GRAPHISOFT PARK SE

Interim Management Report – First Quarter 2022

May 10, 2022

Executive Summary

The pro forma net result for the first quarter of 2022 is in line with previously published plans, 1.41 million euros, up about 5% from the same period last year. As the experience of the recent period shows, the high degree of uncertainty about the vacancy of offices due to the coronavirus epidemic has eased, and in addition to the growth of home office and hybrid work, there is a noticeable need for personal presence and joint work in the long run. In addition to the home office a few days a week, the companies aim to keep their employees' dedicated workplaces and provide the demanding community spaces needed for creative, innovative work. The inspiring green environment provided by the Park, as well as the office buildings dominated by airy spaces, make it all possible, while also meeting the new requirement of social distance. This is evidenced by the steady increase in demand for Graphisoft Park office space from the second half of 2021 onwards, with the occupancy rate rising to 97% by the end of the quarter following the slight decline of 3% caused by the coronavirus crisis.

In view of the current high occupancy level and the new needs of tenants in the future, we have started the preparation of the construction permitting process for an additional 4,000 m2 building that can be developed by merging the development area purchased by the Company in 2021 with the existing southern development site, to be able to start 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 we want to provide space for start-ups or startup companies already in growth in the new building, like many of our other smaller buildings. Other spatial and archaeological work required to prepare for the project has been completed and the approval process of the planned new building is in progress. However, we will decide on the start of actual construction only later, considering the current extremely rapid rise in commodity prices, the risks inherent in the lack of certain products and capacities, and the projections for a general economic recession.

For the 2022 financial year, we expect an increase in revenue of more than 300 thousand euro as a result of the favorable occupancy rate, the continuous extension and renewal of leases and the indexation of rents, resulting in an expected rental revenue of 15 million euro and pro forma net profit could reach 5.2 million euro, an increase of 7% compared to 2021.

Furthermore, as announced by the Company on April 21, 2022, a dividend of approximately 4.4 million euro will be paid in May 2022, corresponding to 90% of the pro forma profit of prior year, as determined by the General Meeting. The starting date of the dividend payment will be May 11, 2022. After the dividend payment, the available cash balance and what will be generated during its operation, will ensure the long-term safe operation of the Company, the financing of certain tenant designs, building upgrades and renovations. It may also build a reserve for the construction of the above-mentioned 4,000 m2 building, even without third party financing, depending on the start date and the development of construction costs.

Property portfolio and fair value of net assets

At the end of Q1 2022, the independent valuer estimated the fair value of the real estate portfolio at 241 million euros, which is almost the same as in the end of the previous year.

The fair value of the completed and delivered properties did not change significantly (increased by 127 thousand euros) compared to the previous year. This is largely due to the fact, that tenants of the office park remained stable and occupancy increased in Q1 of 2022, therefore, despite the increase in yields, quantifying economic recession expectations and general market uncertainty and risks, the fair value of office buildings did not decline.

The value of the development lands, which did not change in the first quarter, was affected by two factors in the past years: 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, 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 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 last year.

[thousands of EUR]

	Dec 31, 2020	Dec 31, 2021	March 31, 2022
Completed, delivered properties	218,041	218,256	218,383
Development lands	23,100	22,860	22,860
Estimated fair value of the entire property portfolio	**241,141**	**241,116**	**241,243**
Net asset value at estimated fair value	**148,653**	**150,876**	**157,347**
Net asset value at fair value per share (EUR)	14.7	15.0	15.3

Due to the fact, that instead of persistently low interest rates in the euro area, market forecasts already point to rising euro interest rates, the fair value of the Company's IRS deals concluded to fix the floating interest rate of the euro-denominated loans has increased, which is reflected in equity (net asset fair value). In addition, due to the development of the fair value of real estate portfolio, the net profit achieved and the current loan repayments, the net asset fair value increased to around **157 million euro** at the end of the first quarter of 2022. However, the dividend of approximately 4.4 million euro to be paid in May 2022 is expected to reduce the net asset fair value by almost 3% by the end of the next quarter.

Pro forma results

Our "pro forma" financial results for the first quarter of 2022 were in line with our expectations: due to the favorable utilization rate, revenues were 180 thousand euros, about 5% higher than in the same period last year. Operating expenses decreased slightly in the first quarter compared to the base period, but we expect a larger increase in service charges from the next quarter onwards, in line with rising inflation expectations. Most of the other income reflects the results of rental developments and renovations in the period, while depreciation decreased slightly compared to the same period of the previous year due to the depletion of some older assets. The increase 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 the interest income on forint assets also developed more favorably. On the other hand, in the first quarter of this year, the exchange rate loss due to the impairment of our forint-denominated assets reduced the financial result due to the hectic FX movement of the forint. As a result of the above, in the first quarter of 2022 EBITDA is 124 thousand euros, about 3.5%, and profit after tax is 74 thousand euros, 5.5% higher than in the same period of the previous year.

(million euros)	2021 Q1 actual	2022 Q1 actual
Rental revenue	**3.64**	**3.82**
Other income (net)	0.21	0.12
Operating expense	(0.28)	(0.25)
EBITDA	**3.57**	**3.69**
Depreciation	(1.77)	(1.73)
Operating profit	**1.80**	**1.96**
Net financial result	(0.46)	(0.54)
Profit before tax	**1.34**	**1.42**
Income tax expense	(0.00)	(0.01)
Net profit	**1.34**	**1.41**

Forecast

Calculating with the – from the second half of 2021 – increasing occupancy and with the continuous indexation of lease contracts, rental revenue could increase by an additional 300 thousand euro this year, reaching 15 million euro. The planned increase in operating expenses of approximately 200 thousand euro is partly explained by built-in inflation expectations and partly by the expanding volume of services purchased. Most of the other income reflects the results of the rental developments and renovations of the period, which are not expected to change significantly compared to previous years. Based on the above, in 2022 EBITDA may reach a level slightly higher than last year, at 14 million euros. Depreciation has not changed significantly in recent years but is expected to decrease by almost 200 thousand euro this year due to the depletion of some older assets. As a result of the continuous loan repayments, the interest payable on the principal amount will decrease, so in 2022 we expect a decrease in the net interest expense of approximately 100 thousand euro. As a result, the pro forma net profit for 2022, increasing by about 7%, could reach 5.2 million euro.

(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)	*(1.5)*
EBITDA	**13.72**	**13.95**	***14.0***
Depreciation	(7.09)	(7.17)	*(7.0)*
Operating profit	**6.63**	**6.78**	***7.0***
Net financial result	(2.18)	(1.92)	*(1.8)*
Profit before tax	**4.45**	**4.86**	***5.2***
Income tax expense	(0.02)	(0.02)	*(0.0)*
Net profit	**4.43**	**4.84**	***5.2***

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.

Kocsány János

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

Financial highlights

IFRS, consolidated, thousand EUR

Results:

	Results	
	March 31, 2021	**March 31, 2022**
	3 months ended	
Rental revenue	**3,641**	**3,822**
Operating expense	(279)	(253)
Other income (net)	204	121
EBITDA	**3,566**	**3,690**
Depreciation and amortization	(1,767)	(1,730)
Operating profit	**1,799**	**1,960**
Net interest expense	(446)	(384)
Other financial result	(10)	(160)
Profit before tax	**1,343**	**1,416**
Income tax expense	(8)	(7)
Pro forma profit after tax (1)	**1,335**	**1,409**
Pro forma profit after tax per share (EUR) (2)	**0.13**	**0.14**
Valuation difference of investment properties	(283)	(80)
Unrecognized depreciation	1,705	1,677
Profit after tax according to financial statements	**2,757**	**3,006**
Profit after tax per share according to financial statements (EUR) (2)	**0.27**	**0.30**

(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).

IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2021	March 31, 2022
Fair value of properties	**218,256**	**218,383**
-from this book value (1)	*216,723*	*216,845*
Fair value of development lands	**22,860**	**22,860**
- from this book value (1)	*8,348*	*8,348*
Entire property portfolio at estimated fair value	**241,116**	**241,243**
Net asset value at estimated fair value (2)	**150,876**	**157,347**
Net asset value at cost (1)	*135,854*	*142,300*
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	**14.96**	**15.61**
Net asset value at book value per share (euro) (1) (3)	*13.47*	*14.11*

(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 2022 Q1 (“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 2022 Q1

“Pro forma” results of the first quarter of 2022 changed compared to the same period of 2021 because of the following main factors:

- **Rental revenue** (2022: 3,822 thousand euros; 2021: 3,641 thousand euros) grew by 181 thousand euros or 5% compared to the same period of last year, due to the increasing utilization of the office park compared to prior year and the continuous indexation of tenant contracts.

- **Operating expense** (2022: 253 thousand euros; 2021: 279 thousand euros) decreased by 26 thousand euros compared to the previous period. The forecasted increase in operating expenses for this year has not yet occurred in the first quarter, but we expect a significant increase in several service fees from the second quarter.

- **Other income** (2022: 121 thousand euros; 2021: 204 thousand euros) net amount was 83 thousand euros lower than the base last year. This is largely the result of the developments and refurbishments based on tenant requests which was lower that prior year in the first quarter.

- **Depreciation** charge (2022: 1,730 thousand euros; 2021: 1,767 thousand euros) is slightly lower than in the previous year, mainly due to the depletion of some older assets.

- **EBITDA** (2022: 3,690 thousand euros; 2021: 3,566 thousand euros) grew by 124 thousand euros, which is 3.5%, while **operating profit** (2022: 1,960 thousand euros; 2021: 1,799 thousand euros) increased by 161 thousand euros, or 8.9% compared to the previous year.

- **Net interest expense** (2022: 384 thousand euros; 2021: 446 thousand euros) decreased by 62 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** (2022: 160 thousand euros loss; 2021: 10 thousand euros loss) is more unfavorable than in prior year: exchange loss of forint assets worsened the financial result due to the hectic movement of the Hungarian forint.

- The balance of **income tax expense** (2022: 7 thousand euros; 2021: 8 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.

- Overall **net profit** (2022: 1,409 thousand euros; 2021: 1,335 thousand euros) is 74 thousand euros, or 5.5% higher compared to the same period of last year.

2022 Q1 results according to the financial statements

In 2022 Q1, results according to the financial statements are 1,597 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 1,677 thousand euros, while fair value losses decreased the results by 80 thousand euros. The latter did not have a significant impact on the results according to the financial statements, due to the stable fair value of the real estate portfolio estimated by an independent appraiser, despite recession forecasts and rising market yields.

In the same period of 2021, results according to the financial statements are 1,422 thousand euros higher than the “pro forma” results: unrecognized depreciation expense of investment properties increased the results by 1,705 thousand euros, while fair value losses decreased the results by 283 thousand euros. In the comparative period the slight decrease in fair value was 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.

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):

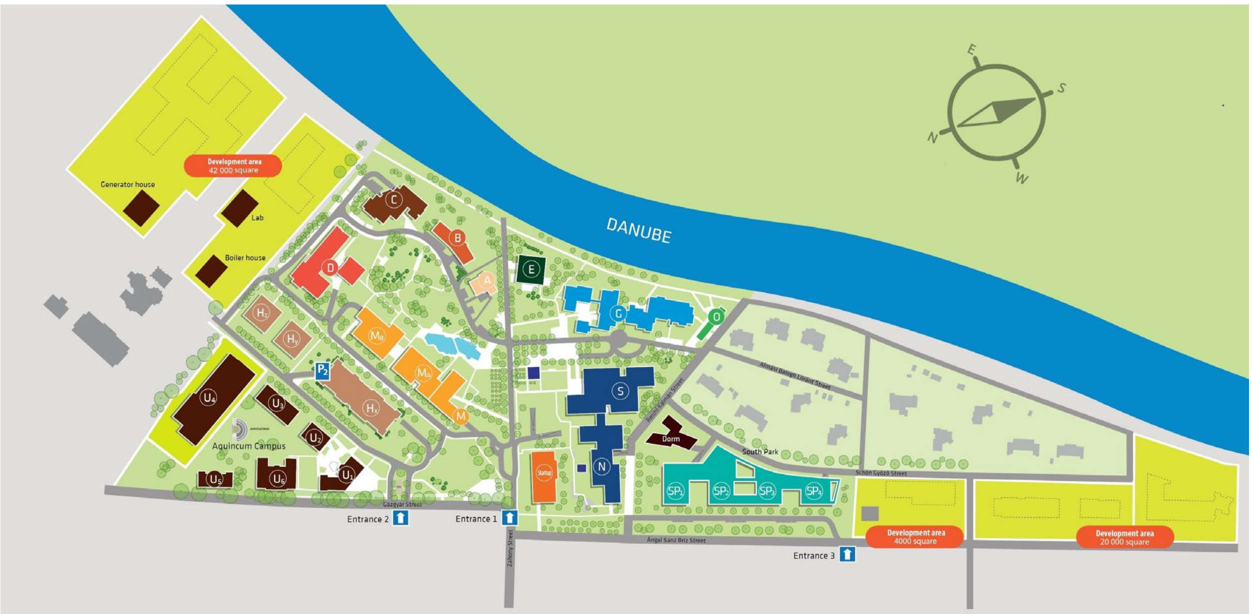
Period:	**2021Q1**	**2021Q2**	**2021Q3**	**2021Q4**	**2022Q1**
Occupancy of gross leasable area (%):	**94%**	**94%**	**95%**	**96%**	**97%**
Gross leasable area (m^2):	82,000	82,000	82,000	82,000	82,000

During 2020, the previously persistently high utilization rate of 97% declined slightly to 94%, partly due to the economic downturn caused by the coronavirus epidemic and partly to individual tenant needs. 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 second half of 2021, occupancy increased again and this tendency continued also this year: it reached 97% in the end of the first quarter, 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 **3.3 years**.

Development and modernization plans

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



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

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

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

In 2017 we have started the systematic modernization and refurbishing of the buildings of the nearly 25 years old office park. In 2017 and 2018 costs related the refurbishment of nearly 13,000 m² office space amounted to around 4 million euros and cca. 6 million euros have been invested by the tenants to implement their individual needs. In 2019-2021 we have refurbished several smaller office and service buildings, including engineering modernization on nearly 12,000 m², which amounted to 1,600 thousand euro. Continuing this, 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 96 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 March 31, 2022
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	10,084
UniCredit Bank Hungary Zrt	24,000	23.12.2026	18,800
Erste Bank Hungary Zrt	40,000	31.12.2027	33,073
UniCredit Bank Hungary Zrt	40,000	15.12.2029	33,906
Sum	119,600		95,863

Forecast for 2022

Based on the occupancy rate achieved, maintaining our previous forecasts for this year, we expect rental revenue of 15 million euro. Considering rising inflation expectations, we plan to have significant operating expenses for the rest of the year, 25% higher than last year. However, based on the actual results of the first quarter, we can achieve a pro forma result of 5.2 million euro in 2022, which is about 100 thousand euros better than our previous forecasts.

(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)	*(1.5)*
EBITDA	13.72	13.95	*14.0*
Depreciation	(7.09)	(7.17)	*(7.0)*
Operating profit	6.63	6.78	*7.0*
Net financial result	(2.18)	(1.92)	*(1.8)*
Profit before tax	4.45	4.86	*5.2*
Income tax expense	(0.02)	(0.02)	*(0.0)*
Net profit	4.43	4.84	*5.2*

- 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.
- In 2022, based on the significant increase in the fees for the services used and the general inflation expectations, we expect the **operating expenses** – of which a significant part will be incurred in HUF – to increase by 200 thousand euros, which is more than in the previous years.

- According to our current estimation, due to all of the above, **EBIDTA** is expected to amount to 14 million euros in 2022, which is a slightly higher than 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 5.2 million euros in 2022, which is 7% higher than in the prior year.

Main risk factors associated with the areas

- Due to the prior gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). According to the resolution of Pest County Government Office, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date (see below under section "Legal proceedings").

- Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

- Since the properties in Graphisoft Park are mainly rented by stable companies, operating in research & development, which are less affected by the crisis caused by the coronavirus epidemic, the utilization of the office park has decreased only slightly and temporarily as a direct effect of the crisis and is currently at 97% 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.

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.

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

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

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

Budapest, May 10, 2022

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

GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended March 31, 2022

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 10, 2022

Kocsány János

Kocsány János
Chief Executive Officer

Bihari Sándor
Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
MARCH 31, 2022

CONTENTS:

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
MARCH 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2021	March 31, 2022
Cash and cash equivalents	3	10,066	10,659
Trade receivables	4	555	1,403
Current tax receivable	5	163	201
Other current assets	6	2,581	2,969
Current assets		**13,365**	**15,232**
Investment property	9	225,071	225,193
(Owner-occupied) Property, Plant and Equipment	7	1,441	1,395
Intangible assets	8	91	84
Long-term financial assets	12	26	2,082
Non-current assets		**226,629**	**228,754**
TOTAL ASSETS		**239,994**	**243,896**
Short-term loans	12	5,235	5,264
Trade payables	10	572	722
Current tax liability	5	304	382
Other short-term liabilities	11	3,131	3,283
Current liabilities		**9,242**	**9,651**
Long-term loans	12	89,392	88,047
Other long-term liabilities	13	5,506	3,988
Non-current liabilities		**94,898**	**92,035**
TOTAL LIABILITIES		**104,140**	**101,686**
Share capital	1.3	250	250
Retained earnings		140,390	143,371
Treasury shares	21	(988)	(963)
Cash flow hedge reserve	12	(1,440)	2,002
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,039)	(3,041)
Shareholders' equity		**135,854**	**142,300**
TOTAL LIABILITIES & EQUITY		**239,994**	**243,986**

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
MARCH 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended	
		March 31, 2021	**March 31, 2022**
Property rental revenue		3,641	3,822
Revenue	**14**	**3,641**	**3,822**
Property related expense	15	(24)	(24)
Employee related expense	15	(139)	(143)
Other operating expense	15	(116)	(86)
Depreciation and amortization	7, 15	(62)	(53)
Operating expense		**(341)**	**(306)**
Valuation (losses) from investment property	9	(283)	(80)
Other income	16	204	121
OPERATING PROFIT		**3,221**	**3,557**
Interest income	17	7	45
Interest expense	17	(453)	(429)
Exchange rate difference	18	(10)	(160)
Financial result		**(456)**	**(544)**
PROFIT BEFORE TAX		**2,765**	**3,013**
Income tax expense	19	(8)	(7)
PROFIT FOR THE PERIOD		**2,757**	**3,006**
Attributable to equity holders of the parent		2,757	3,006
Basic earnings per share (EUR)	20	0.27	0.30
Diluted earnings per share (EUR)	20	0.27	0.30

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

	Notes	3 months ended	
		March 31, 2021	**March 31, 2022**
Profit for the period		**2,757**	**3,006**
Cash-flow hedge valuation reserve*		776	3,442
Translation difference**		(1)	(2)
Other comprehensive income		**775**	**3,440**
COMPREHENSIVE INCOME		**3,532**	**6,446**
Attributable to equity holders of the parent		3,532	6,446

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

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
MARCH 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve	***Revaluation reserve of properties	Accum. translation difference	Total equity
December 31, 2020	**250**	**139,322**	**(972)**	**(3,237)**	**681**	**(3,033)**	**133,011**
Profit for the period	-	2,757	-	-	-	-	**2,757**
Translation difference	-	-	-	-	-	(1)	**(1)**
Revaluation reserve	-	-	-	776	-	-	**776**
March 31, 2021	**250**	**142,079**	**(972)**	**(2,461)**	**681**	**(3,034)**	**136,543**
December 31, 2021	**250**	**140,390**	**(988)**	**(1,440)**	**681**	**(3,039)**	**135,854**
Profit for the period	-	3,006	-	-	-	-	**3,006**
Translation difference	-	-	-	-	-	(2)	**(2)**
Revaluation reserve	-	-	-	3,442	-	-	**3,442**
Treasury share transfer	-	(25)	25	-	-	-	**-**
March 31, 2022	**250**	**143,371**	**(963)**	**2,002**	**681**	**(3,041)**	**142,300**

* Treasury share details are disclosed in Note 21.
** Cash flow hedge transaction details are disclosed in Note 12 (Loans).
*** Revaluation surplus on leasing a part of owner-occupied property, i.e., transfers from owner-occupied property to investment property.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
MARCH 31, 2022
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended	
	March 31, 2021	**March 31, 2022**
OPERATING ACTIVITIES		
Income before tax	2,765	3,013
Fair value change of investment properties	280	80
Depreciation and amortization	62	53
Interest expense	453	429
Interest income	(7)	(45)
Unrealized foreign exchange loss / (gain)	20	(2)
Changes in working capital:		
(Increase) in receivables and other current assets	(235)	(1,281)
Increase in liabilities	286	228
Corporate income tax paid	(10)	(1)
Net cash from operating activities	**3,617**	**2,474**
INVESTING ACTIVITES		
Purchase of investment property	(605)	(24)
Purchase of other tangible assets and intangibles	(12)	(1)
Interest received	7	46
Net cash (used in) / from investing activities	**(610)**	**21**
FINANCING ACTIVITIES		
Loan repayments	(1,441)	(1,469)
Interest paid	(451)	(427)
Net cash used in financing activities	**(1,892)**	**(1,896)**
Increase in cash and cash equivalents	1,115	599
Cash and cash equivalents at beginning of period	15,908	10,066
Exchange rate gain / (loss) on cash and cash equivalents	13	(6)
Cash and cash equivalents at end of period	**17,036**	**10,659**

(all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

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

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

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 24 on March 31, 2022.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 25 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 66,000 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	24,000 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, 2021				March 31, 2022
Shareholder	**Shares (pcs)**	**Share (%)**	**Voting right (%)**	**Shares (pcs)**	**Share (%)**	**Voting right (%)**
ORDINARY SHARES:	**10,631,674**	**100.00**	**94.23**	**10,631,674**	**100.00**	**84.31**
Directors and management	**1,789,082**	**16.83**	**16.72**	**1,789,082**	**16.83**	**14.96**
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	15.75	1,685,125	15.85	14.09
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.13	13,500	0.13	0.11
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.85	90,457	0.85	0.76
Shareholders over 5% share	**2,938,288**	**27.64**	**27.46**	**2,948,017**	**27.73**	**24.65**
HOLD Alapkezelő Zrt.	662,704	6.23	6.19	700,433	6.59	5.86
AEGON Magyarország Befektetési Alapkezelő Zrt.	775,584	7.30	7.25	747,584	7.03	6.25
B.N.B.A. Holding Zrt.	1,500,000	14.11	14.02	1,500,000	14.11	12.54
Other shareholders	**5,355,228**	**50.37**	**50.05**	**5,345,499**	**50.28**	**44.70**
Treasury shares*	**549,076**	**5.16**	**-**	**549,076**	**5.16**	**-**
EMPLOYEE SHARES:**	**1,876,167**	**-**	**5.77**	**1,876,167**	**-**	**15.69**
Kocsány János - Member of the BoD, CEO***	518,443	-	4.85	1,384,819	-	11.58
Bihari Sándor – CFO***	99,262	-	0.93	491,348	-	4.11
Employee treasury shares*	1,258,462	-	-	-	-	-
SHARES TOTAL:	**12,507,841**	**100.00**	**100.00**	**12,507,841**	**100.00**	**100.00**

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

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

*** As announced on March 21, 2022, the Company transferred 866,376 employee shares to Kocsány János, CEO and 392,086 employee shares to Bihari Sándor, CFO.

(all amounts in thousands of euros unless otherwise indicated)

1.4. Governance

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

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

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Dr. Martin-Hajdu György and Hornung Péter. The Chief Executive Officer of Graphisoft Park SE is Kocsány János. According to the resolution of the AGM held on April 21, 2022, the members of the Board of Directors and the Audit Committee have been re-elected until May 31, 2026.

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Annual Financial Statements of 2021), with the following differences:

Seasonality of business

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

Exchange rates used

Exchange rates used are as follows:

	3 months ended March 31, 2021	3 months ended March 31, 2022
EUR/HUF opening:	365.13	369.00
EUR/HUF closing:	363.73	369.62
EUR/HUF average:	361.10	364.27

(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2021	March 31, 2022
Cash in hand	1	1
Cash at banks	10,065	10,658
Cash and bank	**10,066**	**10,659**

4. Trade receivables

	December 31, 2021	March 31, 2022
Trade receivables	555	1,403
Provision for doubtful debts	-	-
Trade receivables	**555**	**1,403**

Trade receivables are on 8-30 day average payment terms.
In the first quarter of 2022, the settlement of some larger trade receivables was postponed to April, as a result of which the current period end trade receivable balance is higher than at yearend, but this does not mean a decline in the willingness of customers to pay.

5. Current tax receivables and liabilities

	December 31, 2021	March 31, 2022
Current tax receivables	163	201
Current tax liabilities	(304)	(382)
Current tax (liabilities), net	**(141)**	**(181)**

(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2021	March 31, 2022
Accrued income	264	301
Prepaid expense	78	216
Bank security accounts	2,227	2,338
Construction fund manager accounts	11	11
Other receivables	1	103
Other current assets	**2,581**	**2,969**

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

	(Owner-occupied) Property	Plant and Equipment	**(Owner-occupied) Property, Plant and Equipment**
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**
Scrapping	-	(13)	**(13)**
Translation difference	-	(8)	**(8)**
December 31, 2021	1,375	1,135	**2,510**
Depreciation:			
December 31, 2020	271	596	**867**
Addition	81	137	**218**
Scrapping	-	(13)	**(13)**
Translation difference	-	(3)	**(3)**
December 31, 2021	352	717	**1,069**
Net value:			
December 31, 2021	1,023	418	**1,441**

(all amounts in thousands of euros unless otherwise indicated)

Gross value:			
December 31, 2021	1,375	1,135	**2,510**
Addition	-	7	**7**
Scrapping	-	(3)	**(3)**
Translation difference	-	(1)	**(1)**
March 31, 2022	1,375	1,138	**2,513**
Depreciation:			
December 31, 2021	352	717	1,069
Addition	20	33	53
Scrapping	-	(3)	(3)
Translation difference	-	(1)	(1)
March 31, 2022	372	746	**1,118**
Net value:			
March 31, 2022	1,003	392	**1,395**

8. Intangible assets

	Software	**Intangible assets**		Software	**Intangible assets**
Net value:			***Net value:***		
December 31, 2020	93	**93**	**December 31, 2021**	91	**91**
Gross value:			***Gross value:***		
December 31, 2019	114	**114**	December 31, 2021	137	**137**
Addition	25	**25**	Addition	1	**1**
Translation difference	(2)	**(2)**	Translation difference	-	**-**
December 31, 2021	137	**137**	**March 31, 2022**	138	**138**
Depreciation:			***Depreciation:***		
December 31, 2020	21	**21**	**December 31, 2021**	46	**46**
Addition	26	**26**	Addition	8	**8**
Translation difference	(1)	**(1)**	Translation difference	-	**-**
December 31, 2021	46	**46**	**March 31, 2022**	54	**54**
Net value:			***Net value:***		
December 31, 2021	91	**91**	**March 31, 2022**	84	**84**

(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land*	Completed investment property*	**Investment property**
Book value:			
December 31, 2020	7,887	216,510	**224,397**
Addition	461	934	**1,395**
Change in fair value	-	(721)	**(721)**
December 31, 2021	8,348	216,723	**225,071**
Addition	-	202	**202**
Change in fair value	-	(80)	**(80)**
March 31, 2022	8,348	216,845	**225,193**

* 4,471 thousand EUR has been reclassified from the value of development lands to completed investment properties.

In the first three months of 2022 additions in construction in progress of 202 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (55 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (133 thousand EUR) and
- other developments in progress (14 thousand EUR).

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

According to IAS 40 development lands are presented on cost.

(all amounts in thousands of euros unless otherwise indicated)

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

		December 31, 2021	March 31, 2022
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 persons
Development lands	• rentable area which can be developed	66,000 m^2	66,000 m^2
Long term occupancy		80-95%	80-95%
Growth factor		1%	1%
Average discount factor		6.80%	7.00%

10. Trade payables

	December 31, 2021	March 31, 2022
Trade payables – domestic	572	722
Trade payables	**572**	**722**

11. Other short-term liabilities

	December 31, 2021	March 31, 2022
Amounts due to employees and related tax liabilities	81	57
Deposits from tenants	718	829
Fair value difference of loans*	604	593
Other payables and accruals	1,728	1,804
Other short-term liabilities	**3,131**	**3,283**

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

(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2021	March 31, 2022
Short-term	5,235	5,264
Long-term	89,392	88,047
Loans	**94,627**	**93,311**

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2021	March 31, 2022
Short-term	729	737
Long-term	8,903	8,703
Loan 1 / Erste Bank Hungary Zrt.	**9,632**	**9,440**

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

As of March 31, 2022, the outstanding capital of the forint-based facility amounts to 2.94 billion HUF (7,941 thousand EUR); and the euro-based facility amounts to 2,142 thousand EUR. The fair value of the loans (calculated using market interest rates) is 9,440 thousand EUR (see details under point 12.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016, covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. As of March 31, 2022, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 2,245 thousand EUR.

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2021	March 31, 2022
Short-term	1,907	1,921
Long-term	31,522	31,031
Loan 2 / Erste Bank Hungary Zrt.	**33,429**	**32,952**

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., which is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term. On March 31, 2022, the fair value of the IRS is 161 thousand EUR, which is presented among the long-term financial assets.

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

Loans provided by UniCredit Bank Hungary Zrt.:

Loan number 1. (Unicredit)

	December 31, 2021	March 31, 2022
Short-term	1,194	1,201
Long-term	16,269	15,966
Loan 1. / UniCredit Bank Hungary Zrt.	**17,463**	**17,167**

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

As of March 31, 2022, the outstanding capital amounts to 18,800 thousand EUR, whose fair value was 17,167 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Unicredit)

	December 31, 2021	March 31, 2022
Short-term	1,405	1,405
Long-term	32,698	32,347
Loan 2./ UniCredit Bank Hungary Zrt.	**34,103**	**33,752**

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million EUR value with UniCredit Bank to optimize the Company's capital structure, which has been already drawn on December 30, 2019. To fix the interest rate, the loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On March 31, 2022, the fair value of the IRS is 1,921 thousand EUR, which is presented among the long-term financial assets.

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

12.2. Analyses

Fair value of the loans:

	December 31, 2021	March 31, 2022
Erste Bank Hungary Zrt. Loan nr. 1.*	9,632	9,440
Erste Bank Hungary Zrt. Loan nr. 2.	33,429	32,952
UniCredit Bank Hungary Zrt. Loan nr. 1.*	17,463	17,167
UniCredit Bank Hungary Zrt. Loan nr. 2.	34,103	33,752
Loans at fair value*	**94,627**	**93,311**

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

(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 as of March 31, 2022:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	10,084	644	9,440
UniCredit Bank Hungary Zrt.	18,800	1,633	17,167
Loans (NHP)	**28,884**	**2,277**	**26,607**

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

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

13. Other long-term liabilities

	December 31, 2021	**March 31, 2022**
Fair value difference of loans*	1,828	1,684
Warranty retention	60	59
Fair value of derivative instruments **	3,618	2,245
Other long-term liabilities	**5,506**	**3,988**

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

** Fair value of IRSs as of March 31, 2022. The valuations were prepared by the financing banks.

(all amounts in thousands of euros unless otherwise indicated)

14. Revenue

	3 months ended	
	March 31, 2021	**March 31, 2022**
Property rental revenue	3,641	3,822
Revenue	**3,641**	**3,822**

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

15. Operating expense

	3 months ended	
	March 31, 2021	**March 31, 2022**
Property related expense	24	24
Employee related expense	139	143
Other operating expense	116	86
Depreciation and amortization	62	53
Operating expense	**341**	**306**

Other operating expense consists of the following items:

	3 months ended	
	March 31, 2021	**March 31, 2022**
Office and telecommunication	1	1
Legal and administration	53	34
Other	62	51
Other operating expense	**116**	**86**

(all amounts in thousands of euros unless otherwise indicated)

16. Other income (expense)

	3 months ended	
	March 31, 2021	**March 31, 2022**
Income from recharged construction expenses	159	165
Recharged construction expenses	(150)	(150)
Income from recharged operation expenses	1,212	1,560
Recharged operation expenses	(1,102)	(1,441)
Others	85	(13)
Other income	**204**	**121**

17. Interest income and interest expense

	3 months ended	
	March 31, 2021	**March 31, 2022**
Interest income	7	45
Interest expense on loans	(448)	(425)
Other interest expense	(5)	(4)
Net interest expense	**(446)**	**(384)**

18. Other financial result

	3 months ended	
	March 31, 2021	**March 31, 2022**
Exchange rate (loss) realized	(1)	(167)
Exchange rate (loss) / gain not realized	(9)	7
Other financial result	**(10)**	**(160)**

(all amounts in thousands of euros unless otherwise indicated)

19. Income taxes

	3 months ended	
	March 31, 2021	**March 31, 2022**
Current income tax	(8)	(7)
Income tax expense	**(8)**	**(7)**

Based on the business activity, Graphisoft Park Engineering & Management Kft does not operate under the "SzIT" regulation and therefore is subject to corporate income tax, local business tax and deferred income tax, if applicable. Applicable tax rates are as follow: corporate income tax at 9% and local business at tax 2% both in 2021 and 2022.

20. Earnings per share

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

	3 months ended	
	March 31, 2021	**March 31, 2022**
Net profit attributable to equity holders	2,757	3,006
Weighted average number of ordinary shares	10,082,598	10,082,598
Basic earnings per share (EUR)	**0.27**	**0.30**
Weighted average number of ordinary shares	10,082,598	10,082,598
Diluted earnings per share (EUR)	**0.27**	**0.30**

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.

(all amounts in thousands of euros unless otherwise indicated)

21. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2021	March 31, 2022
Number of ordinary shares	549,076	549,076
Number of employee shares	1,258,462	-
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	36,151	10,982
Total value of treasury shares (at historical cost)	988	963

As announced on March 21, 2022, the Company transferred 866,376 employee shares to Kocsány János, CEO and 392,086 employee shares to Bihari Sándor, CFO.

22. Net asset value

Book value and fair value of assets and liabilities as of March 31, 2022:

	Note	Book value March 31, 2022	Fair value March 31, 2022	*Difference*
Investment property and other tangible assets*	7,9	226,588	241,635	*15,047*
Intangible assets	8	84	84	-
Current tax liabilities, net	5	(181)	(181)	-
Non-financial instruments		**226,491**	**241,538**	***15,047***
Cash and cash equivalents	3	10,659	10,659	-
Trade receivables	4	1,403	1,403	-
Other current assets	6	2,969	2,969	-
Other long term financial assets	12	2,082	2,082	-
Trade payables	10	(722)	(722)	-
Other short-term liabilities	11	(3,283)	(3,283)	-
Loans	12	(93,311)	(93,311)	-
Other long-term liabilities	13	(3,988)	(3,988)	-
Financial instruments		**(84,191)**	**(84,191)**	**-**
Net asset value		**142,300**	**157,347**	***15,047***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 241,243 thousand euros as of March 31, 2022.

(all amounts in thousands of euros unless otherwise indicated)

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

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

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

23. Legal proceedings

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

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

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

24. Events after the balance sheet date

According to the resolution of the AGM held on April 21, 2022, the members of the Board of Directors and the Audit Committee have been re-elected until May 31, 2026. In addition, the AGM resolved to increase the dividend entitlement related to the Company's employee shares from one-third to half, and the relevant sections of the Articles of Association and the Management Share Ownership Plan have been amended accordingly.

25. Approval of financial statements, dividend

On April 21, 2022, the Annual General Meeting of Graphisoft Park SE approved the 2021 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 239,994 thousand EUR and a profit for the year of 11,042 thousand EUR. Together with the approval of the consolidated financial statements for issue, the AGM approved dividend distribution of 160 HUF per ordinary share, 1,613,216 thousand HUF in total (4,341 thousand EUR on the MNB exchange rate of April 21, 2022), and in total 100,118 thousand HUF on employee shares (269 thousand EUR on the MNB exchange rate of April 21, 2022). The starting date for dividend payments will be May 11, 2022. The Company will pay out the dividends to the shareholders identified by shareholder's registration as of May 4, 2022.

26. Declaration

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