GRAPHISOFT PARK SE

Interim Management Report – Third Quarter 2022

November 8, 2022

GRAPHISOFTPARK

Executive Summary

The rental revenue for the first three quarters of 2022 reached 11.59 million euros, and the pro forma net profit reached 4.31 million euros, which is about 6% and 18% higher than the same period of the previous year respectively. The favorable result is primarily the result of high occupancy, a stable contract portfolio and the euro based, increasing indexation of rents. The high degree of uncertainty regarding office vacancies that arose as a result of the coronavirus epidemic has significantly eased by 2022, even with the rise of home office and hybrid working. Graphisoft Park's flexible office space, located in an inspiring, green environment and with many communal spaces, has seen a solid increase in demand over the past year, with occupancy increasing steadily to 98% for the third quarter.

However, the drastic increase in energy prices presents another challenge for the office market: the significant increase in utility costs imposes extra burdens on tenants, and therefore a decrease in demand for office space and a temporary increase in the vacancy rate must be expected again. At the same time, in the case of the tenants of Graphisoft Park (which are mostly technology and knowledge-based companies employing highly qualified employees), personnel costs still make up a significant part of the total costs. Therefore, the increased utility costs - despite the drastic increase - represent only a small proportion from the total costs for the majority of our tenants. However, it is unavoidable that requests to reduce utility fees will arise, so to optimize office use and energy consumption, Graphisoft Park supports tenants with investments, renovations and modernizations that support energy efficiency, the flexible conversion of office areas, and the rationalization of energy consumption per building. During its modernization and renovation work, which began in 2017 and has been carried out systematically over the past years, the Company took environmental awareness and energy saving as its basis: it installed more efficient building mechanical equipment and lighting fittings in the buildings and optimized the operation of the building's automation.

As the tenants did not request any significant area reduction until the preparation of this report, and the expiring contracts were continuously renewed, based on the above, for the whole of 2022 - increasing the previously published forecast by an additional 200 thousand euros – we expect 15.4 million euros rental revenue and 5.6 million euros profit after tax, that is 5% and 16% increase respectively compared to prior year. In 2023, despite recession forecasts, high inflation, and the resulting uncertainty, we expect further smaller growth compared to this year: rental revenue of 16 million euros and a net result of around 6.1 million euros.

The Company has convened an extraordinary general meeting for November 29, 2022, in which it requests the authorization of the General Meeting to carry out the necessary technical amendments for the listing of the Company's shares in euros and the payment of dividends in euros. Taking into account that the Company has published its results and declared its dividend proposal in euros, the amendments would make the Company's operation even more transparent (the detailed explanation can be found in the general meeting proposal published on October 28, 2022).

Property portfolio and fair value of net assets

At the end of the third quarter of 2022, the independent valuer estimated the fair value of the real estate portfolio at 233 million euros, which represents a decrease of cca. 8 million euros compared to the end of 2021.

The **fair value of** the completed and delivered **properties decreased by 1.7 million euros** compared to the previous year end. As a result of the drastic jump in energy prices, rising inflation and general market uncertainty, risk factors and the yield that quantifies them have increased, however, thanks to the stable tenant base of the office park and the stably high utilization of the buildings, this caused a moderate decrease in the value of the properties.

At the same time, the **value of the development lands decreased by** around **6.6 million euros**. The decrease is primarily due to the further uncertainty of the remediation of the Northern Development Area (refer to our announcement on June 21, 2022). The value of the development lands is also reduced by the significant increase in the expected cost and time requirements of future developments. The well-known reason for this is the general lack of capacity in the construction industry, as well as the drastic increase in raw material and energy prices.

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 significantly increased[1], which is reflected in equity (net asset fair value). In the meantime, the Company's outstanding **loan portfolio** continued to decrease, **from over 97 million euros** at the end of last year **to below 92 million euros**. In addition to the loan repayments and the approximately 4.4 million euro dividends paid during 2022, the Company's **cash balance** increased to nearly **10 million euro by the end of the third quarter**, which ensures the long-term safe operation of the company, the financing of individual tenant designs, building upgrades and renovations, and also forms a reserve for the negative effects of a possible recession.

As a result of all this, despite the **decrease in the fair value of the real estate portfolio by around 8 million euros**, the **net asset fair value** of the Company **exceeded the previous yearend's value by more than 5 million euros and reached 156 million euros**.

[thousands of EUR]

	Dec 31, 2021	March 31, 2021	June 30, 2022	Sept 30, 2022
Completed, delivered properties	218,256	218,383	217,928	216,575
Development lands	22,860	22,860	16,340	16,220
Estimated fair value of the entire property portfolio	**241,116**	**241,243**	**234,268**	**232,795**
Net asset value at estimated fair value	**150,876**	**157,347**	**151,620**	**156,018**
Net asset value at fair value per share (EUR)	15.0	15.6	15.0	15.47

Pro forma results

Our 2022 I-III. quarterly "pro forma" results developed more favorable than expected: due to the favorable utilization rate, revenues were 630 thousand euros, nearly 6% higher than in the same period last year. The increase in operating costs is largely related to personal payments (among other things, in response to the drastic increase in the cost of living, the Company's employees received a one-time inflation-compensating payment in the third quarter of 2022), but at the same time, the increase in the price of certain services was offset by the weakening of the forint. Most of the other income reflects the results of rental developments and renovations in the period, while depreciation decreased slightly compared to the

[1] The fair value of hedges is influenced by several external factors (HUF/EUR exchange rate, monetary policy measures, interest rate expectations), the development of which may result in significant and in some cases unpredictable changes in the fair value.

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, this year so far, 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 nine months of 2022 EBITDA is 550 thousand euros, about 5.4%, and profit after tax is 660 thousand euros, 18% higher than in the same period of the previous year.

(million euros)	2021 9 months actual	2022 9 months actual
Rental revenue	**10.96**	**11.59**
Other income (net)	0.44	0.49
Operating expense	(1.00)	(1.13)
EBITDA	**10.40**	**10.95**
Depreciation	(5.36)	(5.24)
Operating profit	**5.04**	**5.71**
Net financial result	(1.37)	(1.39)
Profit before tax	**3.67**	**4.32**
Income tax expense	(0.02)	(0.01)
Net profit	**3.65**	**4.31**

Forecast

From the second half of 2021, considering the increasing utilization and the increasing, euro-based indexation of rental contracts, the rental income may reach 15.4 million euros this year, exceeding the previous forecast, which means an increase of more than 700 thousand euros (5%) compared to 2021. In 2023, with regard to the more uncertain economic environment, we expect rental revenue of 16 million euros, with a more moderate growth of 4% than this year. In 2022, the increase of about 200 thousand euros in operating costs compared to the previous year is partly related to wage-related expenses, and partly explained by built-in inflationary expectations and the expanding volume of purchased services. When budgeting the operating costs for 2023 - which, according to our current calculations, exceed this year's costs by an additional 200 thousand euros - in addition to the inflationary increase in the price of services, we also expect the need for additional compensation regarding the personal payments. Most of the other income reflects the results of the rental developments and renovations of the period based on the tenant requests, which are not expected to change significantly compared to previous years. Based on the above, in 2022 the EBITDA may exceed last year's level and reach 14.4 million euros, and in 2023 it may increase further to 14.8 million euros. Depreciation has not changed significantly in recent years but is expected to decrease by almost 200 thousand euro in 2022 due to the depletion of some older assets; in 2023 it will further go down by additional 100 thousand euros. As a result of the continuous loan repayments, the interest payable on the principal amount will decrease, so in 2022 and in 2023 we expect a decrease in the net interest expense of approximately 100 thousand euro. As a result of all this, the pro forma net result in 2022 will increase by about 16% to 5.6 million euros, and in 2023, with further growth, it may reach 6.1 million euros.

(million euros)	2021 actual	*2022 forecast*	*2023 plan*
Rental revenue	**14.66**	***15.4***	***16.0***
Other income (net)	0.56	*0.5*	*0.5*
Operating expense	(1.27)	*(1.5)*	*(1.7)*
EBITDA	**13.95**	***14.4***	***14.8***
Depreciation	(7.17)	*(7.0)*	*(6.9)*
Operating profit	**6.78**	***7.4***	***7.9***
Net financial result	(1.92)	*(1.8)*	*(1.8)*
Profit before tax	**4.86**	***5.6***	***6.1***
Income tax expense	(0.02)	*(0.0)*	*(0.0)*
Net profit	**4.84**	***5.6***	***6.1***

We are right in our pursuit of the "micro Silicon Valley" concept articulated some 25 years ago. Even during recessionary economic prospects and long-term changing and transforming office use needs, 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	
	September 30, 2021	September 30, 2022
	9 months ended	
Rental revenue	**10,962**	**11,594**
Operating expense	(1,005)	(1,129)
Other income (net)	443	492
EBITDA	**10,400**	**10,957**
Depreciation and amortization	(5,362)	(5,244)
Operating profit	**5,038**	**5,713**
Net interest expense	(1,314)	(1,204)
Other financial result	(51)	(185)
Profit before tax	**3,673**	**4,324**
Income tax expense	(26)	(13)
Pro forma profit after tax (1)	**3,647**	**4,311**
Pro forma profit after tax per share (EUR) (2)	**0.36**	**0.43**
Valuation difference of investment properties	(451)	(2,385)
Unrecognized depreciation	5,179	5,071
Profit after tax according to financial statements	**8,375**	**6,997**
Profit after tax per share according to financial statements (EUR) (2)	**0.83**	**0.69**

(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	September 30, 2022
Fair value of properties	**218,256**	**216,575**
-from this book value (1)	*216,723*	*215,186*
Fair value of development lands	**22,860**	**16,220**
- from this book value (1)	*8,348*	*8,354*
Entire property portfolio at estimated fair value	**241,116**	**232,795**
Net asset value at estimated fair value (2)	**150,876**	**156,018**
Net asset value at cost (1)	*135,854*	*147,725*
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	**14.96**	**15.47**
Net asset value at book value per share (euro) (1) (3)	*13.47*	*14.65*

(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:

- Results of the first nine months of 2022 ("pro forma" results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for the years 2022 and 2023.

"Pro forma" results of the first nine months of 2022

"Pro forma" results of the first nine months of 2022 changed compared to the same period of 2021 because of the following main factors:

- **Rental revenue** (2022: 11,594 thousand euros; 2021: 10,962 thousand euros) grew by 632 thousand euros, nearly 6% compared to the same period of last year, due to the increased utilization of the office park compared to prior year and the increasing euro-based indexation of tenant contracts.

- **Operating expense** (2022: 1,129 thousand euros; 2021: 1,005 thousand euros) increased by 124 thousand euros compared to the previous period, mainly related to personal type expenses. The fees for certain services payable in forints also increased, however, due to the weakening of the forint, the value of other operating costs expressed in euros did not change significantly.

- **Other income** (2022: 492 thousand euros; 2021: 443 thousand euros) net amount was 49 thousand euros higher than the base last year. This is largely the result of the developments and refurbishments based on tenant requests.

- **Depreciation** charge (2022: 5,244 thousand euros; 2021: 5,362 thousand euros) is slightly lower than in the previous year, mainly due to the depletion of some older assets.

- **EBITDA** (2022: 10,957 thousand euros; 2021: 10,400 thousand euros) grew by 557 thousand euros, which is 5.4%, while **operating profit** (2022: 5,713 thousand euros; 2021: 5,038 thousand euros) increased by 675 thousand euros, or 13.4% compared to the previous year.

- **Net interest expense** (2022: 1,204 thousand euros; 2021: 1,314 thousand euros) decreased by 110 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: 185 thousand euros loss; 2021: 51 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: 13 thousand euros; 2021: 26 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: 4,311 thousand euros; 2021: 3,467 thousand euros) is 664 thousand euros, or 18.2% higher compared to the same period of last year.

Results according to the financial statements for the first nine months of 2022

In first nine months of 2022, results according to the financial statements are 2,686 thousand euros higher than the "pro forma" results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 5,071 thousand euros, while fair value losses decreased the results by 2,385 thousand euros. The energy price explosion is expected to affect the entire office market in the coming periods, just like the economic situation caused by covid before. According to the calculations of the independent appraiser, the already noticeable uncertainty and recession forecasts have resulted in a smaller decrease in fair value for now.

In the same period of 2021, results according to the financial statements are 4,728 thousand euros higher than the "pro forma" results: unrecognized depreciation expense of investment properties increased the results by 5,179 thousand euros, while fair value losses decreased the results by 451 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):

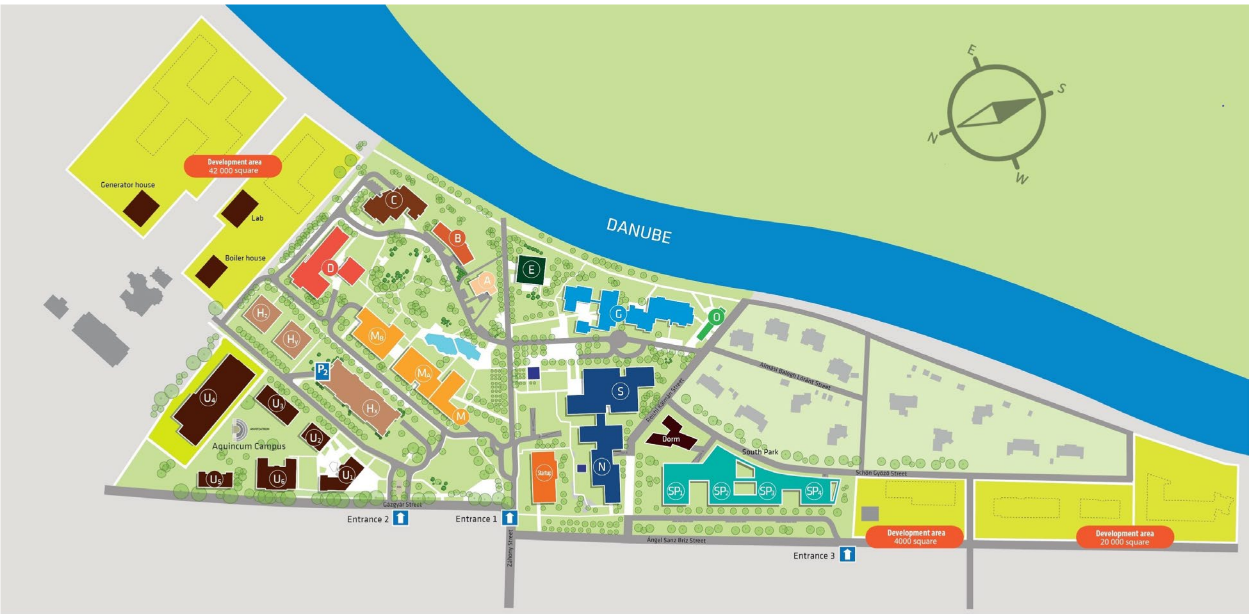
Period:	**2021Q1**	**2021Q2**	**2021Q3**	**2021Q4**	**2022Q1**	**2022Q2**	**2022Q3**
Occupancy of gross leasable area (%):	**94%**	**94%**	**95%**	**96%**	**97%**	**98%**	**98%**
Gross leasable area (m^2):	82,000	82,000	82,000	82,000	82,000	82,000	82,000

During 2020, the previously persistently high utilization rate 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 also continued this year: it reached 98% in the end of the second 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 **14.5 years**, and in case of existing lease contracts the weighted average lease term to expiry is **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 began preparations for the building permitting process in 2022. However, the Company will decide on the initiation of the project at a later date, taking into account the conditions and the possibilities of the construction, in particular the development of raw material and energy prices, the possible capacity limitations and the general economic prospects, in addition to the requests of the tenants.

In addition, the southernmost part of the southern development area, named South Park II, offer room for another 20,000 m² potential development. 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" section). 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.

At the end of the period the notional value of the outstanding loan liability amounted to 92 million euro, which is about 39.5% 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 September 30, 2022
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	8,688
UniCredit Bank Hungary Zrt	24,000	23.12.2026	18,000
Erste Bank Hungary Zrt	40,000	31.12.2027	32,109
UniCredit Bank Hungary Zrt	40,000	15.12.2029	33,194
Sum	119,600		91,991

Forecast for years 2022 and 2023

Based on the achieved high level of utilization and the stability and continuous indexation of the rental contracts, we expect rental income of 15.4 million euros, exceeding the previously forecasted rental revenue for this year by an additional 200 thousand euros. Considering the rising inflation, we expect operating costs to be about 25% higher compared to last year. Based on the actual results of the first three quarters, however, we can achieve a pro forma result of 5.6 million euros in 2022, which is more favorable than our previous forecasts. In 2023, given the more uncertain economic environment and inflationary expectations, we expect a more moderate growth than this year: based on our current calculations, with a rental revenue of 16 million euros, we can achieve a pro forma net result of around 6.1 million euros.

(million euros)	2021 actual	*2022 forecast*	*2023 plan*
Rental revenue	14.66	*15.4*	*16.0*
Other income (net)	0.56	*0.5*	*0.5*
Operating expense	(1.27)	*(1.5)*	*(1.7)*
EBITDA	13.95	*14.4*	*14.8*
Depreciation	(7.17)	*(7.0)*	*(6.9)*
Operating profit	6.78	*7.4*	*7.9*
Net financial result	(1.92)	*(1.8)*	*(1.8)*
Profit before tax	4.86	*5.6*	*6.1*
Income tax expense	(0.02)	*(0.0)*	*(0.0)*
Net profit	4.84	*5.6*	*6.1*

- Considering the high level of occupancy and the increasing, euro-based indexation of rents, **rental revenue** of around 15.4 million euros is expected in 2022, which exceeds the 2021 revenue by more than 700 thousand euros. In 2023, we expect further indexation of rents, but at the same time we also take into account the smaller area reduction needs due to the economic situation and uncertainty, based on which the revenue forecast for 2023 is about 16 million euros, that is 4% increase.

- 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, we expect the **operating expenses** – of which a significant part incurs in HUF – to increase by 200 thousand euros, which is more than in the previous years. A further increase in operating costs is expected in 2023, as the price of services will continue to rise based on inflation forecasts, parallel to which we will also increase personal payments, and we also consider the need to compensate for the effects of inflation during the year.

- According to our current estimation, due to all of the above, **EBIDTA** is expected to amount to 14.4 million euros in 2022, while it would amount to 14.8 million euro in 2023.

- In prior years, due to new developments and refurbishments there was a significant increase in **depreciation** to 7.1-7.2 million euros (which does not affect the consolidated accounts according to the SzIT rules). At the same time we expect that depreciation will decrease by around 200 thousand euros due to depletion of certain older assets in 2022 and there will be an additional decrease of 100 thousand euros in 2013.

- From 2020, due to the increased outstanding loan liabilities **net interest expense** significantly exceeded prior year interest expense, while in 2022 and in 2023, due to 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, **pro forma net profit** is forecasted to be 5.6 million euros in 2022, which is 16% higher than in the prior year. In 2023 net profit would reach 6.1 million euro, that is further 9% increase.

Main risk factors associated with the areas

- 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.

  We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

- 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 98% again. At the same time, temporary or longer-term vacancies may occur again soon because of the change in tenant behavior due to the weakening of the forint, the increase in the inflation rate and the energy price explosion: this means that we must once again consider the demands for reducing office space and the permanent transformation of office use. Considering the risks affecting the rental revenue and the recession forecasts, we cannot exclude a more permanent devaluation of the property fair value either, as a result of the increasing market yield expectations.

***

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 HUF/EUR 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 420 HUF/EUR till the end of 2023, euro inflation rate of 8% 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, November 8, 2022

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

GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended September 30, 2022

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, November 8, 2022

Kocsány János

Chief Executive Officer

Farkas Ildikó

Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
SEPTEMBER 30, 2022

CONTENTS:

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2021	September 30, 2022
Cash and cash equivalents	3	10,066	9,794
Trade receivables	4	555	1,157
Current tax receivable	5	163	14
Other current assets	6	2,581	3,538
Current assets		**13,365**	**14,503**
Investment property	9	225,071	223,540
(Owner-occupied) Property, Plant and Equipment	7	1,441	1,276
Intangible assets	8	91	61
Long-term financial assets	12	26	8,003
Non-current assets		**226,629**	**232,880**
TOTAL ASSETS		**239,994**	**247,383**
Short-term loans	12	5,235	5,255
Trade payables	10	572	705
Current tax liability	5	304	425
Other short-term liabilities	11	3,131	4,135
Current liabilities		**9,242**	**10,520**
Long-term loans	12	89,392	84,560
Other long-term liabilities	13	5,506	4,578
Non-current liabilities		**94,898**	**89,138**
TOTAL LIABILITIES		**104,140**	**99,658**
Share capital	1.3	250	250
Retained earnings		140,390	143,021
Treasury shares	21	(988)	(972)
Cash flow hedge reserve	12	(1,440)	7,855
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,039)	(3,110)
Shareholders' equity		**135,854**	**147,725**
TOTAL LIABILITIES & EQUITY		**239,994**	**247,383**

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
SEPTEMBER 30, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		9 months ended	
		Sept 30, 2021	Sept 30, 2022	Sept 30, 2021	Sept 30, 2022
Property rental revenue		3,675	3,885	10,962	11,594
Revenue	**14**	**3,675**	**3,885**	**10,962**	**11,594**
Property related expense	15	(25)	(31)	(73)	(86)
Employee related expense	15	(136)	(155)	(630)	(772)
Other operating expense	15	(85)	(76)	(302)	(271)
Depreciation and amortization	7, 15	(63)	(54)	(183)	(173)
Operating expense		**(309)**	**(316)**	**(1,188)**	**(1,302)**
Valuation gains / (losses) from investment property	9	(276)	(1,634)	(451)	(2,385)
Other income	16	126	103	443	492
OPERATING PROFIT		**3,216**	**2,038**	**9,766**	**8,399**
Interest income	17	12	31	32	92
Interest expense	17	(447)	(436)	(1,346)	(1,296)
Exchange rate difference	18	(99)	(9)	(51)	(185)
Financial result		**(534)**	**(414)**	**(1,365)**	**(1,389)**
PROFIT BEFORE TAX		**2,682**	**1,624**	**8,401**	**7,010**
Income tax expense	19	(10)	(4)	(26)	(13)
PROFIT FOR THE PERIOD		**2,672**	**1,620**	**8,375**	**6,997**
Attributable to equity holders of the parent		2,672	1,620	8,375	6,997
Basic earnings per share (EUR)	20	0.27	0.16	0.83	0.69
Diluted earnings per share (EUR)	20	0.27	0.16	0.83	0.69

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SEPTEMBER 30, 2022
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		9 months ended	
		Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Profit for the period		**2,672**	**1,620**	**8,375**	**6,997**
Cash-flow hedge valuation reserve*		245	3,042	1,391	9,295
Translation difference**		(14)	(29)	6	(71)
Other comprehensive income		**231**	**3,013**	**1,397**	**9,224**
COMPREHENSIVE INCOME		**2,903**	**4,633**	**9,772**	**16,221**
Attributable to equity holders of the parent		2,903	4,633	9,772	16,221

* 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
SEPTEMBER 30, 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	-	8,375	-	-	-	-	**8,375**
Translation difference	-	-	-	-	-	6	**6**
Revaluation reserve	-	-	-	1,391	-	-	**1,391**
Purchase of treasury shares	-	-	(18)	-	-	-	**(18)**
Dividend	-	(9,972)	-	-	-	-	**(9,972)**
Treasury share transfer	-	(2)	2	-	-	-	**-**
September 30, 2021	**250**	**137,723**	**(988)**	**(1,846)**	**681**	**(3,027)**	**132,793**
December 31, 2021	**250**	**140,390**	**(988)**	**(1,440)**	**681**	**(3,039)**	**135,854**
Profit for the period	-	6,904	-	93	-	-	**6,997**
Translation difference	-	-	-	-	-	(71)	**(71)**
Revaluation reserve	-	93	-	9,202	-	-	**9,295**
Treasury share transfer	-	(25)	25	-	-	-	**-**
Dividend	-	(4,341)	-	-	-	-	**(4,341)**
Purchase of treasury shares	-	-	(9)	-	-	-	**(9)**
September 30, 2022	**250**	**143,021**	**(972)**	**7,855**	**681**	**(3,110)**	**147,725**

* 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
SEPTEMBER 30, 2022
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
OPERATING ACTIVITIES				
Income before tax	2,682	1,624	8,401	7,010
Fair value change of investment properties	276	1,634	451	2,385
Depreciation and amortization	63	54	183	173
Interest expense	447	436	1,346	1,296
Interest income	(12)	(31)	(32)	(92)
Unrealized foreign exchange (gain) / loss	(68)	(117)	37	(272)
Changes in working capital:				
(Increase) in receivables and other current assets	(544)	(1,338)	(639)	(1,408)
(Decrease) / increase in liabilities	(154)	1,802	311	1,526
Corporate income tax paid	(14)	(5)	(25)	(16)
Net cash from operating activities	**2,676**	**4,059**	**10,033**	**10,602**
INVESTING ACTIVITES				
Purchase of investment property	(328)	(444)	(1,011)	(802)
Purchase of other tangible assets and intangibles	(21)	(17)	(43)	(30)
Interest received	12	31	32	93
Net cash used in investing activities	**(337)**	**(430)**	**(1,022)**	**(739)**
FINANCING ACTIVITIES				
Loan repayments	(1,445)	(1,465)	(4,331)	(4,396)
Interest paid	(447)	(430)	(1,343)	(1,289)
Treasury share purchase	-	-	(18)	(9)
Dividend paid	-	-	(9,972)	(4,341)
Net cash used in financing activities	**(1,892)**	**(1,895)**	**(15,664)**	**(10,035)**
Increase / (decrease) in cash and cash equivalents	447	1,734	(6,653)	(172)
Cash and cash equivalents at beginning of period	8,951	8,046	15,908	10,066
Exchange rate (loss) / gain on cash and cash equivalents	(277)	14	(134)	(100)
Cash and cash equivalents at end of period	**9,121**	**9,794**	**9,121**	**9,794**

(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 September 30, 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			September 30, 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**	**87.92**
Directors and management	**1,789,082**	**16.83**	**16.72**	**1,789,082**	**16.83**	**15.60**
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	15.75	1,685,125	15.85	14.69
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.13	13,500	0.13	0.12
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.85	90,457	0.85	0.79
Shareholders over 5% share	**2,938,288**	**27.64**	**27.46**	**2,948,817**	**27.74**	**25.71**
HOLD Alapkezelő Zrt.	662,704	6.23	6.19	701,233	6.60	6.12
AEGON Magyarország Befektetési Alapkezelő Zrt.	775,584	7.30	7.25	747,584	7.03	6.52
B.N.B.A. Holding Zrt.	1,500,000	14.11	14.02	1,500,000	14.11	13.08
Other shareholders	**5,355,228**	**50.37**	**50.05**	**5,344,699**	**50.27**	**46.61**
Treasury shares*	**549,076**	**5.16**	**-**	**549,076**	**5.16**	**-**
EMPLOYEE SHARES:**	**1,876,167**	**-**	**5.77**	**1,876,167**	**-**	**12.08**
Kocsány János - Member of the BoD, CEO***	518,443	-	4.85	1,384,819	-	12.08
Bihari Sándor – CFO***	99,262	-	0.93	-	-	-
Employee treasury shares*	1,258,462	-	-	491,348	-	-
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. Following this, based on the Company's announcement of June 30, 2022, Bihari Sándor's employee shares (491,348 pieces) have been bought back due to his retirement.

(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, 2026
Dr. Kálmán János	Member	August 21, 2006	May 31, 2026
Kocsány János	Member	April 28, 2011	May 31, 2026
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2026
Szigeti András	Member	July 21, 2014	May 31, 2026
Hornung Péter	Member	April 20, 2017	May 31, 2026

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 for additional 4 years, 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:

	9 months ended June 30, 2021	9 months ended June 30, 2022
EUR/HUF opening:	365.13	369.00
EUR/HUF closing:	360.52	421.41
EUR/HUF average:	356.54	384.95

(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2021	September 30, 2022
Cash in hand	1	1
Cash at banks	10,065	9,793
Cash and bank	**10,066**	**9,794**

4. Trade receivables

	December 31, 2021	September 30, 2022
Trade receivables	555	1,157
Provision for doubtful debts	-	-
Trade receivables	**555**	**1,157**

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

5. Current tax receivables and liabilities

	December 31, 2021	September 30, 2022
Current tax receivables	163	14
Current tax liabilities	(304)	(425)
Current tax (liabilities), net	**(141)**	**(411)**

(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2021	September 30, 2022
Accrued income	264	181
Prepaid expense	78	1,038
Bank security accounts	2,227	2,287
Other receivables	12	32
Other current assets	**2,581**	**3,538**

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	-	29	**29**
Scrapping	-	(3)	**(3)**
Translation difference	-	(102)	**(102)**
September 30, 2022	1,375	1,059	**2,434**
Depreciation:			
December 31, 2021	352	717	1,069
Addition	61	90	151
Scrapping	-	(3)	(3)
Translation difference	-	(59)	(59)
September 30, 2022	413	745	**1,158**
Net value:			
September 30, 2022	962	314	**1,276**

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, 2020	114	**114**	December 31, 2021	137	**137**
Addition	25	**25**	Addition	1	**1**
Translation difference	(2)	**(2)**	Translation difference	(16)	**(16)**
December 31, 2021	137	**137**	**September 30, 2022**	122	**122**
Depreciation:			***Depreciation:***		
December 31, 2020	21	**21**	**December 31, 2021**	46	**46**
Addition	26	**26**	Addition	22	**22**
Translation difference	(1)	**(1)**	Translation difference	(7)	**(7)**
December 31, 2021	46	**46**	**September 30, 2022**	61	**61**
Net value:			***Net value:***		
December 31, 2021	91	**91**	**September 30, 2022**	61	**61**

(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	6	848	**854**
Change in fair value	-	(2,385)	**(2,385)**
September 30, 2022	8,354	215,186	**223,540**

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

In the first nine months of 2022 additions in construction in progress of 854 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (197 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (552 thousand EUR) and
- other developments in progress (105 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	September 30, 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%	7.05%

10. Trade payables

	December 31, 2021	September 30, 2022
Trade payables – domestic	572	705
Trade payables	**572**	**705**

11. Other short-term liabilities

	December 31, 2021	September 30, 2022
Amounts due to employees and related tax liabilities	81	67
Deposits from tenants	718	769
Fair value difference of loans*	604	552
Other payables and accruals	1,728	2.747
Other short-term liabilities	**3,131**	**4,135**

* 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	September 30, 2022
Short-term	5,235	5,255
Long-term	89,392	84,560
Loans	**94,627**	**89,815**

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2021	September 30, 2022
Short-term	729	684
Long-term	8,903	7,512
Loan 1 / Erste Bank Hungary Zrt.	**9,632**	**8,196**

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 September 30, 2022, the outstanding capital of the forint-based facility amounts to 2.8 billion HUF (6,654 thousand EUR); and the euro-based facility amounts to 2,034 thousand EUR. The fair value of the loans (calculated using market interest rates) is 8,196 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 September 30, 2022, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 3,173 thousand EUR.

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2021	September 30, 2022
Short-term	1,907	1,950
Long-term	31,522	30,049
Loan 2 / Erste Bank Hungary Zrt.	**33,429**	**31,999**

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 September 30, 2022, the fair value of the IRS is 2,779 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	September 30, 2022
Short-term	1,194	1,216
Long-term	16,269	15,354
Loan 1. / UniCredit Bank Hungary Zrt.	**17,463**	**16,570**

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 September 30, 2022, the outstanding capital amounts to 18,000 thousand EUR, whose fair value was 16,570 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	September 30, 2022
Short-term	1,405	1,405
Long-term	32,698	31,645
Loan 2./ UniCredit Bank Hungary Zrt.	**34,103**	**33,050**

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 September 30, 2022, the fair value of the IRS is 5,224 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	September 30, 2022
Erste Bank Hungary Zrt. Loan nr. 1.*	9,632	8,196
Erste Bank Hungary Zrt. Loan nr. 2.	33,429	31,999
UniCredit Bank Hungary Zrt. Loan nr. 1.*	17,463	16,570
UniCredit Bank Hungary Zrt. Loan nr. 2.	34,103	33,050
Loans at fair value*	**94,627**	**89,815**

* 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 September 30, 2022:

	Outstanding loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	8,688	492	8,196
UniCredit Bank Hungary Zrt.	18,000	1,430	16,570
Loans (NHP)	**26,688**	**1,922**	**24,766**

* 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.

Fair value of hedges:

	December 31, 2021	**September 30, 2022**
ERSTE Bank Hungary Zrt. loan nr. 1.	(2,221)	(3,173)
ERSTE Bank Hungary Zrt. loan nr. 2.	(1,397)	2,779
UniCredit Bank Hungary Zrt. loan nr. 2.	26	5,224
Fair value of hedges	**(3,592)**	**4,830**
Of which long term financial asset	26	8,003
Of which long term financial liability	(3,618)	(3,173)

(all amounts in thousands of euros unless otherwise indicated)

13. Other long-term liabilities

	December 31, 2021	**September 30, 2022**
Fair value difference of loans*	1,828	1,370
Warranty retention	60	35
Fair value of derivative instruments **	3,618	3,173
Other long-term liabilities	**5,506**	**4,578**

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

** Fair value of IRSs at the end of the period. The valuations were prepared by the financing banks.

(all amounts in thousands of euros unless otherwise indicated)

14. Revenue

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Property rental revenue	3,675	3,885	10,962	11,594
Revenue	**3,675**	**3,885**	**10,962**	**11,594**

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

15. Operating expense

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Property related expense	25	31	73	86
Employee related expense	136	155	630	772
Other operating expense	85	76	302	271
Depreciation and amortization	63	54	183	173
Operating expense	**309**	**316**	**1,188**	**1,302**

Other operating expense consists of the following items:

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Office and telecommunication	2	3	5	5
Legal and administration	31	27	134	111
Other	52	46	163	155
Other operating expense	**85**	**76**	**302**	**271**

(all amounts in thousands of euros unless otherwise indicated)

16. Other income (expense)

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Income from recharged construction expenses	29	70	229	370
Recharged construction expenses	(23)	(62)	(205)	(328)
Income from recharged operation expenses	1,262	1,377	3,714	4,337
Recharged operation expenses	(1,146)	(1,281)	(3,373)	(4,017)
Others	4	(1)	78	130
Other income	**126**	**103**	**443**	**492**

17. Interest income and interest expense

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Interest income	12	31	32	92
Interest expense on loans	(447)	(425)	(1,340)	(1,276)
Other interest expense	-	(11)	(6)	(20)
Net interest expense	**(435)**	**(405)**	**(1,314)**	**(1,204)**

18. Other financial result

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Exchange rate gain / (loss) realized	96	(269)	105	(448)
Exchange rate (loss) / gain not realized	(195)	197	(156)	168
Ineffective part of hedge*	-	63	-	95
Other financial result	**(99)**	**(9)**	**(51)**	**(185)**

*Ineffective part of IRS deal relating to loan nr. 2. provided by Erste Bank Hungary Zrt.

(all amounts in thousands of euros unless otherwise indicated)

19. Income taxes

	3 months ended		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Current income tax	(10)	(4)	(26)	(13)
Income tax expense	**(10)**	**(4)**	**(26)**	**(13)**

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		9 months ended	
	Sept 30, 2021	**Sept 30, 2022**	**Sept 30, 2021**	**Sept 30, 2022**
Net profit attributable to equity holders	2,672	1,620	8,375	6,997
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	**0.27**	**0.16**	**0.83**	**0.69**
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	**0.27**	**0.16**	**0.83**	**0.69**

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	September 30, 2022
Number of ordinary shares	549,076	549,076
Number of employee shares	1,258,462	491,348
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	36,151	20,808
Total value of treasury shares (at historical cost)	988	972

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. Following this, based on the Company's announcement of June 30, 2022, Bihari Sándor's employee shares (491,348 pieces) have been bought back due to his retirement.

22. Net asset value

Book value and fair value of assets and liabilities as of September 30, 2022:

	Note	Book value Sept 30, 2022	Fair value Sept 30, 2022	*Difference*
Investment property and other tangible assets*	7,9	224,816	233,109	*8,293*
Intangible assets	8	61	61	-
Current tax liabilities, net	5	(411)	(411)	-
Non-financial instruments		**224,466**	**232,759**	***8,293***
Cash and cash equivalents	3	9,794	9,794	-
Trade receivables	4	1,157	1,157	-
Other current assets	6	3,538	3,538	-
Other long term financial assets	12	8,003	8,003	-
Trade payables	10	(705)	(705)	-
Other short-term liabilities	11	(4,135)	(4,135)	-
Loans	12	(89,815)	(89,815)	-
Other long-term liabilities	13	(4,578)	(4,578)	-
Financial instruments		**(76,741)**	**(76,741)**	**-**
Net asset value		**147,725**	**156,018**	***8,293***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 232,795 thousand euros as of September 30, 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. Remediation of the northern development area

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.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

24. Events after the balance sheet date

The Company has convened an extraordinary general meeting for November 29, 2022, in which it requests the authorization of the General Meeting to carry out the necessary technical amendments for the listing of the Company's shares in euros and the payment of dividends in euros. Taking into account that the Company has published its results and declared its dividend proposal in euros, the amendments would make the Company's operation even more transparent (the detailed explanation can be found in the general meeting proposal published on October 28, 2022).

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 was May 11, 2022. The Company paid 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.*