



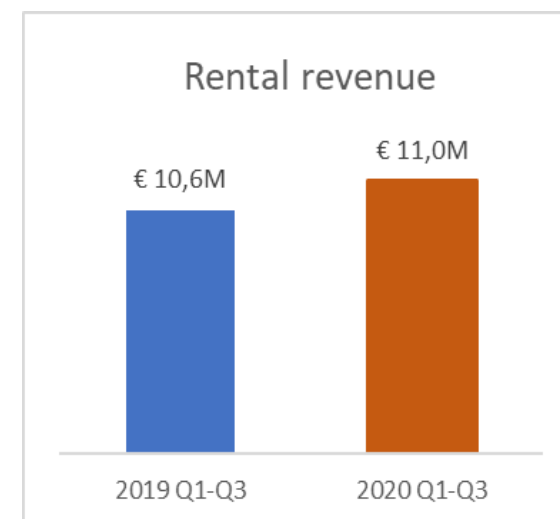
2020 Q1-Q3 results



# Financial results

Rental revenue	EBITDA	FFO I <sup>(1)(2)</sup>	FFO yield <sup>(2)</sup>	Pro forma result <sup>(2)</sup>
<b>10.96 M EUR</b>	<b>10.2 M EUR</b>	<b>8.7 M EUR</b>	<b>12.8%</b>	<b>3.22 M EUR</b>
<b>+3%</b>	<b>+3%</b>	<b>-3%</b>	<b>+53%</b>	<b>-13%</b>

- The second wave of Covid-19 pandemic would cause more severe and prolonged economic downturn than expected, however our 2020 Q1-Q3 results have developed as expected.
- In 2020 Q1-Q3 rental revenue increased by 330 thousand euros, that is 3%, while EBITDA grew by 310 thousand euros, or 3% compared to the same period of prior year.
- FFO decreased by 230 thousand euros, while Pro-forma result decreased by 460 thousand euros because of the increased interest expenses of the higher outstanding loan balances, on the other hand FFO yield developed favourably mainly due to the significantly lower market capitalisation.



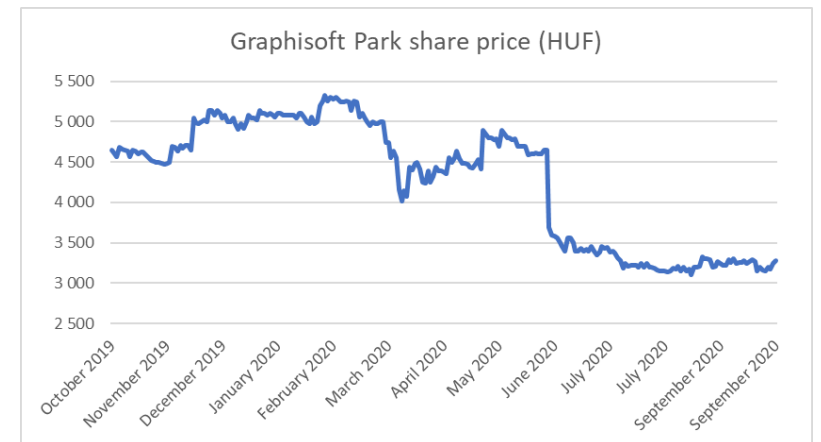
(1) Revenue, less operating expenses and realized financial result.

(2) FFO, FFO yield and pro forma result do not include the 747 thousand euros exchange rate loss relating to the 30 million euros dividend paid in HUF.

# Crisis caused by COVID-19 pandemic

- In the 3rd quarter of 2020 due to the severe second wave of the COVID 19 epidemic, the expected further effects of it, the independent valuer considered it appropriate to **reduce** the fair market value of the **property portfolio by 6.5%** from 263 million euros to **246 million euros** as of September 30, 2020. The devaluation considered the following factors:

  - yield increases continuously due to the uncertain market conditions,
  - occupancy temporarily decreases in the short term, while vacancy periods increase in case of tenant change,
  - beside the braking away of “home office” on the long term, the possible cancellation of renewal of certain rental contracts might occur as well as changes in office usage and there is need of the decrease of certain rented areas.
- The occupancy rate of Graphisoft Park was permanently 97% till the end of the first half of 2020, which slightly decreased by 2% in the third quarter, but it remained more favourable than the general vacancy trends in the Budapest office market and we do not count with significant further decrease in occupancy.
- The general market uncertainties caused by the first wave of COVID-19 had negative effect on the share price from the second half of March; the Q1 closing share price was under the local maximum price by 17%. Following the dividend decision the share price started to increase again, and after the dividend payment the closing price stabilised around 3,500 HUF. In the third quarter the expected second wave of the crisis affected the share price less, however there was some further decrease: the closing share price was 3,280 HUF.





# Forecast for the years 2020 and 2021

- The second wave of the COVID 19 pandemic might cause much more severe and prolonged economic downturn than expected, however, it does not necessitate a revision of the forecasts estimated with due care in the Company's half-year report.
- Currently we do not count with permanent decline in occupancy: based on our tenants' feedbacks personal presence will be still required on longer term, so there is a particular need for large offices surrounded by green area which also serves the requirements of social distancing.
- According to our current estimations, we keep up our forecasts for 2020 and 2021: besides the slight decrease of the occupancy rate, as a result of the indexation of rental fees and rental fee increases resulting from the renewal of rental contracts, **we still expect for this year 14.4 million euros rental revenue and 4.2 million euros pro forma result, while for 2021 14.5 million euros rental revenue and 4.3 million euros pro forma result.**

Million euros	2019 actual	2020 forecast	2021 plan
Rental revenue	14.25	14.4	14.5
<b>EBIDTA</b>	<b>13.35</b>	<b>13.3</b>	<b>13.3</b>
Depreciation	7.13	7.1	7.1
Net interest expense	1.26	2.0	1.9
<b>Pro forma result</b>	<b>4.94</b>	<b>4.2</b>	<b>4.3</b>



# Property portfolio and financing

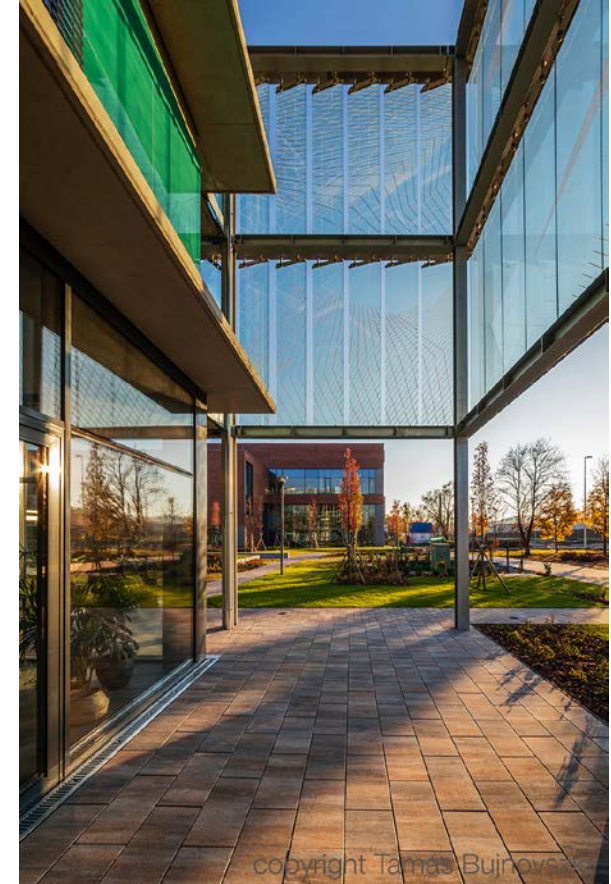
<ul style="list-style-type: none"> <li><b>Fair value of property portfolio</b></li> </ul>	<b>246 M EUR</b>	<p>Value decreased by 19 million euros compared to 2019 yearend:</p> <ul style="list-style-type: none"> <li>Value of completed properties declined by 1.8 million euros in 2020 Q1, and by additional 17 million euros in 2020 Q3 due to the (1) increasing yield caused by the uncertain market conditions, (2) changing tenant behaviour and (3) temporary vacancy periods expected in 2020 and 2021.</li> <li>Value of development lands decreased by 0.2 million euros, future developments will delay due to uncertain market conditions.</li> </ul>
<ul style="list-style-type: none"> <li><b>Occupancy</b></li> </ul>	<b>95%</b>	<p>After the delivery of prior years' developments, from the second half of 2019 the occupancy rate permanently increased to 97%. Till the end of the 9 month period of 2020 the occupancy rate slightly decreased to 95%, partly due to the economic downturn and partly due to tenant requests.</p>
<ul style="list-style-type: none"> <li><b>WAULT</b></li> </ul>	<b>4.2 years</b>	<p>It also shows the loyalty of our tenants, that the average lease term in the Park calculated with the starting date of current tenants' earliest lease agreements is 13.4 years.</p>
<ul style="list-style-type: none"> <li><b>Loans</b></li> </ul>	<b>104.6 M EUR</b>	<p>Loan to value is 43%, due to the new loan drawn down at the end of 2019. 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.</p>
<ul style="list-style-type: none"> <li><b>LTV</b></li> </ul>	<b>43%</b>	
<ul style="list-style-type: none"> <li><b>Net asset fair value</b></li> </ul>	<b>151 M EUR</b>	<p>In 2020 fair value of net assets decreased from 195 million euros to 151 million euros, partly due to the dividend payment of 30 million euros and party due to the devaluation of investment properties by 17 million euros.</p>
<ul style="list-style-type: none"> <li><b>Net asset fair value per share</b></li> </ul>	<b>14.9 EUR</b>	<p>Due to all of the above, net asset fair value per share is 14.9 euros, taking all ordinary shares and excluding treasury shares (10,082,598 pcs).</p>





- The Graphisoft Park is an office park located in the III. district of Budapest along the bank of the river Danube, in an environment inspiring research, creative work and education.
- 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”.
- The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82,000 m<sup>2</sup> gross leasable area have been developed.
- The remaining area provides the opportunity to develop an additional 62,000 m<sup>2</sup> of gross leasable area.
- Graphisoft Park Group is dealing with real estate development, property leasing and operation. From January 1, 2018 the companies are – except for one group member – regulated real estate investment entities (SZITs) and so they are exempt from paying corporate income and local business tax.
- The parent company is Graphisoft Park SE which is listed on the Budapest Stock Exchange since 2006.

# Graphisoft Park



## CONTACT

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