for the 10 year loan term, which further strengthen the Park's stable operation.

Bank	Initial loan value	Due date	Outstanding loan amount on Dec 31, 2021
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	10,327
UniCredit Bank Hungary Zrt	24,000	23.12.2026	19,200
Erste Bank Hungary Zrt	40,000	31.12.2027	33,556
UniCredit Bank Hungary Zrt	40,000	15.12.2029	34,262
Sum	119,600		97,345

Forecast for 2022

According to our calculations, considering the 2021 results and the office park's occupancy rate of 96%, we **modify** the Company's rental revenue and pro forma net profit **forecast for 2022** as follows:

- the expected **rental revenue** is about **200 thousand euros higher** due to the increasing occupancy and the rent indexation and thus **pro forma profit after tax** are expected to **exceed** the previously published forecast by a total of **200,000 thousand euros**.

(million euros)	2020 actual	2021 actual	2022 plan
Rental revenue	14.54	14.66	15.0
Other income (net)	0.59	0.56	0.5
Operating expense	(1.41)	(1.27)	(1.6)
EBITDA	13.72	13.95	13.9
Depreciation	(7.09)	(7.17)	(7.0)
Operating profit	6.63	6.78	6.9
Net interest expense	(2.18)	(1.92)	(1.8)
Profit before tax	4.45	4.86	5.1
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	4.43	4.84	5.1

- Based on the current stable occupancy level and the rent indexation, we expect to reach 15 million euros **rental revenue** in 2022, which is an increase of more than 300,000 thousand euros compared to 2021 revenues.
- We count with no significant change of **other income (net)**, which mainly contain net result of developments and refurbishments based on tenant requests.
- We expect an increase in **operating expenses** of about 300,000 euros in 2022; based on increase in service fees and general inflation expectations, we expect a larger increase in costs than in prior years, most of which are denominated in HUF.



- According to our current estimation, due to all of the above, **EBIDTA** is expected to amount to 13.9 million euros in 2022, which is close to the 2021 figure.
- In prior years, due to new developments and refurbishments there was a significant increase in **depreciation** to 7.1 million euros (which does not affect the consolidated accounts according to the SzIT rules). In 2022 we expect that depreciation will decrease by around 200 thousand euros due to depletion of certain older assets.
- From 2020, due to the increased outstanding loan liabilities **net interest expense** significantly exceeded prior year interest expense, while in 2022 the regular capital repayments and the interest realized on the forint assets of the Company the net interest expense will probably decrease to 1.8 million euros. The Company's forint assets are in line with the conservative investment policy and the required asset portfolio prescribed by the SzIT regulation.
- As a result, **net profit** is forecasted to be 5.1 million euros in 2022, which is 5% higher than in the prior year.

Main risk factors associated with the areas

- Due to the prior gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). According to the resolution of Pest County Government Office, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date (see below under section "Legal proceedings").
- 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.
- Since the properties in Graphisoft Park are mainly rented by stable companies, operating in research & development, which are less affected by the crisis caused by the coronavirus epidemic, the utilization of the office park has decreased only slightly and temporarily as a direct effect of the crisis and is currently at 96% again. At the same time, we cannot exclude a higher-than-usual vacancy rate for office buildings in the longer term, as on a growing supply market a general transformation of office use or a possible decline in demand for office spaces might be expected. In view of all these risks, due to the increase in market return expectations, we cannot exclude a longer-term devaluation of property fair value either.

Recognition

Graphisoft Park received prestigious recognition again in 2021: on February 16, 2021, Graphisoft Park SE was able to receive the mid-cap special award for issuer transparency for 2020, based on a survey conducted by the Budapest Stock Exchange.

Legal proceedings

Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020 the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021 and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021 and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation



from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

MVM Next Energiakereskedelmi Zrt. has not yet informed our Company about its implementation plans related to the latest deadline.

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.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate (of which effects on the Company's results are unpredictable due to year-on-year fluctuations), the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 365 HUF/EUR till the end of 2022, euro inflation rate of 2% and unchanged legal and taxation environment.

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

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

Budapest, February 22, 2022

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended December 31, 2021

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, February 22, 2022

Kocsány János
Chief Executive Officer

Bihari Sándor
Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
DECEMBER 31, 2021

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2020	December 31, 2021
Cash and cash equivalents	3	15,908	10,066
Trade receivables	4	455	555
Current tax receivable	5	174	163
Other current assets	6	2,731	2,581
Current assets		19,268	13,365
Investment property	9	224,397	225,071
(Owner-occupied) Property, Plant and Equipment	7	1,620	1,441
Intangible assets	8	93	91
Long-term financial assets	12	-	26
Non-current assets		226,110	226,629
TOTAL ASSETS		245,378	239,994
Short-term loans	12	5,068	5,235
Trade payables	10	882	572
Current tax liability	5	178	304
Other short-term liabilities	11	3,797	3,131
Current liabilities		9,925	9,242
Long-term loans	12	94,707	89,392
Other long-term liabilities	13	7,735	5,506
Non-current liabilities		102,442	94,898
TOTAL LIABILITIES		112,367	104,140
Share capital	1.3	250	250
Retained earnings		139,322	140,390
Treasury shares	21	(972)	(988)
Cash flow hedge reserve	12	(3,237)	(1,440)
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,033)	(3,039)
Shareholders' equity		133,011	135,854
TOTAL LIABILITIES & EQUITY		245,378	239,994

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		12 months ended	
		Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Property rental revenue		3,581	3,695	14,539	14,657
Revenue	14	3,581	3,695	14,539	14,657
Property related expense	15	(25)	(24)	(101)	(97)
Employee related expense	15	(178)	(160)	(800)	(790)
Other operating expense	15	(62)	(79)	(505)	(381)
Depreciation and amortization	7, 15	(59)	(61)	(229)	(244)
Operating expense		(324)	(324)	(1,635)	(1,512)
Valuation (losses) from investment property	9	(4,719)	(270)	(24,315)	(721)
Other income	16	176	115	590	558
OPERATING (LOSS) / PROFIT		(1,286)	3,216	(10,821)	12,982
Interest income	17	8	27	11	59
Interest expense	17	(498)	(441)	(1,974)	(1,787)
Exchange rate difference	18	(21)	(141)	(963)	(192)
Financial result		(511)	(555)	(2,926)	(1,920)
(LOSS) / PROFIT BEFORE TAX		(1,797)	2,661	(13,747)	11,062
Income tax expense	19	(8)	6	(23)	(20)
(LOSS) / PROFIT FOR THE PERIOD		(1,805)	2,667	(13,770)	11,042
Attributable to equity holders of the parent		(1,805)	2,667	(13,770)	11,042
Basic earnings per share (EUR)	20	(0.18)	0.26	(1.37)	1.10
Diluted earnings per share (EUR)	20	(0.18)	0.26	(1.37)	1.10

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		12 months ended	
		Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
(Loss) / Profit for the period		(1,805)	2,667	(13,770)	11,042
Cash-flow hedge valuation reserve*		256	406	(1,529)	1,797
Translation difference**		(3)	(12)	(63)	(6)
Other comprehensive income		253	394	(1,592)	1,791
COMPREHENSIVE INCOME		(1,552)	3,061	(15,362)	12,833
Attributable to equity holders of the parent		(1,552)	3,061	(15,362)	12,833

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

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve	***Revaluation reserve of properties	Accum. translation difference	Total equity
December 31, 2019	250	183,391	(974)	(1,708)	681	(2,970)	178,670
Loss for the period	-	(13,770)	-	-	-	-	(13,770)
Translation difference	-	-	-	-	-	(63)	(63)
Revaluation reserve	-	-	-	(1,529)	-	-	(1,529)
Treasury share buyback	-	-	(22)	-	-	-	(22)
Dividend	-	(30,275)	-	-	-	-	(30,275)
Treasury share transfer	-	(24)	24	-	-	-	-
December 31, 2020	250	139,322	(972)	(3,237)	681	(3,033)	133,011
Profit for the period	-	11,042	-	-	-	-	11,042
Translation difference	-	-	-	-	-	(6)	(6)
Revaluation reserve	-	-	-	1,797	-	-	1,797
Treasury share buyback	-	-	(18)	-	-	-	(18)
Dividend	-	(9,972)	-	-	-	-	(9,972)
Treasury share transfer	-	(2)	2	-	-	-	-
December 31, 2021	250	140,390	(988)	(1,440)	681	(3,039)	135,854

* Treasury share details are disclosed in Note 21.

** Cash flow hedge transaction details are disclosed in Note 12 (Loans).

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
OPERATING ACTIVITIES				
(Loss) / Income before tax	(1,797)	2,661	(13,747)	11,062
Fair value change of investment properties	4,719	270	24,315	721
Depreciation and amortization	59	61	229	244
Loss / (gain) on sale of tangible assets	-	17	(6)	17
Interest expense	498	441	1,974	1,787
Interest income	(8)	(27)	(11)	(59)
Unrealized foreign exchange loss / (gain)	474	(80)	122	(43)
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	328	221	458	(418)
(Decrease) in liabilities	(1,347)	(375)	(1,491)	(64)
Corporate income tax refund / (paid)	29	-	(17)	(25)
Net cash from operating activities	2,955	3,189	11,826	13,222
INVESTING ACTIVITIES				
Purchase of investment property	(310)	(351)	(1,181)	(1,362)
Purchase of other tangible assets and intangibles	-	(27)	(272)	(70)
Sale of tangible assets	3	-	41	-
Interest received	8	26	11	58
Net cash used in investing activities	(299)	(352)	(1,401)	(1,374)
FINANCING ACTIVITIES				
Loan repayments	(1,435)	(1,443)	(8,697)	(5,774)
Interest paid	(502)	(440)	(1,985)	(1,783)
Purchase of treasury shares	-	-	(22)	(18)
Dividend paid	-	-	(30,275)	(9,972)
Net cash used in financing activities	(1,937)	(1,883)	(40,979)	(17,547)
Increase/ (decrease) in cash and cash equivalents	719	954	(30,554)	(5,699)
Cash and cash equivalents at beginning of period	15,105	9,121	46,492	15,908
Exchange rate gain / (loss) on cash and cash equivalents	84	(9)	(30)	(143)
Cash and cash equivalents at end of period	15,908	10,066	15,908	10,066

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED DECEMBER 31, 2021
 (all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from the software development company Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding currently having five 100% owned subsidiaries.

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

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 24 on December 31, 2021.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 25 years, 82,000 m² gross leasable area (offices, laboratories, educational area and auxiliary facilities) have been developed and occupied by tenants. Belonging to them underground parking facilities for around 2,000 cars are available. The remaining area provides the opportunity to develop an additional 66,000 m² of gross leasable area together with underground parking and auxiliary facilities.

The real estate is categorized as follows:

Area	Property	
Gross leasable area	Office area	58,000 sqm
	Laboratory	7,000 sqm
	Educational area	8,000 sqm
	Storage	6,000 sqm
	Service area	3,000 sqm
	Underground parking	2,000 pcs
Development area	Northern development area (after rehabilitation)	42,000 sqm
	Southern development area	24,000 sqm

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

1.3. Stock information

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

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

Shareholder	December 31, 2020			December 31, 2021		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	87.92	10,631,674	100.00	94.23
Directors and management	1,789,082	16.83	15.60	1,789,082	16.83	16.72
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.69	1,685,125	15.85	15.75
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.13
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.79	90,457	0.85	0.85
Shareholders over 5% share	3,156,576	29.69	27.53	2,938,288	27.64	27.46
HOLD Alapkezelő Zrt.	653,104	6.14	5.70	662,704	6.23	6.19
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,003,472	9.44	8.75	775,584	7.30	7.25
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.08	1,500,000	14.11	14.02
Other shareholders	5,136,940	48.32	44.79	5,355,228	50.37	50.05
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	12.08	1,876,167	-	5.77
Kocsány János - Member of the BoD, CEO***	1,384,819	-	12.08	518,443	-	4.85
Bihari Sándor – CFO***	-	-	-	99,262	-	0.93
Employee treasury shares*	491,348	-	-	1,258,462	-	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details refer to Note 21.

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

*** As announced on May 20, 2021, the Company bought back 866,376 employee shares from Kocsány János, CEO and transferred 99,262 employee shares to Bihari Sándor, CFO.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED DECEMBER 31, 2021
 (all amounts in thousands of euros unless otherwise indicated)

1.4. Governance

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

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

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

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Annual Financial Statements of 2020), with the following differences:

Seasonality of business

The Company's business activities are not seasonal; revenues and expenses generally accrue at a constant rate during the financial year. Certain one-off transactions may affect the results from one quarter to the next.

Exchange rates used

Exchange rates used are as follows:

	12 months ended December 31, 2020	12 months ended December 31, 2021
EUR/HUF opening:	330.52	365.13
EUR/HUF closing:	365.13	369.00
EUR/HUF average:	351.17	358.52

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2020	December 31, 2021
Cash in hand	1	1
Cash at banks	15,907	10,065
Cash and bank	15,908	10,066

4. Trade receivables

	December 31, 2020	December 31, 2021
Trade receivables	455	555
Provision for doubtful debts	-	-
Trade receivables	455	555

Trade receivables are on 8-30 day average payment terms.

5. Current tax receivables and liabilities

	December 31, 2020	December 31, 2021
Current tax receivables	174	163
Current tax liabilities	(178)	(304)
Current tax (liabilities), net	(4)	(141)

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2020	December 31, 2021
Accrued income	200	264
Prepaid expense	8	78
Bank security accounts	2,121	2,227
Construction fund manager accounts	11	11
Other receivables	391	1
Other current assets	2,731	2,581

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

	(Owner-occupied) Property	Plant and Equipment	(Owner-occupied) Property, Plant and Equipment
Net value:			
December 31, 2019	1,180	535	1,715
Gross value:			
December 31, 2019	1,370	1,123	2,493
Addition	3	196	199
Sale	-	(65)	(65)
Scrapping	-	(62)	(62)
Translation difference	-	(78)	(78)
December 31, 2020	1,373	1,114	2,487
Depreciation:			
December 31, 2019	190	588	778
Addition	81	129	210
Sale	-	(30)	(30)
Scrapping	-	(62)	(62)
Translation difference	-	(29)	(29)
December 31, 2020	271	596	867
Net value:			
December 31, 2020	1,102	518	1,620

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

Gross value:

December 31, 2020	1,373	1,114	2,487
Addition	2	42	44
Scrapping	-	(13)	(13)
Translation difference	-	(8)	(8)
December 31, 2021	1,375	1,135	2,510

Depreciation:

December 31, 2020	271	596	867
Addition	81	137	218
Scrapping	-	(13)	(13)
Translation difference	-	(3)	(3)
December 31, 2021	352	717	1,069

Net value:

December 31, 2021	1,023	418	1,441
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8. Intangible assets

	Software	Intangible assets		Software	Intangible assets
Net value:			Net value:		
December 31, 2019	59	59	December 31, 2020	93	93
Gross value:			Gross value:		
December 31, 2019	71	71	December 31, 2020	114	114
Addition	59	59	Addition	25	25
Scrapping	(8)	(8)	Scrapping	-	-
Translation difference	(8)	(8)	Translation difference	(2)	(2)
December 31, 2020	114	114	December 31, 2021	137	137
Depreciation:			Depreciation:		
December 31, 2019	12	12	December 31, 2020	21	21
Addition	18	18	Addition	26	26
Scrapping	(8)	(8)	Scrapping	-	-
Translation difference	(1)	(1)	Translation difference	(1)	(1)
December 31, 2020	21	21	December 31, 2021	46	46
Net value:			Net value:		
December 31, 2020	93	93	December 31, 2021	91	91

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land	Completed investment property	Investment property
Book value:			
December 31, 2019	<u>12,044</u>	<u>235,091</u>	<u>247,135</u>
Addition	314	1,263	1,577
Change in fair value	-	(24,315)	(24,315)
December 31, 2020	<u>12,358</u>	<u>212,039</u>	<u>224,397</u>
Addition	461	934	1,395
Change in fair value	-	(721)	(721)
December 31, 2021	<u>12,819</u>	<u>212,252</u>	<u>225,071</u>

In the first nine months of 2021 additions in construction in progress of 1,395 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (310 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (480 thousand EUR),
- landscaping works in the southernmost area (461 thousand EUR),
- other developments in progress (144 thousand EUR).

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

According to IAS 40 development lands are presented on cost.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

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

		December 31, 2020	December 31, 2021
Rental area	- office, laboratory, and related service areas - education area - Dormitory	73,000 m ² 6,000 m ² 3,000 m ² / 85 persons	73,000 m ² 6,000 m ² 3,000 m ² / 85 persons
Development lands	rentable area which can be developed	62,000 m ²	66,000 m ²
Long term occupancy		80-95%	80-95%
Growth factor		1%	1%
Average discount factor		6.75%	6.80%

10. Trade payables

	December 31, 2020	December 31, 2021
Trade payables – domestic	882	572
Trade payables	882	572

11. Other short-term liabilities

	December 31, 2020	December 31, 2021
Amounts due to employees and related tax liabilities	25	81
Deposits from tenants	614	718
Fair value difference of loans*	646	604
Other payables and accruals	2,512	1,728
Other short-term liabilities	3,797	3,131

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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2020	December 31, 2021
Short-term	5,068	5,235
Long-term	94,707	89,392
Loans	99,775	94,627

Balance of loans, in case of loans with preferential interest rate, contains the amortized cost of the initial fair value (see Note 12.2.).

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2020	December 31, 2021
Short-term	701	729
Long-term	9,712	8,903
Loan 1 / Erste Bank Hungary Zrt.	10,413	9,632

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015, with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016, Erste Bank makes a 4 billion HUF (12.1 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are as follows: mortgage on real estate, revenue assignment and bank account pledge.

As of December 31, 2021, the outstanding capital of the forint-based facility amounts to 3.00 billion HUF (8,131 thousand EUR); and the euro-based facility amounts to 2,196 thousand EUR. The fair value of the loans (calculated using market interest rates) is 9,632 thousand EUR (see details under point 12.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016, covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. As of December 31, 2021, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 2,221 thousand EUR.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021
(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2020	December 31, 2021
Short-term	1,851	1,907
Long-term	33,429	31,522
Loan 2 / Erste Bank Hungary Zrt.	35,280	33,429

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., which is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term. On December 31, 2021, the fair value of the IRS is 1,397 thousand EUR, which is presented among the long-term financial liabilities.

The original facility is worth 40 million EUR. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

Loans provided by UniCredit Bank Hungary Zrt.:

Loan number 1. (Unicredit)

	December 31, 2020	December 31, 2021
Short-term	1,167	1,194
Long-term	17,463	16,269
Loan 1. / UniCredit Bank Hungary Zrt.	18,630	17,463

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

As of December 31, 2021, the outstanding capital amounts to 19,200 thousand EUR, whose fair value was 17,463 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

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Loan number 2. (Unicredit)

	December 31, 2020	December 31, 2021
Short-term	1,349	1,405
Long-term	34,103	32,698
Loan 2./ UniCredit Bank Hungary Zrt.	35,452	34,103

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million EUR value with UniCredit Bank to optimize the Company's capital structure, which has been already drawn on December 30, 2019. From the total amount of the loan 3 million EUR was due on March 31, 2020. To fix the interest rate, the loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On December 31, 2021, the fair value of the IRS is 26 thousand EUR, which is presented among the long-term financial assets.

Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

12.2. Analyses

Fair value of the loans:

	December 31, 2020	December 31, 2021
Erste Bank Hungary Zrt. Loan nr. 1.*	10,413	9,632
Erste Bank Hungary Zrt. Loan nr. 2.	35,280	33,429
UniCredit Bank Hungary Zrt. Loan nr. 1.*	18,630	17,463
UniCredit Bank Hungary Zrt. Loan nr. 2.	35,452	34,103
Loans at fair value*	99,775	94,627

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

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Loans with preferential interest rate:

As part of its monetary policy instruments, National Bank of Hungary (MNB) launched its Funding for Growth Scheme (NHP) in 2013. Under NHP, 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 NHP broken down by amortized initial fair value (market rate loan liability) and amortized initial fair value difference (interest rate grant) elements as of December 31, 2021:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	10,327	695	9,632
UniCredit Bank Hungary Zrt.	19,200	1,737	17,463
Loans (NHP)	29,527	2,432	27,095

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

** Fair value difference of loans with preferential interest rate (government grant received through the Funding for Growth Scheme compensating expenses) are shown under other short-term liabilities (Note 11) and other long-term liabilities (Note 13) and amortized through profit and loss based on the effective interest rate method.

13. Other long-term liabilities

	December 31, 2020	December 31, 2021
Fair value difference of loans*	2,438	1,828
Warranty retention	99	60
Fair value of derivative instruments **	5,198	3,618
Other long-term liabilities	7,735	5,506

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

** Fair value of IRSs as of December 31, 2021. The valuations were prepared by the financing banks.

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14. Revenue

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Property rental revenue*	3,581	3,695	14,539	14,657
Revenue	3,581	3,695	14,539	14,657

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

15. Operating expense

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Property related expense	25	24	101	97
Employee related expense	178	160	800	790
Other operating expense	62	79	505	381
Depreciation and amortization	59	61	229	244
Operating expense	324	324	1,635	1,512

Other operating expense consists of the following items:

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Office and telecommunication	3	3	9	8
Legal and administration	43	27	238	161
Other	16	49	258	212
Other operating expense	62	79	505	381

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16. Other income (expense)

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Income from recharged construction expenses	102	23	291	252
Recharged construction expenses	(103)	(27)	(266)	(232)
Income from recharged operation expenses	1,375	1,502	5,078	5,216
Recharged operation expenses	(1,214)	(1,374)	(4,586)	(4,747)
Others	16	(9)	73	69
Other income	176	115	590	558

17. Interest income and interest expense

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Interest income	8	27	11	59
Interest expense on loans	(498)	(440)	(1,899)	(1,780)
Other interest income	-	(1)	(75)	(7)
Net interest expense	(490)	(414)	(1,963)	(1,728)

18. Other financial result

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Exchange rate (loss) realized	(175)	(204)	(1,310)	(99)
Exchange rate gain / (loss) not realized	154	63	347	(93)
Other financial result	(21)	(141)	(963)	(192)

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19. Income taxes

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Current income tax	(8)	6	(23)	(20)
Income tax expense	(8)	6	(23)	(20)

Based on the business activity, Graphisoft Park Engineering & Management Kft does not operate under the "SzIT" regulation and therefore is subject to corporate income tax, local business tax and deferred income tax, if applicable. Applicable tax rates are as follow: corporate income tax at 9% and local business at tax 2% both in 2020 and 2021.

20. Earnings per share

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

	3 months ended		12 months ended	
	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021
Net (loss) / profit attributable to equity holders	(1,805)	2,667	(13,770)	11,042
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	(0.18)	0.26	(1.37)	1.10
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	(0.18)	0.26	(1.37)	1.10

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

Share ownership details are disclosed in Note 1.3.

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21. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2020	December 31, 2021
Number of ordinary shares	549,076	549,076
Number of employee shares	491,348	1,258,462
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	20,808	36,151
Total value of treasury shares (at historical cost)	972	988

As announced on May 20, 2021, the Company bought back 866,376 employee shares from Kocsány János, CEO and transferred 99,262 employee shares to Bihari Sándor, CFO.

22. Net asset value

Book value and fair value of assets and liabilities as of December 31, 2021:

	Note	Book value Dec 31, 2021	Fair value Dec 31, 2021	Difference
Investment property and other tangible assets*	7,9	226,512	241,534	15,022
Intangible assets	8	91	91	-
Current tax liabilities, net	5	(141)	(141)	-
Non-financial instruments		226,462	241,484	15,022
Cash and cash equivalents	3	10,066	10,066	-
Trade receivables	4	555	555	-
Other current assets	6	2,581	2,581	-
Other long term financial assets	12	26	26	-
Trade payables	10	(572)	(572)	-
Other short-term liabilities	11	(3,131)	(3,131)	-
Loans	12	(94,627)	(94,627)	-
Other long-term liabilities	13	(5,506)	(5,506)	-
Financial instruments		(90,608)	(90,608)	-
Net asset value		135,854	150,876	15,022

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 241,116 thousand euros as of December 31, 2021.

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Book value and fair value of assets and liabilities as of December 31, 2020:

	Note	Book value Dec 31, 2020	Fair value Dec 31, 2020	<i>Difference</i>
Investment property and other tangible assets*	7,9	226,017	241,659	15,642
Intangible assets	8	93	93	-
Current tax liabilities, net	5	(4)	(4)	-
Non-financial instruments		226,106	241,748	15,642
Cash and cash equivalents	3	15,908	15,908	-
Trade receivables	4	455	455	-
Other current assets	6	2,731	2,731	-
Trade payables	10	(882)	(882)	-
Other short-term liabilities	11	(3,797)	(3,797)	-
Loans	12	(99,775)	(99,775)	-
Other long-term liabilities	13	(7,735)	(7,735)	-
Financial instruments		(93,095)	(93,095)	-
Net asset value		133,011	148,653	15,642

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 241,141 thousand euros as of December 31, 2020.

23. Legal proceedings

Due to the prior gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

MVM Next Energiakereskedelmi Zrt. has not yet informed our Company about its implementation plans related to the latest deadline.

24. Approval of financial statements, dividend

On April 20, 2021, the Company's Board of Directors acting in the authority of the General Meeting adopted the following resolutions – based on the Government of Hungary issued Decree No. 502/2020. (XI.16.) – approved the 2020 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 245,378 thousand EUR and a loss for the year of 13,770 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Board of Directors approved dividend distribution of 357 HUF per ordinary share, 3,599,487 thousand HUF in total (9,972 thousand EUR on the MNB exchange rate of April 20, 2021), and in total 73,485 thousand HUF on employee shares (204 thousand EUR on the MNB exchange rate of April 20, 2021). The starting date for dividend payments was June 2, 2021. The Company paid out the dividends to the shareholders identified by shareholder's registration as of May 26, 2021.

25. Declaration

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