Graphisoft Park SE Annual Report 2021

GRAPHISOFTPARK

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 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 EBIDTA 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**
-from this book value (1)	*212 039*	*212 252*
Fair value of development lands	**23 100**	**22 860**
- from this book value (1)	*12 358*	*12 819*
Entire property portfolio at estimated fair value	**241 141**	**241 116**
Net asset value at estimated fair value (2)	**148 653**	**150 876**
Net asset value at cost (1)	*133 011*	*135 854*
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**
Net asset value at cost per share (euro) (1) (3)	*13.19*	*13.47*

(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 “SzIT” 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):

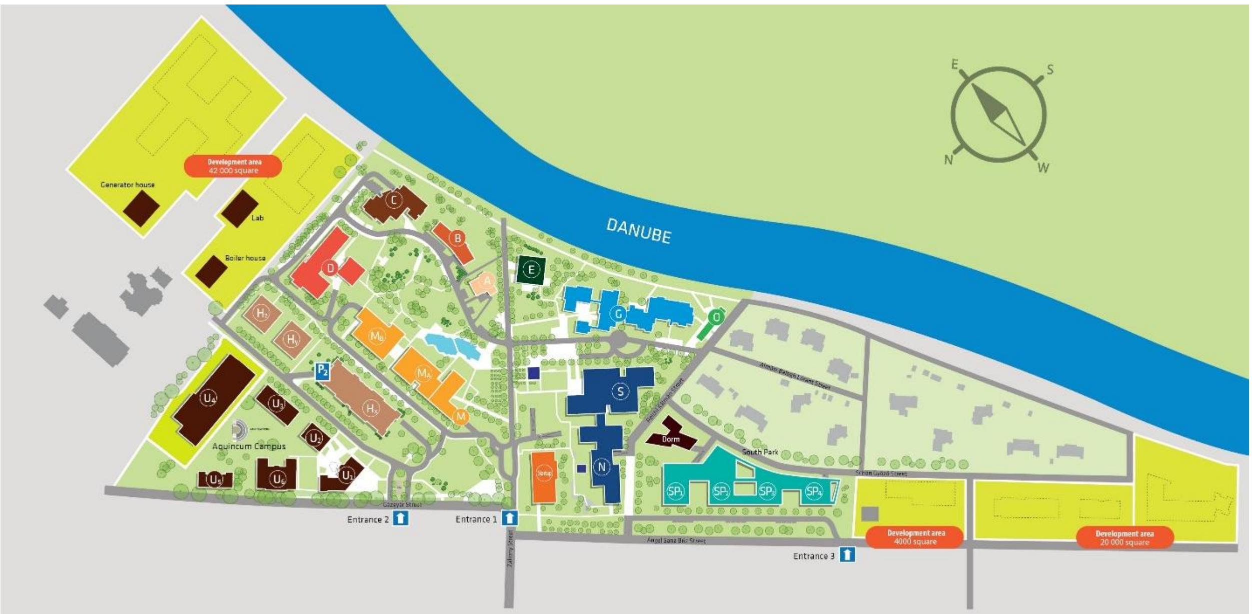
Period:	**2020Q1**	**2020Q2**	**2020Q3**	**2020Q4**	**2021Q1**	**2021Q2**	**2021Q3**	**2021Q4**
Occupancy of gross leasable area (%):	**97%**	**97%**	**95%**	**94%**	**94%**	**94%**	**95%**	**96%**
Gross leasable area (m^2):	82 000	82 000	82 000	82 000	82 000	82 000	82 000	82 000

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 m^2 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 m^2 (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 m^2 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 m^2 potential development. In the second half of 2019 we have commenced the archeological and landscaping works there on 4 000 m^2, 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 m^2 gross leasable area. Altogether this gives development potential of around additional 66 000 m^2 gross leasable area, and as such, the gross leasable area might increase to 148 000 m^2 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 m^2 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 m^2, 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 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 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.

ESG strategy

In 2022, the Company began to define the elements of its environmental, social and governance strategy in line with ESG objectives, in line with the expectations of institutional investors, financiers and regulators. As a first step, with the help of a consultant, the size of the carbon footprint for the operation of Graphisoft Park will be determined based on the available data for 2021. In the light of the results, the Company will set strategic goals in line with sustainability and climate protection aspects, and aims to obtain an independent ESG certificate for 2022.

The Company's commitment to sustainability is demonstrated by the fact that the Company has been a member of the BCSDH (Hungarian Business Council for Sustainable Development) since 2017, of which the CEO of the Park, Kocsány János, is a member of the Supervisory Board. The aim of the organization is to actively support and promote the implementation and application of the principles of sustainable development in the member companies with innovative solutions, and to provide an appropriate professional forum for the evaluation of experience.

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 380 HUF/EUR till the end of 2022, euro inflation rate of 3% and unchanged legal and taxation environment.

General information

Graphisoft Park Group

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or “Graphisoft Park SE”) with its subsidiaries form the Graphisoft Park Group (“the Group” or “Graphisoft Park”). Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. The registered address of the Company is H-1031 Budapest, Záhony utca 7, Hungary.

Corporate Governance

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

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

General Meeting

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

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

Board of Directors

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

The Board of Directors has the power to act in the authority of the General Meeting based on the Government of Hungary issued Decree No. 102/2020. (IV.10.).

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

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

Members of the Board of Directors:

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

Audit Committee

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

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

Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

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

Stock information

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

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

Shareholder	Shares (pc)	Share (%)	Voting right (%)	Shares (db)	Share (%)	Voting right (%)
	December 31, 2020			December 31, 2021		
ORDINARY SHARES:	**10 631 674**	**100.00**	**87.92**	**10 631 674**	**100.00**	**94.23**
Shareholders over 5% share	**4 841 701**	**45.54**	**42.22**	**4 623 413**	**43.49**	**43.21**
Bojár Gábor	1 685 125	15.85	14.69	1 685 125	15.85	15.75
HOLD Zrt.	653 104	6.15	5.70	662 704	6.23	6.19
AEGON 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	**5 240 897**	**49.30**	**45.70**	**5 819 185**	**51.35**	**51.02**
Treasury shares*	**549 076**	**5.16**	**-**	**549 076**	**5.16**	**-**
EMPLOYEE SHARES:**	**1 876 167**	**-**	**12.08**	**1 876 167**	**-**	**5.77**
Kocsány János	1 384 819	-	12.08	518 443	-	4.85
Other employees with employee shares	-	-	-	99 262	-	0.93
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.

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

Human resources

We ensure the continuous development of our employees, in addition we pay particular attention to special labour safety prescriptions affecting engineers working on development projects and employees working on property operation.

Diversity policy

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

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

Events after the balance sheet date

Proposed dividend by the Board

The annual financial statements of the Company for the year 2021 prepared in accordance with International Financial Reporting Standards (IFRS) are authorized for issue in accordance with the resolution of the Board of Directors on March 12, 2022. The Board proposes dividend distribution of 0.43 EUR per ordinary share to be approved by the Annual General Meeting of Graphisoft Park SE of April 20, 2021. The Board also proposes altogether 268 917 EUR dividend for employee shares. The HUF amount of the dividend will be determined on the date of the AGM, on the basis of the euro foreign exchange rate on which the amount will be purchased by the Company's main bank. The Annual General Meeting has the power to amend the annual financial statements.

Russian-Ukrainian war

Due to the significant weakening of the forint after the outbreak of the war, the amount of the exchange rate loss to be accounted for in the Company's forint-denominated assets may significantly affect the financial result of 2022. The Company has already anticipated an increase in energy prices when planning its operating costs, but this may increase further with the outbreak of war. However, based on our current information, the economic sanctions imposed on Russia have no direct impact on the Company.

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

Statement of responsibility *- We declare that the attached Consolidated Financial Statements which have been prepared in accordance with the International Financial 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, March 21, 2022

Kocsány János

Bojár Gábor Chairman of Board of Directors	Kocsány János Chief Executive Officer

GRAPHISOFT PARK SE

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2021

in accordance with International Financial Reporting Standards (IFRS)

(audited)

Budapest, March 21, 2022

Kocsány János

Chief Executive Officer

Bihari Sándor

Chief Financial Officer

CONTENTS:

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Independent Auditor's Report

to the Shareholders of Graphisoft Park SE Ingatlanfejlesztő Európai Rt.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. and its subsidiaries (the „Group") filename 5299006ETW1JYNUWJC79_31_12_21_CE.xhtml[1] in the digital file for the year 2021 which comprise the consolidated balance sheet as at December 31, 2021 which shows a total assets of **EUR 239 994 thousands** and the related consolidated statement of income and consolidated statement of comprehensive income which shows a net profit for the year of **EUR 12 833 thousands,** consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and consolidated notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. and its subsidiaries as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS"), and the consolidated financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (hereinafter: "the Accounting Act") relevant to the entities preparing consolidated financial statements in accordance with EU IFRS.

Basis for the opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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[1] the file name above 5299006ETW1JYNUWJC79_31_12_21_CE.xhtml digital identification of the financial statements with SHA 256 HASH algorithm: 9fd53c683df51d9b33d90c1b95636ff47aa62c941596467872edb56522bf0a0a

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Revenue recognition Refer to Notes 16. in the consolidated financial statements Revenue is an important measure used to evaluate the performance of the Group. As a consequence, it needs to be ensured that the revenue in the consolidated financial statements is real, accurate and refers to the current year. Revenue from property rental revenue transactions is recognized as of the performance date based on the terms of the lease agreement.	Our audit procedures supporting the revenue recognition included testing of business cycles as well as substantive audit procedures as follows. We have performed review of the revenue recognition process relating to property rental revenue. We have assessed the risks in the certain processes, the existence of relating controls. Existence and accuracy of property rental revenue have been tested on a sample basis and the items selected have been reconciled to source documents. We have reviewed the lease agreements. Based on the lease agreements we have recalculated the whole property rental revenue. We have checked the appropriate compliance with relevant financial reporting standards, accounting records and disclosures.

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Key Audit Matter	*How our audit addressed the Key Audit Matter*
Valuation of investment properties Refer to Notes 3.4 and 11. in the consolidated financial statements	
Value of investment properties in the consolidated financial statements of the Group amounts to EUR 225,071 thousands as of 31 December 2021 and EUR 224,397 thousands as of 31 December 2020. Above balance sheet value reflects the estimated fair value of the investment properties determined by an independent external valuation expert engaged by the Group. As a consequence of the fair value adjustment, a revaluation loss of EUR (721) thousands has been recorded as Valuation losses from investment property. The valuation is dependent on certain assumptions regarding factors influencing the value of properties, which bear uncertainty, thus the value of investment properties may change in parallel with the change of influencing factors.	Our audit procedures regarding the valuation of investment properties were as follows. We have evaluated the independent external valuer's professional competence, capabilities, objectivity. We have assessed the methodologies and the appropriateness of the key assumptions used by the valuer based on our knowledge of the property industry. We have checked the accuracy and relevance of input data used for determining the balance sheet value of investment properties and checked the accuracy of the fair value adjustments by recalculating them. We have checked the appropriate compliance with relevant financial reporting standards, accounting records and disclosures.

Other issues

Management is responsible for the presentation of the consolidated financial statements in a form complying with the requirements prescribed in the Article 3 of the Commission Delegated Regulation (EU) 2019/815 (17 December 2018) ("ESEF Regulation"). Our audit has referred to the human-readable layer of the digital file, identified electronically in our report, containing the consolidated financial statements. The scope of our audit has not referred to the audit of, and thus we do not express an opinion on whether the digitalized information has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

Other information: the business report

The other information comprises the consolidated business report of the Company for the year 2021. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the consolidated financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the consolidated business report.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the consolidated business report is materially misstated we are required to report this fact and the nature of the misstatement.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the consolidated business report also include reviewing the consolidated business report to assess whether the consolidated business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the consolidated business report complies with the requirements of Section 95/B. (2) e) and f) of the Accounting Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B. (2) a)-d), g) and h) has been provided in the consolidated business report.

In our opinion, the consolidated business report of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. and its subsidiaries for 2021 corresponds to the consolidated financial statements of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. and its subsidiaries for 2021 and the relevant provisions of the Accounting Act in all material respects. The information referred to in Section 95/B. (2) a)-d), g) and h) of the Accounting Act has been provided. As there is no other regulation prescribing further content requirements for the Group's consolidated business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the consolidated business report therefore we have nothing to report in this respect.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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The auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of Graphisoft Park SE Ingatlanfejlesztő Európai Rt. by the General Meeting of Shareholders on 30 April 2020 and our uninterrupted engagement has lasted for 4 years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Graphisoft Park SE Ingatlanfejlesztő Európai Rt. , which we issued on 21 March 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

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Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Graphisoft Park SE Ingatlanfejlesztő Európai Rt. and its controlled undertakings and which have not been disclosed in the consolidated financial statements or in the consolidated business report.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

Budapest, 21 March 2022

BDO Hungary Audit Ltd.
1103 Budapest, Kőér utca 2/A
Registration number: 002387

András Schillinger
Director

BDO Magyarország Könyvvizsgáló Kft.
Eng.szám:
Licence nr.:
002387

Edmond Gaál
Certified Auditor
Chamber registration No.:
007299

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Csoportazonosító (Group-ID-Nr): 17780711-5-42
Group VAT Nr.: HU17780711

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

	Notes	December 31, 2020	December 31, 2021
Cash and cash equivalents	5	15 908	10 066
Trade receivables	6	455	555
Current tax receivable	7	174	163
Other current assets	8	2 731	2 581
Current assets		**19 268**	**13 365**
Investment property	11	224 397	225 071
(Owner occupied) Property, Plant and Equipment	9	1 620	1 441
Intangible assets	10	93	91
Long-term financial assets	14	-	26
Non-current assets		**226 110**	**226 629**
TOTAL ASSETS		**245 378**	**239 994**
Short-term loans	14	5 068	5 235
Trade payables	12	882	572
Current tax liability	7	178	304
Other short-term liabilities	13	3 797	3 131
Current liabilities		**9 925**	**9 242**
Long-term loans	14	94 707	89 392
Other long-term liabilities	15	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	23	(972)	(988)
Cash flow hedge reserve	14	(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**

The accompanying notes form an integral part of the consolidated financial statements.

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

	Notes	December 31, 2020	December 31, 2021
Property rental revenue		14 539	14 657
Revenue	**16**	**14 539**	**14 657**
Property related expense	17	(101)	(97)
Employee related expense	17	(800)	(790)
Other operating expense	17	(505)	(381)
Depreciation and amortization	9, 10, 17	(229)	(244)
Operating expense		**(1 635)**	**(1 512)**
Valuation gains losses from investment property	11	(24 315)	(721)
Other income	18	590	558
OPERATING (LOSS) / PROFIT		**(10 821)**	**12 982**
Interest income	19	11	59
Interest expense	19	(1 974)	(1 787)
Exchange rate difference	20	(963)	(192)
Financial result		**(2 926)**	**(1 920)**
(LOSS) / PROFIT BEFORE TAX		**(13 747)**	**11 062**
Income tax expense	21	(23)	(20)
(LOSS) / PROFIT FOR THE PERIOD		**(13 770)**	**11 042**
Attributable to equity holders of the parent		(13 770)	11 042
Basic (loss) / earnings per share (EUR)	22	(1.37)	1.10
Diluted (loss) / earnings per share (EUR)	22	(1.37)	1.10

The accompanying notes form an integral part of the consolidated financial statements.

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

	Notes	December 31, 2020	December 31, 2021
(Loss) / profit for the period		**(13 770)**	**11 042**
Cash-flow hedge valuation reserve*		(1 529)	1 797
Translation difference**		(63)	(6)
Other comprehensive income		**(1 592)**	**1 791**
COMPREHENSIVE INCOME		**(15 362)**	**12 833**
Attributable to equity holders of the parent		(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.

The accompanying notes form an integral part of the consolidated financial statements

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 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
January 1, 2020	**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**
January 1, 2021	**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 23.
** Cash flow hedge transaction details are disclosed in Note 14 (Loans).
*** Revaluation surplus on leasing a part of owner-occupied property, i.e. transfers from investment property to owner occupied property.

The accompanying notes form an integral part of the consolidated financial statements.

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

	Notes	December 31, 2020	December 31, 2021
OPERATING ACTIVITIES			
(Loss) / income before tax		(13 747)	11 062
Fair value change of investment properties	11	24 315	721
Depreciation and amortization	9, 10,17	229	244
(Gain) / loss on sale of tangible assets		(6)	17
Interest expense	19	1 974	1 787
Interest income	19	(11)	(59)
Unrealized foreign exchange loss / (gain)		122	(43)
Changes in working capital:			
Decrease / (increase) in receivables and other current assets		458	(418)
(Decrease) in liabilities		(1 491)	(64)
Corporate income tax paid		(17)	(25)
Net cash from operating activities		**11 826**	**13 222**
INVESTING ACTIVITES			
Purchase of investment property	11	(1 181)	(1 362)
Purchase of other tangible assets and intangibles	9,10	(272)	(70)
Sale of tangible assets	9	41	-
Interest received		11	58
Net cash used in investing activities		**(1 401)**	**(1 374)**
FINANCING ACTIVITIES			
Loan repayments	14, 27	(8 697)	(5 774)
Interest paid	14	(1 985)	(1 783)
Purchase of treasury shares		(22)	(18)
Dividend paid	29, 27	(30 275)	(9 972)
Net cash from used in financing activities		**(40 979)**	**(17 547)**
(Decrease) in cash and cash equivalents		(30 554)	(5 699)
Cash and cash equivalents at beginning of period		46 492	15 908
Exchange rate (loss) on cash and cash equivalents		(30)	(143)
Cash and cash equivalents at end of period		**15 908**	**10 066**

The accompanying notes form an integral part of the consolidated financial statements.

(all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE Real Estate Development European Company Limited by Shares (the "Company" or "Graphisoft Park SE") with its subsidiaries form the Graphisoft Park Group ("the Group" or "Graphisoft Park").

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. The court registration number of Graphisoft Park SE is CG 01-20-000002. Its website is www.graphisoftpark.com.

Domicile of the Company: H-1031 Budapest, Záhony utca 7.
Address of the Company's registered office: H-1031 Budapest, Záhony utca 7.
Principal place of business: H-1031 Budapest, Záhony utca 7.

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. The Company's name is unchanged since its establishment. 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.

Headcount was 24 on December 31, 2021 (2020: 27).

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82 000 m^2 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 62 000 m^2 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	20 000 sqm

(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:

	December 31, 2020			December 31, 2021		
Shareholder	**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**
				549 076	**5.16**	**-**
Treasury shares*	**549 076**	**5.16**	**-**			
				1 876 167	**-**	**5.77**
EMPLOYEE SHARES:**	**1 876 167**	**-**	**12.08**			
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 23.
** 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.

Based on the ownership structure of the Company, the ultimate parent of the Group is the same as the shareholders. Shareholders over 5% share are as follow: Bojár Gábor (15.85%), B.N.B.A. Holding Zrt. (14.11%), AEGON Magyarország Befektetési Alapkezelő Zrt. (7.30%), Hold Alapkezelő Zrt. (6.23%).

1.4. Corporate Governance

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

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

General Meeting

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

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

Board of Directors

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

The Board of Directors has the power to act in the authority of the General Meeting based on the Government of Hungary issued Decree No. 102/2020. (IV.10.).

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

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

(all amounts in thousands of euros unless otherwise indicated)

Members of the Board of Directors:

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

Audit Committee

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

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

Audit Committee members are appointed from the independent members of the Board of Directors by the general meeting of the company.

Members of the Audit Committee:

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

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of Graphisoft Park Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). All standards and interpretations issued by the International Accounting Standards Board (IASB) effective at the time of preparing the consolidated financial statements and applicable to Graphisoft Park Group have been adopted by the EU. Therefore, the consolidated financial statements currently also comply with IFRS as issued by the IASB and also comply with the Hungarian Accounting Law on consolidated financial statements, which refers to IFRS as adopted by the EU.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2. Changes in accounting policies

Adoption of new or modified standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs and interpretations which have been adopted by the Group as of January 1, 2021:

A) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
• A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
• Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
• Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component
These amendments had no impact on the consolidated financial statements of the Group since no replacement of the benchmark rates occurred in 2021. According to the management's assessment, no replacement of EURIBOR rates is expected in the near future, which might affect the Group's consolidated financial statements.

B) Amendments to IFRS 16 Covid-19 Related Rent Concessions: On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. These amendments had no effect on the Group.

2.3. Consolidated financial statements

The consolidated financial statements include the accounts of Graphisoft Park SE and the subsidiaries that it controls. Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with a company, and has the ability to affect those returns through its power over the company. Power over an entity means having existing rights to direct its relevant activities. The relevant activities of a company are those activities which significantly affects its returns.

(all amounts in thousands of euros unless otherwise indicated)

The following subsidiaries were consolidated in 2020 and in 2021 (Graphisoft Park SE is the sole owner of all companies):

Subsidiary	Date of foundation	Registered capital 2020	Registered capital 2021
Graphisoft Park Kft.	November, 2005	46 108 EUR	46 108 EUR
Graphisoft Park Services Kft.	October, 2008	10 000 000 HUF	10 000 000 HUF
Graphisoft Park South I. Kft.	September, 2016	23 000 EUR	23 000 EUR
Graphisoft Park South II. Development Kft.	September, 2016	22 000 EUR	22 000 EUR
Graphisoft Park Engineering & Management Kft.	December, 2017	10 000 000 HUF	10 000 000 HUF

The consolidated financial statements are prepared in accordance with the measurement and presentation basis applied in IFRS.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany transactions, balances and unrealized gains on transactions between the companies are eliminated. Accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

The consolidated financial statements are prepared under the historical cost convention.

2.4. Foreign currency translations

Functional and presentation currency:

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”), as follows:

	December 31, 2020	December 31, 2021
Graphisoft Park SE	EUR	EUR
Graphisoft Park Kft.	EUR	EUR
Graphisoft Park Services Kft.	HUF	HUF
Graphisoft Park South I. Kft.	EUR	EUR
Graphisoft Park South II. Development Kft.	EUR	EUR
Graphisoft Park Engineering & Management Kft.	HUF	HUF

Management assessment on functional currency determination is disclosed in Note 3 (Critical accounting estimates and judgments).

The consolidated financial statements are presented in thousands of EUR, which is the Group's presentation currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities are recognized in the income statement.

Group companies:

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing rate at the date of the balance sheet;

(b) income statements are translated at annual average exchange rates;

(c) all resulting exchange differences are recognized directly in the consolidated equity (accumulated translation difference).

Exchange rates used were as follows:

	2020	**2021**
EUR/HUF opening:	330.52	365.13
EUR/HUF closing:	365.13	369.00
EUR/HUF average:	351.17	358.52

2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, short-term bank deposits with less than three months to maturity and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6. Derivative financial instruments

The derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year as finance income or expense. The year-end fair value of derivative financial instruments is determined by the contracted partner of the Group taking into expected yield and the contractual conditions.

The fair value measurement's hierarchy level of derivative financial instruments is level 2.

2.7. Hedges

For the purpose of hedge accounting, hedges are classified as either

- fair value hedges or
- cash-flow hedges.

At the inception of the hedge or the hedge relationship the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. The documentation also contains the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows. These hedges are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated.

Hedge accounting is accounted as follows:

Fair value hedges

Fair value hedges are hedges of the Company's exposure to changes in fair value of a recognized asset or liability or an unrecognized commitment, or an identified portion of such asset, liability or commitment; which is attributable to a particular risk that could affect the Company's profit or loss.
For fair value hedges, the carrying amount of the hedged item is adjusted for gains or losses attributable to the risk being hedged, while the derivative is re-measured at fair value and gains or losses are credited/debited into the profit or loss. As such gains or losses from both the hedged item and the derivative are accounted for the profit or loss. Fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest rate method is used is amortized to the profit or loss.
The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation.

Cash-flow hedges

Cash-flow hedges are hedges of the exposure to variability in cash flows which is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect the profit or loss. The effective portion of the gain or loss on the hedging instrument is recognized directly in the other comprehensive income, while the ineffective portion is recognized in the profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects the profit or loss. Where the hedged item is the cost of a non-financial asset or liability, the amounts previously taken to the other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognized in other comprehensive income are transferred into the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked by the Company, amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is accounted into the profit or loss.

2.8. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. For impairment the Group uses the "12 month expected credit losses" method; and in case of significant increase in credit risk since the initial recognition of a receivable, the Group uses the "full lifetime expected credit loss" method (General approach). Impairment (if any) of trade receivables is disclosed in Note 6.

2.9. Loans and other borrowings

Borrowings are recognized initially at fair value less transaction costs, and subsequently measured at amortized costs using the effective interest rate method. The effective interest is recognized in the income statement (finance expenses) over the period of the borrowings.

Fair value hierarchy:

With regards to the loans, the fair value measurement's IFRS 13 hierarchy level is level 3. The effective rate of interest used to present fair value is calculated considering market rates and the Group's specific premium.

2.10. Trade and other payables

Trade and other payables (including accruals) are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The carrying values of trade and other payables approximate their fair values due to their short maturity.

2.11. Investment property

Investment property comprises completed property, development lands and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services, borrowing costs and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise, including the corresponding tax effect (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, any difference at that date between the carrying amount and the fair value of that property will be recorded in the "revaluation reserve of properties" within the equity, if the fair value is higher than the carrying amount; and in the profit or loss if the fair value is lower than the carrying amount.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of de-recognition.

2.12. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of assets comprises its purchase price, including duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs.

Replacements and improvements, which prolong the useful life or significantly improve the condition of the asset are capitalized. Maintenance and repairs are recognized as an expense in the period in which they are incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. General depreciation rules are stated as follows:

Type of asset	Depreciation
Machinery and equipment	5-15 years
Office equipment	3-7 years
Vehicles	5 years - 20% residual value

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of tangible assets.

2.13. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will accrue; and the cost of the asset can be measured reliably. Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end. Amortization is provided on a straight-line basis over the 3-7 year estimated useful lives of these assets.

2.14. Leases

The determination of whether an arrangement is a lease, or contains lease elements, is based on the substance of the arrangement at inception date as to whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment after inception of the lease is possible only if one of the following applies:

- there is a change in contractual terms, other than renewal of extension of the arrangement;
- a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

- there is a change in determination of whether fulfillment is dependent on a specific asset; or
- there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as a lessee:

Upon lease commencement a right-of-use asset and a lease liability is recognized (exceptions: leases with lease term with 12 months or less; leases where the underlying asset has a small value). The right-of-use asset is initially recognized at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

After lease commencement the right-of-use asset is measured using the cost model (cost less accumulated depreciation and accumulated impairment).
The lease liability is initially recognized at present value of the lease payments payable over the lease term discounted at the rate implicit in the lease if that can be readily determined, otherwise the Group's incremental borrowing rate shall be used.

The lease liability is subsequently re-measured to reflect changes in:
- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guaranties (using an unchanged discount rate); or
- future lease payment resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The re-measurements are treated as adjustments to right-of-use asset.

Group as a lessor:

The Group classifies each lease as an operating or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as operating lease.

At finance lease, upon lease commencement, assets held under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Finance income is recognized in the income statement over the lease term (reflecting a constant periodic rate of return on the net investment).

Operating lease payments are recognized as rental income on a straight-line basis in the income statement. Initial indirect cost incurred while concluding an operating lease agreement are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

2.15. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. Borrowing costs include interest and other costs that the Group incurs in connection with the borrowing of funds. The borrowing costs eligible for capitalization are capitalized applying the weighted average of the borrowing costs applicable to the general borrowings during the period. A qualifying asset is an asset that necessarily takes a substantial period of time, in general over 6 months, to get ready for its intended use.

2.16. Impairment of assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

2.17. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will occur in order to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured and recorded as the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.18. Pensions

The Group, in the normal course of business, makes fixed contributions into the Hungarian State pension fund on behalf of its employees. The Group does not operate any other pension scheme or post-retirement benefit plan, and consequently, has no legal or constructive obligation to make further contributions if the funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2.19. Revenue recognition

- **Revenue recognition (based on IFRS 15)**

Revenue is recognized at amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

Sale of goods:
The Company's contracts with customers generally include one performance obligation. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer.

Rendering of services:
Revenue from rendering of services is recognized over time.

Other income (expense):
Incomes from agency agreements, where the Company acts as a mediator, are not shown as revenues, but rather as other income (expense) in the income statement together with directly related expenditures (net) and recognized over time.

- **Revenue recognition (based on IFRS 16)**

Rental revenue:
Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

- **Revenue recognition (based on other Standards)**

Interest income:
Revenue is recognized as interest accrues (using the effective interest method). Interest income is included in financial results in the income statement.

Dividends:
Revenue is recognized when the Company's right to receive the payment is established.

2.20. Treasury shares

Treasury stock represents the cost of shares repurchased (recorded individually per purchase) and is displayed as a reduction of shareholder's equity. Premiums and discounts on repurchase and subsequent disposal are credited and debited respectively directly to retained earnings.

2.21. Employee shares

Pay-outs related to employee shares (reduced rate dividend payments) are shown under employee related expenses in the statement of income in the period in which the dividends are approved by the shareholders.

2.22. Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated considering the weighted average number of diluting share options (if any) in addition to the number of ordinary shares outstanding.

2.23. Income taxes

Current taxes:
Corporate income tax is payable to the Hungarian central tax authority, and local business tax is payable to the local governments. The basis of the corporate income tax is the taxable entities' accounting profit adjusted for non-deductible and non-taxable items. The basis of the local business tax is the taxable entities' revenue reduced by certain expenditure and cost items (gross margin).

Deferred taxes:
Deferred tax is recognized applying the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized.

Deferred tax is also provided on taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.24. Dividend

Dividends payable to the Company's shareholders are recorded as a liability and debited against equity in the period in which the dividends are approved by the shareholders.

2.25. Operating profit

Operating profit is defined as revenues less operating expenses and other income (expense).

2.26. Segment information

For management purposes the Group comprises a single operational (business and geographical) segment. For this reason, the consolidated financial statements contain no segment information.

2.27. Government grants

Government grants are recognized at fair value, if there is reasonable assurance that the grant will be received by the Group and every condition is complied with. Grants compensating expenses are recognized in the profit and loss statement in the period when the related expenses are recognized.

Grants related to assets are recognized as deferred income and recognized in the profit and loss statement systematically over the useful life of the asset.

2.28. Reclassification of comparative information

Comparative figures are reclassified to conform with presentation in the current period, where necessary.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

3.1 Functional and presentation currency

The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. IAS 21 – "The Effects of Changes in Foreign Exchange Rates" determines factors to be considered in determining functional currency. When the indicators are mixed and the functional currency is not obvious, management exercises judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Functional and presentation currency details are disclosed in Note 2.4.

3.2 Impairment of tangible assets

The Group assesses the impairment of tangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The calculations of recoverable amounts are primarily determined by value in use calculations, which use a broad range of estimates and factors affecting those. Among others, the Group typically considers future revenues and expenses, technological obsolescence, discontinuance of services and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, the Group also determines the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged. As this exercise is highly judgmental, the amount of a potential impairment may be significantly different from that of the result of these calculations.

3.3 Provisions

Provisions in general are highly judgmental, especially in case of legal disputes. The Group assesses the probability of an adverse event as a result of a past event and if the probability of an outflow of economic benefits is evaluated to be more probable than not, the Group fully provides for the total amount of the estimated liability.

3.4 Fair value of investment property

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and principles of IFRS 13 "Fair Value Measurement". Investment property under construction is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. In such case investment property is recorded at cost. With regards to the investment property, the fair value measurement's IFRS 13 hierarchy level, based on the valuations is level 3.

3.5 Effects of the Covid-19 pandemic

The coronavirus outbreak was first reported near the end of 2019. The virus has significantly impacted the world economy. The Group assessed effects or potential effects of the pandemic to the Group Financial Statements. Investment property fair values might be largely influenced by the future occupancy rates, level of lease revenues and applied discount rates. Investment property related effects of the Covid-19 are disclosed in Note 11.

The occurrence of large-scale business disruptions potentially gives rise to liquidity issues for certain tenants. It might also have consequential impacts on the credit quality of tenants along the supply chain. The Group exercised judgement and its best efforts to consider all reasonable and supportable information available about past events, current conditions and forecasts of future economic conditions regarding expected credit losses. Effects of the Covid-19 pandemic regarding trade receivables are disclosed in Note7.

4. Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

A) Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement;
• That a right to defer must exist at the end of the reporting period;
• That classification is unaffected by the likelihood that an entity will exercise its deferral right;
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments must be applied retrospectively. The amendments have not yet been endorsed by the EU. The Group is currently assessing the impact the amendments will have on current practice.

B) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16: In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment will be effective from January 1, 2022. The amendments are not expected to have a material impact on the Group.

C) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37: In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendment will be effective from January 1, 2022. The amendments are not expected to have a material impact on the Group.

D) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

E) Reference to the Conceptual Framework – Amendments to IFRS 3: In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the

Preparation and Presentation of Financial Statements. The amendments will be effective from January 1, 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

F) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities: As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

G) IFRS 16 Leases – Lease incentives: The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendments will be effective from January 1, 2022. The amendments are not expected to have a material impact on the Group.

H) Definition of Accounting Estimates - Amendments to IAS 8: In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Group.

I) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Group.

J) Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: These amendments clarify whether the initial recognition exemption applies to certain transactions that often result in both an asset and a liability being recognized simultaneously. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Group.

(all amounts in thousands of euros unless otherwise indicated)

5. 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**

6. Trade receivables

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

Trade receivables are on average on 8-30 day payment terms, but in some cases as an effect of the Covid-19 epidemic temporarily it can be longer due to the related lease agreements, which are recognized in accordance with the accounting policies. According to the accounting policies, applying the general approach the 12-month expected credit loss is 0 euro (2020: 0 euro).

Trade receivables' aging is as follows:

	December 31, 2020	December 31, 2021
Not overdue	278	116
Overdue less than 3 months	154	434
Overdue between 3 and 12 months	23	5
Overdue over 12 months	-	-
Trade receivables	**455**	**555**

The Group considers a trade receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a trade receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A trade receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

(all amounts in thousands of euros unless otherwise indicated)

An impairment analysis is performed at each reporting date using individual assessments to measure expected credit losses. The provision rates are based on days past due for customers. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year but are still subject to enforcement activity if cost of recovery is less than the outstanding balance. The deposits (3 months of rental fee) held by the Group and other forms of credit insurance (e.g. bank guarantee letters for 3 months of rental fee) are considered integral part of trade receivables and considered in the calculation of impairment. As of December 31, 2021, 60% (2020: 40%) of the Group's trade receivables are covered by deposits or bank guarantee letters.

7. 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)**

8. 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**

(all amounts in thousands of euros unless otherwise indicated)

9. (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**
Gross value:			
December 31, 2020	1 373	1 114	**2 487**
Addition	2	42	**44**
Sale	-	(13)	**(13)**
Scrapping	-	(8)	**(8)**
Translation difference	1 375	1 135	**2 510**
December 31, 2021			
Depreciation:	271	596	867
December 31, 2020	81	137	218
Addition	-	(13)	(13)
Sale	-	(3)	(3)
Scrapping	352	717	**1 069**
Translation difference			
December 31, 2021			
	1 023	418	**1 441**
Net value:	1 373	1 114	**2 487**
December 31, 2021	2	42	**44**

(all amounts in thousands of euros unless otherwise indicated)

10. 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**

The intangible assets are purchased only.

(all amounts in thousands of euros unless otherwise indicated)

11. Investment property

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

In 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),
- archeological and landscaping works in the southernmost area (461 thousand EUR),
- other developments in progress (144 thousand EUR).

The change in fair value in 2020 (24 315 thousand EUR decrease) was caused by the economic effects of the crisis caused by the coronavirus epidemic, rising yield expectations and the uncertainty affecting the office market. In 2021, there was no significant change in fair value due to further waves of the coronavirus epidemic. Due to the stable utilization of the office park, even though having a higher yield, the Company recorded a decrease in fair value of only additional 721 thousand EUR. However, regarding the long-term effects on office use, we cannot exclude a more permanent devaluation of properties either in the future.

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).

In the valuation the appraiser evaluated the asset's potential to generate income, which is the present value of future incoming free cash flows and which represents the value of an asset or an investment. The basis of the calculation is that it counts in the present (at the date of the evaluation) with future benefits of owing and using an asset. Net present value is determined through the 10 years cash-flow method based on revenues less expenses, which include the period covered by rental contracts as well as periods of free market usage.

(all amounts in thousands of euros unless otherwise indicated)

The comparable approach was used for review technique which fairly supported the results of the yield- and residual value calculations.

According to IAS 40 development lands are presented on cost.

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

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

Sensitivity analysis of completed investment property and investment property under construction:

	December 31, 2020		December 31, 2021	
Long term occupancy rate				
	100%	223 199	100%	221 096
	95%	**212 039**	**96%**	**212 252**
	90%	200 879	90%	198 986
Average discount factor				
	6.55%	218 513	6,60%	218 495
	6.75%	**212 039**	**6,80%**	**212 252**
	6.95%	205 937	7,00%	206 009

12. Trade payables

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

The Group settles trade payables within the payment term and had no overdue payables as of December 31, 2021 and 2020.

(all amounts in thousands of euros unless otherwise indicated)

13. Other short-term liabilities

	December 31, 2020	December 31, 2021
Amounts due to employees	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 14 (Loans).

14. Loans

14.1. 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**

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**

(all amounts in thousands of euros unless otherwise indicated)

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015, with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016, Erste Bank made 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: 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 14.2 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 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 2 221 thousand EUR; unrealized difference related to the transaction are presented within the equity (Cash flow hedge reserve) in amount of 303 thousand EUR. (As of December 31, 2020, fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 1 375 thousand EUR; unrealized difference related to the transaction are presented within the equity in amount of 352 thousand EUR.) Till the closure of the transaction any gains or losses due to ineffectiveness are not expected.

Details of the hedge	**December 31, 2020**	**December 31, 2021**
Financial liability relating to the hedge	(1 375)	(2 221)
Other comprehensive income relating to the hedge	(352)	303
Hedged outstanding loan liability	8 921	8 828

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., for the refinancing of the previous loan facility. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term from that time – unlike the facility redeemed with partly variable interest rates. On December 31, 2021, fair value of the IRS is 1 397 thousand EUR (2020: 2 590 thousand EUR), which is presented among the long-term financial liabilities. Till the closure of the transaction any gains or losses due to ineffectiveness are not expected.

(all amounts in thousands of euros unless otherwise indicated)

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

Details of the hedge	**December 31, 2020**	**December 31, 2021**
Financial liability relating to the hedge	(2 590)	(1 397)
Other comprehensive income relating to the hedge	2 356	1 163
Hedged outstanding loan liability	35 280	33 429

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
Loans / 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 14.2 below).

Loan number 2. (Unicredit)

	December 31, 2020	**December 31, 2021**
Short-term	1 349	1 405
Long-term	34 103	32 698
Loans / 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 in order 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. In order to fix the interest rate the new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On December 31, 2021, the positive fair value of the IRS is 26 thousand EUR, which is presented among the long-term financial assets (2020: 1,232 thousand EUR liability). Till the closure of the transaction any gains or losses due to ineffectiveness are not expected.

(all amounts in thousands of euros unless otherwise indicated)

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

Details of the hedge	December 31, 2020	December 31, 2021
Financial (liability) / asset relating to the hedge	(1 232)	26
Other comprehensive income relating to the hedge	1 232	(26)
Hedged outstanding loan liability	35 452	34 103

14.2 Analyses

Maturity profile of the loans:

	December 31, 2020	December 31, 2021
Due within 1 year	5 068	5 235
Due between 1-5 years	28 367	39 223
Due over 5 years	66 340	50 169
Loans	**99 775**	**94 627**

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.

The weighted average interest rate of the loans was 1.83% as of December 31, 2021, and also as of the date of the approval of these financial statements (2020: 1.82%).

(all amounts in thousands of euros unless otherwise indicated)

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:

2020	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	11 327	914	10 413
UniCredit Bank Hungary Zrt.	20 800	2 170	18 630
Loans (NHP)	**32 127**	**3 084**	**29 043**

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 at other short-term liabilities (Note 13) and other long-term liabilities (Note 15) and amortized to the profit and loss statement based on the effective interest rate method.

(all amounts in thousands of euros unless otherwise indicated)

15. 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 14 (Loans).

** Fair value of IRSs as of December 31, 2020. The valuations were prepared by the financing banks.

16. Revenue

	December 31, 2020	December 31, 2021
Property rental revenue*	14 539	14 657
Revenue	**14 539**	**14 657**

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

In 2020 and 2021, despite the crisis caused by the Covid-19 virus, there was no significant decline in the Company's revenue. Since most of the tenants in the office park are stable, research and development, innovative companies, which have been less affected by the crisis, the need for area reduction has arisen in only a few cases. At the same time, it provided an opportunity to meet the growth needs of other tenants, as well as the moving in of several new, smaller tenants in 2021. The expansion of the home office and the spread of hybrid office use did not negatively affect the Company's rental revenue.

(all amounts in thousands of euros unless otherwise indicated)

Rental contracts are treated as operating lease agreements. Total payouts of minimum lease payments that can be required from these operating lease agreements over the lease term are as follows:

	December 31, 2020	**December 31, 2021**
Within 1 year	14 060	14 602
1-2 years	12 546	13 372
2-3 years	11 519	12 416
3-4 years	10 168	7 929
4-5 years	6 143	5 397
Over 5 years	5 745	1 352
	60 181	**55 068**

17. Operating expense

	December 31, 2020	**December 31, 2021**
Property related expense	101	97
Employee related expense	800	790
Other operating expense	505	381
Depreciation and amortization	229	244
Operating expense	**1 635**	**1 512**

Other operating expense consists of the following items:

	December 31, 2020	**December 31, 2021**
Office and telecommunication	9	8
Legal and administration	238	161
Other	258	212
Other operating expense	**505**	**381**

(all amounts in thousands of euros unless otherwise indicated)

18. Other income (expense)

	December 31, 2020	December 31, 2021
Income from recharged construction expenses	291	252
Recharged construction expenses	(266)	(232)
Income from recharged operation expenses	5 078	5 216
Recharged operation expenses	(4 586)	(4 747)
Others	73	69
Other income	**590**	**558**

19. Interest income and interest expense

	December 31, 2020	December 31, 2021
Interest income	11	59
Interest expense on loans	(1 899)	(1 780)
Other interest expense	(75)	(7)
Net interest expense	**(1 963)**	**(1 728)**

20. Other financial result

	December 31, 2020	December 31, 2021
Exchange rate (loss) realized*	(1 340)	(99)
Exchange rate gain / (loss) not realized	377	(93)
Other financial result	**(963)**	**(192)**

*During 2020 HUF significantly strengthened between the date of the dividend declaration (April 30, 2020) and the date of the dividend payment (June 8, 2020), which date was relatively far from the date of the declaration due to regulations introduced relating to the epidemiological situation. This resulted that on the payment date the dividend declared in HUF amounted to 31.0 million euros instead of the planned 30.3 million euros. The difference of 747 thousand euros was accounted as foreign exchange loss in 2020.

(all amounts in thousands of euros unless otherwise indicated)

21. Income taxes

	December 31, 2020	**December 31, 2021**
Current income tax	(23)	(20)
Income tax (expense)	**(23)**	**(20)**

Based on the business activity, Graphisoft Park Engineering & Management Kft – established in 2017 – 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.

The effective income tax rate varied from the statutory income tax rate due to the following items:

	December 31, 2020	**December 31, 2021**
(Loss) / profit before tax	**(13 747)**	**11 062**
Tax at statutory rate	**(1 237)**	**996**
Non-taxable items	1 224	(1 007)
Others	16	14
Corporate income tax	**3**	**3**
Local business tax	**20**	**17**
Tax (benefit) expense	**23**	**20**
Effective tax rate	**(0.2%)**	**0.2%**

(all amounts in thousands of euros unless otherwise indicated)

22. Earnings per share

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

	December 31, 2020	December 31, 2021
Net (loss) / profit attributable to equity holders	(13 770)	10 042
Weighted average number of ordinary shares	10 082 598	10 082 598
Basic (loss) / earnings per share (EUR)	**(1.37)**	**1.10**
Weighted average number of ordinary shares	10 082 598	10 082 598
Diluted (loss) / earnings per share (EUR)	**(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.

23. 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 28, 2020, the Company bought back 1 083 610 employee shares on face value, in order to align the total amount of dividends payable on employee shares with its resolution on dividend payments. As announced on September 30, 2020, the Company transferred 1 217 651 employee shares to János Kocsány, CEO.

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.

(all amounts in thousands of euros unless otherwise indicated)

24. 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*	9,11	226 512	241 534	*15 022*
Intangible assets	10	91	91	-
Current tax liabilities, net	7	(141)	(141)	-
Non-financial instruments		**226 462**	**241 484**	***15 022***
Cash and cash equivalents	5	10 066	10 066	-
Trade receivables	6	555	555	-
Other current assets	8	2 581	2 581	-
Long-term financial assets	14	26	26	-
Trade payables	12	(572)	(572)	-
Other short-term liabilities	13	(3 131)	(3 131)	-
Loans	14	(94 627)	(94 627)	-
Other long-term liabilities	15	(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.

(all amounts in thousands of euros unless otherwise indicated)

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	*Difference*
Investment property and other tangible assets*	9,11	226 017	241 659	*15 642*
Intangible assets	10	93	93	-
Current tax liabilities, net	7	(4)	(4)	-
Non-financial instruments		**226 106**	**241 748**	***15 642***
Cash and cash equivalents	5	15 908	15 908	-
Trade receivables	6	455	455	-
Other current assets	8	2 731	2 731	-
Trade payables	12	(882)	(882)	-
Other short-term liabilities	13	(3 797)	(3 797)	-
Loans	14	(99 775)	(99 775)	-
Other long-term liabilities	15	(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.

(all amounts in thousands of euros unless otherwise indicated)

25. Related party disclosure

Transactions with related parties:

Graphisoft Park SE did not hold interests in entities other than its consolidated subsidiaries (100%) in 2021 and 2020.

AIT-Budapest Kft., Graphisoft SE and B.N.B.A. Holding Zrt. are deemed related parties of the Group in 2021 and 2020 in view of the following facts:

- Chairman of the Board of Directors of Graphisoft Park SE (Bojár Gábor) is Managing Director at AIT-Budapest Kft.,
- Chairman of the Board of Directors of Graphisoft Park SE (Bojár Gábor) is member of the Board of Directors of Graphisoft SE,
- Member of the Board of Directors of Graphisoft Park SE (Hornung Péter) is member of the Board of Directors of Graphisoft SE,
- Member of the Board of Directors of Graphisoft Park SE (Szigeti András) is the Chief Executive Officer of B.N.B.A. Holding Zrt.

Total amount of transactions that have been entered into with these parties and year-end balances are as follows:

Item	December 31, 2020	December 31, 2021
Sales to related parties	2 414	2 386
Purchases from related parties	1	1
Receivables from related parties	-	3
Liabilities to related parties	1 125	-

Transactions with the related parties were as follows in 2021 and 2020:
- AIT-Budapest Kft., Graphisoft SE and B.N.B.A. Holding Zrt. leased a total office space of 8 402 m^2 in Graphisoft Park in 2021 and 2020,
- Graphisoft SE provided software administration services for Graphisoft Park Kft. in 2021 and 2020.

Transactions (sales to and purchases from) with the related parties are made at market prices. Office lease rent and service charges are similar to other tenants of the Group. No guarantees were provided or received for any related party receivables or payables. In 2021 and 2020, the Group has not recorded any impairment loss relating to amounts owed by related parties.

(all amounts in thousands of euros unless otherwise indicated)

Remuneration of the Board of Directors, compensation of key management personnel*:

	December 31, 2020	December 31, 2021
Remuneration of the Board of Directors	83	90
Compensation of key management personnel	330	344
Total	**413**	**434**

* Key management personnel: the Chief Executive Officer and the Chief Financial Officer of Graphisoft Park SE, and the Managing Director of Graphisoft Park Services Kft.

No loans or advance payments were granted to the members of the Board of Directors or the key management personnel, and the Group did not undertake guarantees in their names. In 2020 and 2021, key management personnel received only short-term employee benefits, no other type of employee benefit occurred in the periods.

Interests of the Board of Directors and the key management personnel in Graphisoft Park SE:

	December 31, 2020			December 31, 2021		
Shareholder	**Shares (pc)**	**Share (%)**	**Voting right (%)**	**Shares (pc)**	**Share (%)**	**Voting right (%)**
ORDINARY SHARES:	**1 789 082**	**16.83**	**15.60**	**1 789 082**	**16.83**	**16.73**
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
EMPLOYEE SHARES:	**1 384 819**	**-**	**12.08**	**617 705**	**-**	**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
SHARES TOTAL:	**3 173 901**	**16.83**	**27.68**	**2 406 787**	**16.83**	**22.50**

*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.

Information on shareholders and governance of the Company are provided in Notes 1.3 and 1.4.

(all amounts in thousands of euros unless otherwise indicated)

26. Financial risk management

Changes in market and financial conditions may significantly affect results, assets and liabilities of the Group. Financial risk management aims to limit these risks through operational and finance activities.

Market risk:

Office rental price risk:

The Group has been pursuing consistent and calculable rental pricing policies for years. Current rental prices and conditions are confirmed by the market (tenants) to be in line with the unique environment and top quality of the property. However, there is no assurance that current rental prices and conditions can be maintained in the future. The prolonged economic downturn caused by the epidemic crisis, and its effects on the office market, the more regular usage of home office and the possible non-renewal of certain lease agreements can become higher risk factors than before. According to the Company's forecast for 2022, due to the COVID-19 epidemic the rental revenue in 2022 will remain on the same level as in 2021 (refer to the Business Report Section Forecast for 2022).

(Loss) / profit for the period		**December 31, 2020**		**December 31, 2021**
Change of rental revenue				
	105%	(13 043)	105%	11 775
	100%	**(13 770)**	**100%**	**11 042**
	95%	(14 497)	95%	10 309

Risk of assets:

The Group takes out insurance against the risks of the leased properties, and tenants are required to pay deposit or give bank guarantees in advance to cover further potential risks.

Currency risk:

The Group does not run currency risk on the fulfilment of the debt service since both the predominant part of the rental revenues and the debt service are denominated in EUR. The Group is exposed to foreign currency risk to a certain extent because operating and capital expenditures are mostly due in HUF.

Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. To manage interest rate risk, the bank loans of the Group are subject to fixed interest rates. Conditions and balances of bank loans are disclosed in Note 14.

(all amounts in thousands of euros unless otherwise indicated)

Credit risk:

Credit risk is the risk that counterparty does not meet its payment obligations. The Group is exposed to credit risk from its leasing and financing (including deposits with banks and financial investments) activities.

Tenant receivables:

Credit risk is managed by requiring tenants to pay deposits or give bank guarantees in advance, depending on the credit quality of the tenant assessed at the time of entering into a lease agreement. Tenant receivables are regularly monitored.

Credit risk related to tenant receivables is limited due to the composition of the tenant portfolio.

Revenue from 2 tenants (SAP Hungary Kft., Graphisoft SE) exceeded 10% of the total revenue of the Group in 2021 and 2020 (separately). Revenue from these 2 tenants represented 40% of the total revenue in 2021 and in 2020.

Cash deposit and financial investments:

Credit risk from balances with banks and financial investments is managed in accordance with the Group's conservative investment policy. To limit credit risk, reserves are held in cash or low-risk securities, with substantial financial institutions.

Liquidity risk:

The Group's revenues are sufficient to cover debt service and operating costs, and therefore liquidity problems are not to be expected. Property development projects are planned together with their financing needs, and funds required to complete the projects are ensured in time.

The Group settles its payment obligations within the payment term and had no overdue payables as of December 31, 2021 and 2020.

The two tables below summarize the maturity profile of financial liabilities based on contractual undiscounted payments as of December 31, 2021 and 2020.

December 31, 2021	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	7 526	46 879	52 332	**106 737**
Trade payables	-	572	-	-	**572**
Current tax liability	-	304	-	-	**304**
Other liabilities	-	2 527	60	3 618	**6 205**
Financial liabilities	**-**	**10 929**	**46 939**	**55 950**	**113 818**

(all amounts in thousands of euros unless otherwise indicated)

December 31, 2020	**Overdue**	**Due within 1 year**	**Due between 1-5 years**	**Due over 5 years**	**Total**
Loans*	-	7 488	36 734	70 090	**114 312**
Trade payables	-	882	-	-	**882**
Current tax liability	-	178	-	-	**178**
Other liabilities	-	3 151	99	5 198	**8 448**
Financial liabilities	**-**	**11 699**	**36 833**	**75 288**	**123 820**

* Capital plus interest calculated for the fixed interest period of the loan.
* Loans and the fair value difference of loans with preferential interest rate altogether.

27. Financing cash-flow

The table below provides a reconciliation between the liabilities arising from financial activities in the balance sheet and elements of the financing activities of the cash-flow.

December 31, 2021	**Opening balance**	**Increase**	**Increase by cash**	**Settlement by cash**	**Settlement / change by non-cash**	**Closing balance**
Loan liabilities	99 775	-	(5 774)	626	**94 627**	99 775
Dividend liability	-	9 972	(9 972)	-	**-**	-
Total	**99 775**	**9 972**	**(15 746)**	**626**	**94 627**	**99 775**

December 31, 2020	**Opening balance**	**Increase**	**Increase by cash**	**Settlement by cash**	**Settlement / change by non-cash**	**Closing balance**
Loan liabilities	108 627	-	-	(8 697)	(155)	**99 775**
Dividend liability	-	30 275	-	(30 275)	-	**-**
Total	**108 627**	**30 275**	**-**	**(38 972)**	**(155)**	**99 775**

28. Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The management proposes to the owners to approve dividend payments or adopt other changes in the equity capital in order to optimize the capital structure of the Group. This can be achieved primarily by adjusting the amount of dividends paid to shareholders, or alternatively, by returning capital to shareholders by capital reductions, selling or buying own shares.

Consistent with others in the industry, the management monitors capital structure based on the debt service cover ratio (DSCR) and the loan-to-value ratio (LTV). DSCR is calculated as cash available for debt service (rental revenues less operating and other costs) divided by debt service (capital plus interest), while LTV is calculated as the ratio between the sum financial indebtedness and the market value of the property. The objective of the Group is to keep DSCR above 1.25 and LTV below 0.60 (in line with the requirements of the existing loan agreements).

29. 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.

30. 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.

31. Events after balance sheet date

Proposed dividend by the Board

The annual financial statements of the Company for the year 2021 prepared in accordance with International Financial Reporting Standards (IFRS) are authorized for issue in accordance with the resolution of the Board of Directors on March 21, 2022. The Board proposes dividend distribution of 0.43 EUR per ordinary share to be approved by the Annual General Meeting of Graphisoft Park SE of April 21, 2022. The Board also proposes altogether 268 917 EUR dividend for employee shares. The HUF amount of the dividend will be determined on the date of the AGM, on the basis of the euro foreign exchange rate on which the amount will be purchased by the Company's main bank. The Annual General Meeting has the power to amend the annual financial statements.

Effects of COVID-19 pandemic

Events in relation to the COVID-19 pandemic between the Balance Sheet date and the issuance date of the Financial Statement had no effect on the investment property fair value neither on the trade receivables.

Russian-Ukrainian war

Due to the significant weakening of the forint after the outbreak of the war, the amount of the exchange rate loss to be accounted for in the Company's forint-denominated assets may significantly affect the financial result of 2022. The Company has already anticipated an increase in energy prices when planning its operating costs, but this may increase further with the outbreak of war. However, based on our current information, the economic sanctions imposed on Russia have no direct impact on the Company.

32. Additional presentations according to the Hungarian Accounting Law

Persons responsible for signing and preparing the financial statements:

The persons authorized and required to sign the Company's financial statements are as follow:

Name: Kocsány János
Position: Chief Executive Officer
Address: H-1038 Budapest, Ékszer utca 4.

The person responsible for supervising transactional accounting and preparation of financial statements according to IFRS:
Name: Bodócsy Ágnes
IFRS registration number: MKVK-007117

Statutory auditor and audit fees:

The Company is subject to statutory audit. The Company's auditor is BDO Magyarország Könyvvizsgáló Kft. (address: H-1103 Budapest, Kőér utca 2/A C ép.). The person responsible for signing the audit report:

Name: Gaál Edmond
Registration number: MKVK-007299

The audit fee for the Company's stand alone and consolidated financial statements is 16 000 euro, the interim and final audit fee for the subsidiaries was 13 050 euro as of December 31, 2021. Audit related fees amounted to 3 500 euro for 2021.

33. Declarations

Forward-looking statements *- This Annual Report contains forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.*

Statement of responsibility *- We declare that the Consolidated Financial Statements 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 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.*