

GRAPHISOFT PARK SE

Interim Management Report – First Quarter 2021

May 11, 2021



GRAPHISOFT PARK





Dear Shareholders,

The **pro forma net profit** for the first quarter of 2021 is in line with previously published plans, **1.34 million euros**, around 200 thousand euros higher than the result for the same period of the previous year. As a result of the crisis caused by COVID-19, the occupancy rate of the office park, which was at a high level, fell slightly from 97% in the second half of 2020 by 3% and remained at 94% in Q1 2021, which is still more favorable than the average office vacancy in Budapest. Although we do not expect a further significant decline in occupancy during the year, we will still have to count with smaller area reduction demands when renewing leases. At the same time, the declining space requirements of these tenants also provide an opportunity to meet the growth needs of other tenants. The use of offices, which is being transformed by the coronavirus, and the rise of the "home office" have a noticeable effect on the demand for offices, but we expect - also based on tenant feedback -, that personal presence will be needed in the longer term, especially large offices surrounded by green space that serve the requirement of social distance well. Based on our calculations, we continue to maintain the previously published forecast for 2021: considering the current level of occupancy, the expected development of operating costs and depreciation, and the level of interest payable on existing loans, we expect **14.5 million euros rental income** and **4.3 million euros pro forma result**.

As announced by the Company on April 20, 2021, a **dividend of approximately 10 million euros** will be paid in June 2021 based on a resolution of the Board of Directors acting on behalf of the General Meeting. The starting date of the dividend payment will be June 2¹. The Board of Directors saw an opportunity for the Company to pay an additional dividend of ca. 6 million euros from the available funds in addition to the 4 million euros dividend corresponding to 90% of the 2020 pro forma net profit. According to our calculations, the cash from operations and the remaining available cash balance ensure the further safe operation of the Company in the current situation, as well as the financing of the preparation of certain refurbishments requested by tenants and potential future developments.

Property portfolio and fair value of net assets

At the end of 2021 Q1, the independent valuer estimated the **fair value of the real estate portfolio at 241.6 million euros**, which is around 400 thousand euros higher than at the end of the previous year. Short-term effects of the prolonged economic downturn caused by the COVID 19 epidemic have already been quantified, however long-term expectations remain uncertain. The stabilization of office use trends has not yet been experienced; in addition to the more regular use of "home office", the possible non-renewal of certain lease agreements, the protracted re-leasing, the transformation of office use and the need to reduce certain leased areas must be also considered. Based on the above, the value of completed and delivered properties did not change significantly during the period, from 218.0 million euros at the end of 2020 to 217.9 million euros.

As a result of the market uncertainty, the implementation of future developments was also postponed, and as such the fair value of development lands decreased by approximately 500 thousand euros in 2020 compared to the end of 2019. However, in the first quarter of 2021, the Company purchased approximately 1,200 m² of real estate located between the already built area South Park I and the development area South Park II, which, combined with the already owned land of the Company, allows the development of an

¹ See details in Notes 24 and 25 to the financial statements, and in the related publication:
https://bet.hu/site/newkib/en/2021.05./Dividend_Payment_128559714



additional 4,000 m² of leasable office space. This represents a fair value of approximately 500 thousand euros, which compensates the impairment of development lands suffered during 2020.

	[thousands of EUR]		
	Dec 31, 2019	Dec 31, 2020	March 31, 2021
Completed, delivered properties	241,310	218,041	217,941
Development lands	23,630	23,100	23,630
Estimated fair value of the entire property portfolio	264,940	241,141	241,571
Net asset value at estimated fair value	195,295	148,653	152,272
Net asset value at fair value per share (EUR)	19.4	14.7	15.1

In 2021 Q1 the **net asset fair value** increased by a total of 3.6 million euros to approximately **152 million euros** due to the current period principal repayment of loans, the net profit achieved and the development of the fair value of properties. In the 2nd quarter of 2021 however, this value is expected to decline by around 10 million euros, that is 6.5% after the dividend payment scheduled for early June.

Pro forma results

Our “pro forma” financial results for the first quarter of 2021 were in line with our expectations: Net profit increased by 200 thousand euros, which is around 17.5%, despite the fact that rental revenue of 3.64 million euros is about 130 thousand euros, or 3% lower than the 2020 Q1 revenue, which period was not yet affected by the effects of the COVID-19 crisis. Nevertheless, the increase in net result is due to the more favorable development of other income and operating expenses, as well as the significant improvement in financial results. Operating expenses were higher in the comparative period due to the occurrence of one-off expert fees, while most of the current period other income was the result of the rental developments and renovations. Depreciation did not change significantly, while the decrease in net interest expense was the result of combination of two effects: on the one hand, interest payable on declining outstanding capital due to loan repayments and interest income realized on forint assets developed more favorably, and on the other hand, the financial result for the comparative period was reduced by the exchange rate loss due to the significant weakening of the forint.

(million euros)	2020 Q1 actual	2021 Q1 actual
Rental revenue	3.77	3.64
Other income (net)	0.15	0.21
Operating expense	(0.35)	(0.28)
EBITDA	3.57	3.57
Depreciation	(1.76)	(1.77)
Operating profit	1.81	1.80
Net interest expense	(0.67)	(0.46)
Profit before tax	1.14	1.34
Income tax expense	(0.00)	(0.00)
Net profit	1.14	1.34



Forecast

Although occupancy declined slightly by the end of 2020, we do not expect any further significant vacancies; according to our current expectations, revenue will continue to be around the forecasted 14.5 million euros in 2021, at the same level as in 2020. In terms of operating costs, we expect an increase overall, as the significant growth of the Park in recent years necessitates some reorganization of financial management and related IT infrastructure. As a result, EBITDA is expected to decline to 13.3 million euros, the 2019 level. Following the completion of improvements and renovations in previous years, depreciation charge will not change significantly, and is expected to be 7.1 million euros in 2021. By 2021, interest expenses are expected to fall to 1.9 million euros due to continued repayments. As a result of the above, the expected pro forma result in 2021 is 4.3 million euros, which is 130 thousand euros lower than in 2020, mainly due to the expected increase in operating expenses due to the above-mentioned reasons.

(million euros)	2019 actual	2020 actual	2021 forecast
Rental revenue	14.25	14.54	14.5
Other income (net)	0.51	0.59	0.5
Operating expense	(1.41)	(1.41)	(1.7)
EBITDA	13.35	13.72	13.3
Depreciation	(7.13)	(7.09)	(7.1)
Operating profit	6.22	6.63	6.2
Net interest expense	(1.26)	(2.18)	(1.9)
Profit before tax	4.96	4.45	4.3
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	4.94	4.43	4.3

We are right in our pursuit of the “micro-silicon-valley” concept articulated some 20 years ago: even during a long-lasting economic downturn it is worth targeting a well-defined market - Hungarian and international technology companies pursuing innovation - and focusing real estate developments to cater to their needs. The key to success in their fields is attracting talent. We are aiming to contribute to this with quality and environmentally conscious architecture, in a uniquely quiet setting on the green banks of the river Danube surrounded by the Park’s state-of-the art renovated industrial monument buildings preserving the marvelous ambiance of the old Óbuda Gas Works.

Bojár Gábor
 Chairman of Board of Directors

Kocsány János
 Chief Executive Officer



Financial highlights

IFRS, consolidated, thousand EUR

Results:

	"Pro forma" results (1)		Results according to financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended
	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021
Rental revenue	3,771	3,641	3,771	3,641
Operating expense	(354)	(279)	(354)	(279)
Other income (net)	148	204	148	204
EBITDA	3,565	3,566	3,565	3,566
Valuation losses from investment property	-	-	(1,988)	(283)
Depreciation and amortization	(1,753)	(1,767)	(55)	(62)
Operating profit	1,812	1,799	1,522	3,221
Net interest expense	(533)	(446)	(533)	(446)
Other financial result	(138)	(10)	(138)	(10)
Profit before tax	1,141	1,343	851	2,765
Income tax expense	(5)	(8)	(5)	(8)
Profit for the period	1,136	1,335	846	2,757
Earnings per share (EUR) (2)	0.11	0.13	0.08	0.27

(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, 2020	March 31, 2021
Fair value of properties	218,041	217,941
<i>- from this book value (1)</i>	<i>212,039</i>	<i>211,941</i>
Fair value of development lands	23,100	23,630
<i>- from this book value (1)</i>	<i>12,358</i>	<i>12,819</i>
Entire property portfolio at estimated fair value	241,141	241,571
Net asset value at estimated fair value (2)	148,653	152,272
<i>Net asset value at cost (1)</i>	<i>133,011</i>	<i>136,543</i>
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	14.74	15.10
<i>Net asset value at cost per share (euro) (1) (3)</i>	<i>13.19</i>	<i>13.54</i>

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

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

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

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



Management Report

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

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

“Pro forma” results of the first quarter of 2021

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

- **Rental revenue** (2021: 3,641 thousand euros; 2020: 3,771 thousand euros) decreased by 130 thousand euros, or 3% compared to the 1st quarter of 2020 mainly due to slight decrease of the occupancy.
- **Operating expense** (2021: 279 thousand euros; 2020: 354 thousand euros) decreased by 75 thousand euros compared to the previous period, due to the one-off expert fees incurred in 2020.
- **Other income** (2021: 204 thousand euros; 2020: 148 thousand euros) net amount was 56 thousand euros, or 38% higher than the base last year. This increase is mainly due to developments and refurbishments based on tenant requests.
- **Depreciation** (2021: 1,767 thousand euros; 2020: 1,753 thousand euros) overall did not change in comparison with prior year.
- **EBITDA** (2021: 3,566 thousand euros; 2020: 3,565 thousand euros) did not change, while **operating profit** (2021: 1,799 thousand euros; 2020: 1,812 thousand euros) decreased only by 13 thousand euros, or 1% compared to the previous year.
- **Net interest expense** (2021: 446 thousand euros; 2020: 533 thousand euros) decreased by 87 thousand euros compared to prior year partly because of the declining principal amounts due to loan repayments (a one-time repayment of EUR 3 million was due on 31 March 2020), and partly as a result of the interest income on forint assets in current year.
- **Other financial result** (2021: 10 thousand euros loss; 2020: 138 thousand euros loss) is more favorable than in prior year: financial exchange loss of 2020 Q1 was caused by the significant weakening of the forint.
- The balance of **income tax expense** (2021: 8 thousand euros; 2020: 5 thousand euros) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has “SziT” status and as such is not subject to corporate income tax and local business tax.
- **Net profit** (2021: 1,335 thousand euros; 2020: 1,136 thousand euros) nearly 200 thousand euros higher compared to 2020 because of the factors explained in the previous points.



2021 first quarter results according to the financial statements

In 2021. Q1 results according to the financial statements are 1,422 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 1,705 thousand euros, while fair value losses decreased the results by 283 thousand euros. Slight decrease in fair value is caused by the uncertain business environment due to the pandemic, the higher market yields and the more regular usage of home office, which long term factors were considered by the independent appraiser.

In the same period of 2020 results according to the financial statements were 290 thousand euros lower than the “pro forma” results: unrecognized depreciation expense increased the results by 1,698 thousand euros and fair value losses decreased the results by 1,988 thousand euros. In the comparative period the fair value losses were caused by the impact on yields of the uncertain market conditions due to the spread of the COVID-19 epidemic and the temporary loss of revenue counted for 2020-2021.

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 the quarter):

Period:	2019 Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
Occupancy of gross leasable area (%):	97%	97%	97%	95%	94%	94%
Gross leasable area (m ²):	82,000	82,000	82,000	82,000	82,000	82,000

In 2018, due to the delivery of the development in the southern area the rentable area increased to 82,000 sqm from the previous 68,000 sqm. Due expansion needs of certain tenants who moved from the core area to the southern area and the new lease contracts concluded in the previous quarters, from the second half of 2019 the occupancy rate increased to 97% again. During 2020 the occupancy rate slightly decreased to 94%, partly due to the economic downturn and partly due to tenant requests.

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 even with rental fees considered premium in the Budapest office market. 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 **13.9 years**, and in case of existing lease contracts the weighted average lease term to expiry is **3.85 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.



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 hrs.) 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.

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 20 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 and in 2020 we have refurbished several smaller office and service buildings on 7,000 m², which amounted to 1,200 thousand euro. From 2021 the technological refurbishment of certain aged 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, Startups 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 was due on March 31, 2020. The Company paid the remaining part in dividends corresponding to 90% of the pro forma profit in the spirit of the "SziT" rules, (4.5 million euro after the 2019 profit, then 4 million euro after the 2020 profit) and in addition the Company paid an extraordinary dividend of 25.5 million euro in 2020 and will pay an additional 6 million euro this year. In the near future, 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 101.8 million euro, which is about 42% 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 strengthens the Park's stable operation.



Bank	Initial loan value	Due date	Outstanding loan amount on March 31, 2021
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	2025.12.27	11,134
UniCredit Bank Hungary Zrt	24,000	2026.12.23	20,400
Erste Bank Hungary Zrt	40,000	2027.12.31	34,959
UniCredit Bank Hungary Zrt	40,000	2029.12.15	35,289
Sum	119,600		101,782

Forecast for the year 2021

Considering the results of the first quarter of 2021 and the current occupancy level of the office park, according to our calculations, the Company's previously published and carefully estimated 2021 rental income and net profit forecast are currently not subject to change.

(million euros)	2019 actual	2020 actual	2021 forecast
Rental revenue	14.25	14.54	14.5
Other income (net)	0.51	0.59	0.5
Operating expense	(1.41)	(1.41)	(1.7)
EBITDA	13.35	13.72	13.3
Depreciation	(7.13)	(7.09)	(7.1)
Operating profit	6.22	6.63	6.2
Net interest expense	(1.26)	(2.18)	(1.9)
Profit before tax	4.96	4.45	4.3
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	4.94	4.43	4.3

- Due to the Coronavirus crisis and other tenant requests the occupancy rate slightly decreased till the end of 2020, at the same time, according to our current estimation we expect the previously forecasted **rental revenue** of 14.5 million euros for 2021, which equals to the rental revenue of 2020.
- We count with no significant change of **other income (net)**, which mainly contain net result of developments and refurbishments based on tenant requests.
- From 2021 we estimate increase in **operation costs** due to the fact, that the significant increase of the Park over the past years require some costly restructuring of the Company's financial management and the related IT infrastructure.
- According to our current estimation, due to all of the above, **EBITDA** is expected to amount to 13.3 million euros in 2021, which is close to the 2019 figure.



- From 2019, as a result of prior years' new developments and refurbishments there is a significant increase in **depreciation** (which does not affect the consolidated accounts according to the SZIT rules). In 2021 we count with no significant change in depreciation, the expected amount is 7.1 million euros.
- In 2020, due to the increased outstanding loan liabilities net interest expense significantly exceeded prior year interest expense, while in 2021 the regular capital repayments and the interest realized on the forint assets of the Company the net interest expense will probably decrease to 1.9 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 4.3 million euros in 2021, which is 3% lower than in the prior year (mainly due to the increased operating expenses caused by the IT expenditures).

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.). 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.
- We cannot exclude durable devaluation of the investment property portfolio due to the larger than expected and prolonged economic downturn caused by the Coronavirus disease and the growing yield representing such higher level of risk. Furthermore, despite Gaphisoft Park's tenants are mainly stable research & development companies who may be less affected by the economic downturn, we cannot exclude higher than usual vacancy and on longer term changes in office space usage or decreasing demand for office spaces.

Recognition

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

Legal proceedings

Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020 the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area. The Company investigated the resolution and the possibilities of legal remedy. It would be possible to appeal against the decision, but taking into account all circumstances of the case including the new deadlines of May 31, 2021 and September 30, 2022 as well as the expected duration of such legal proceedings, the Company concluded not to appeal against the new resolution. The first deadline of May 31, 2021 required by the new decision is expected to expire without result, however, the competent Pest County Government Office has not sent information on the expected further procedure.



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, the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 360 HUF/EUR till the end of 2021, euro inflation rate of 0.5% 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 11, 2021

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended March 31, 2021

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 11, 2021

Kocsány János
Chief Executive Officer

Bihari Sándor
Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
MARCH 31, 2021

CONTENTS:

	Page(s)
Consolidated Balance Sheet	3
Consolidated Statement of Income	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Changes in Shareholders' Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Quarterly Report	8-25

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

MARCH 31, 2021

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2020	March 31, 2021
Cash and cash equivalents	3	15,908	17,036
Trade receivables	4	455	565
Current tax receivable	5	174	182
Other current assets	6	2,731	2,371
Current assets		19,268	20,154
Investment property	9	224,397	224,760
(Owner-occupied) Property, Plant and Equipment	7	1,620	1,577
Intangible assets	8	93	87
Non-current assets		226,110	226,424
TOTAL ASSETS		245,378	246,578
Short-term loans	12	5,068	5,113
Trade payables	10	882	459
Current tax liability	5	178	377
Other short-term liabilities	11	3,797	3,897
Current liabilities		9,925	9,846
Long-term loans	12	94,707	93,431
Other long-term liabilities	13	7,735	6,758
Non-current liabilities		102,442	100,189
TOTAL LIABILITIES		112,367	110,035
Share capital	1.3	250	250
Retained earnings		139,322	142,079
Treasury shares	21	(972)	(972)
Cash flow hedge reserve	12	(3,237)	(2,461)
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,033)	(3,034)
Shareholders' equity		133,011	136,543
TOTAL LIABILITIES & EQUITY		245,378	246,578

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME

MARCH 31, 2021

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended March 31, 2020	3 months ended March 31, 2021
Property rental revenue		3,771	3,641
Revenue	14	3,771	3,641
Property related expense	15	(29)	(24)
Employee related expense	15	(145)	(139)
Other operating expense	15	(180)	(116)
Depreciation and amortization	7, 15	(55)	(62)
Operating expense		(409)	(341)
Valuation losses from investment property	9	(1,988)	(283)
Other income	16	148	204
OPERATING PROFIT		1,522	3,221
Interest income	17	-	7
Interest expense	17	(533)	(453)
Exchange rate difference	18	(138)	(10)
Financial result		(671)	(456)
PROFIT BEFORE TAX		851	2,765
Income tax expense	19	(5)	(8)
PROFIT FOR THE PERIOD		846	2,757
Attributable to equity holders of the parent		846	2,757
Basic earnings per share (EUR)	20	0.08	0.27
Diluted earnings per share (EUR)	20	0.08	0.27

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

	Notes	3 months ended March 31, 2020	3 months ended March 31, 2021
Profit for the period		846	2,757
Cash-flow hedge valuation reserve*		(1,008)	776
Translation difference**		(34)	(1)
Other comprehensive income		(1,042)	775
COMPREHENSIVE INCOME		(196)	3,532
Attributable to equity holders of the parent		(196)	3,532

* 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, 2021
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve	***Revaluation reserve of properties	Accum. translation difference	Total equity
December 31, 2019	250	183,391	(974)	(1,708)	681	(2,970)	178,670
Profit for the period	-	846	-	-	-	-	846
Translation difference	-	-	-	-	-	(34)	(34)
Revaluation reserve	-	-	-	(1,008)	-	-	(1,008)
March 31, 2020	250	184,237	(974)	(2,716)	681	(3,004)	178,474
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

* 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 investment property to owner-occupied property.

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

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
OPERATING ACTIVITIES		
Income before tax	851	2,765
Fair value change of investment properties	1,988	283
Depreciation and amortization	55	62
Interest expense	533	453
Interest income	-	(7)
Unrealized foreign exchange (gain) / loss	(208)	20
Changes in working capital:		
Decrease / (increase) in receivables and other current assets	285	(235)
(Decrease) / increase in liabilities	(780)	286
Corporate income tax paid	(17)	(10)
Net cash from operating activities	2,707	3,617
INVESTING ACTIVITIES		
Purchase of investment property	(219)	(605)
Purchase of other tangible assets and intangibles	(130)	(12)
Interest received	-	7
Net cash used in investing activities	(349)	(610)
FINANCING ACTIVITIES		
Loan repayments	(4,422)	(1,441)
Interest paid	(535)	(451)
Net cash used in financing activities	(4,957)	(1,892)
(Decrease) / increase in cash and cash equivalents	(2,599)	1,115
Cash and cash equivalents at beginning of period	46,492	15,908
Exchange rate (loss) / gain on cash and cash equivalents	(191)	13
Cash and cash equivalents at end of period	43,702	17,036

GRAPHISOFT PARK SE

NOTES TO THE QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2021

(all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from 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, 2021.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82,000 m² gross leasable area (offices, laboratories, educational area and auxiliary facilities) have been developed and occupied by tenants. Belonging to them underground parking facilities for around 2,000 cars are available. The remaining area provides the opportunity to develop an additional 66,000 m² of gross leasable area together with underground parking and auxiliary facilities.

The real estate is categorized as follows:

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

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

1.3. Stock information

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

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

Shareholder	December 31, 2020			March 31, 2021		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	87.92	10,631,674	100.00	87.92
Directors and management	1,789,082	16.83	15.60	1,789,082	16.83	15.60
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.69	1,685,125	15.85	14.69
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.79	90,457	0.85	0.79
Shareholders over 5% share	3,156,576	29.69	27.53	3,132,907	29.47	27.32
HOLD Alapkezelő Zrt.	653,104	6.14	5.70	653,104	6.14	5.70
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,003,472	9.44	8.75	979,803	9.22	8.54
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.08	1,500,000	14.11	13.08
Other shareholders	5,136,940	48.32	44.79	5,160,609	48.54	45.00
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	12.08	1,876,167	-	12.08
Kocsány János - Member of the BoD, CEO	1,384,819	-	12.08	1,384,819	-	12.08
Employee treasury shares*	491,348	-	-	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.

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

1.4. Governance

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

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

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

2. Accounting policies

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

Seasonality of business

The Company's business activities are not seasonal; revenues and expenses generally accrue at a constant rate during the course of 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, 2020	3 months ended March 31, 2021
EUR/HUF opening:	330.52	365.13
EUR/HUF closing:	359.09	363.73
EUR/HUF average:	339.05	361.10

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

3. Cash and cash equivalents

	December 31, 2020	March 31, 2021
Cash in hand	1	1
Cash at banks	15,907	17,035
Cash and bank	15,908	17,036

4. Trade receivables

	December 31, 2020	March 31, 2021
Trade receivables	455	565
Provision for doubtful debts	-	-
Trade receivables	455	565

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

5. Current tax receivables and liabilities

	December 31, 2020	March 31, 2021
Current tax receivables	174	182
Current tax liabilities	(178)	(377)
Current tax (liabilities), net	(4)	(195)

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

6. Other current assets

	December 31, 2020	March 31, 2021
Accrued income	200	91
Prepaid expense	8	144
Bank security accounts	2,121	2,123
Construction fund manager accounts	11	11
Other receivables	391	2
Other current assets	2,731	2,371

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

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

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

Gross value:

December 31, 2020	1,373	1,114	2,487
Addition	-	11	11
Scrapping	-	(13)	(13)
Translation difference	-	3	3
March 31, 2021	1,373	1,115	2,488

Depreciation:

December 31, 2020	271	596	867
Addition	20	36	56
Scrapping	-	(13)	(13)
Translation difference	-	1	1
March 31, 2021	291	620	911

Net value:

March 31, 2021	1,082	495	1,577
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8. Intangible assets

	Software	Intangible assets	Software	Intangible assets
Net value:				
December 31, 2019	59	59	93	93
Gross value:				
December 31, 2019	71	71	114	114
Addition	59	59	-	-
Scrapping	(8)	(8)	-	-
Translation difference	(8)	(8)	-	-
December 31, 2020	114	114	114	114
Depreciation:				
December 31, 2019	12	12	21	21
Addition	18	18	6	6
Scrapping	(8)	(8)	-	-
Translation difference	(1)	(1)	-	-
December 31, 2020	21	21	27	27
Net value:				
December 31, 2020	93	93	87	87
Net value:				
March 31, 2021				

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

9. Investment property

	Development Land	Completed investment property	Investment property
Book value:			
December 31, 2019	12,044	235,091	247,135
Addition	314	1,263	1,577
Change in fair value	-	(24,315)	(24,315)
December 31, 2020	12,358	212,039	224,397
Addition	461	185	646
Change in fair value	-	(283)	(283)
March 31, 2021	12,819	211,941	224,760

In the first quarter of 2021 additions in construction in progress of 646 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (21 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (57 thousand EUR),
- archeological and landscaping works in the southernmost area (461 thousand EUR),
- other developments in progress (107 thousand EUR).

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

According to IAS 40 development lands are presented on cost.

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

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

		December 31, 2020	March 31, 2021
Rental area	<ul style="list-style-type: none"> • office, laboratory and related service areas • education area • Dormitory 	73,000 m ²	73,000 m ²
		6,000 m ²	6,000 m ²
		3,000 m ² / 85 persons	3,000 m ² / 85 persons
Development lands	<ul style="list-style-type: none"> • rentable area which can be developed 	62,000 m ²	66,000 m ²
Long term occupancy		80-95%	80-95%
Growth factor		1%	1%
Average discount factor		6.75%	6.75%

10. Trade payables

	December 31, 2020	March 31, 2021
Trade payables – domestic	882	459
Trade payables	882	459

11. Other short-term liabilities

	December 31, 2020	March 31, 2021
Amounts due to employees	25	59
Deposits from tenants	614	615
Fair value difference of loans*	646	636
Other payables and accruals	2,512	2,587
Other short-term liabilities	3,797	3,897

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

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

12. Loans

12.1. Loan details

	December 31, 2020	March 31, 2021
Short-term	5,068	5,113
Long-term	94,707	93,431
Loans	99,775	98,544

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2020	March 31, 2021
Short-term	701	711
Long-term	9,712	9,560
Loan 1 / Erste Bank Hungary Zrt.	10,413	10,271

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: mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2021 the outstanding capital of the forint based facility amounts to 3.19 billion HUF (8,781 thousand EUR); and the euro based facility amounts to 2,354 million EUR. The fair value of the loans (calculated using market interest rates) is 10,271 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, 2021 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 1,600 thousand EUR.

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

Loan number 2. (Erste)

	December 31, 2020	March 31, 2021
Short-term	1,851	1,865
Long-term	33,429	32,952
Loan 2 / Erste Bank Hungary Zrt.	35,280	34,817

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, 2021 fair value of the IRS is 2,166 thousand EUR, which is presented among the long-term financial liabilities.

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

Loans provided by UniCredit Bank Hungary Zrt.:

Loan number 1. (Unicredit)

	December 31, 2020	March 31, 2021
Short-term	1,167	1,174
Long-term	17,463	17,167
Loan 1. / UniCredit Bank Hungary Zrt.	18,630	18,341

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, 2021 the outstanding capital amounts to 20,400 thousand EUR, whose fair value was 18,341 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

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

Loan number 2. (Unicredit)

	December 31, 2020	March 31, 2021
Short-term	1,349	1,363
Long-term	34,103	33,752
Loan 2./ UniCredit Bank Hungary Zrt.	35,452	35,115

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million EUR value with UniCredit Bank to optimize the Company's capital structure, which has been already drawn on December 30, 2019. From the total amount of the loan 3 million EUR was due on March 31, 2020. In order to fix the interest rate, the new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On March 31, 2021 fair value of the IRS is 614 thousand EUR, which is presented among the long-term financial liabilities.

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

12.2. Analyses

Fair value of the loans:

	December 31, 2020	March 31, 2021
Erste Bank Hungary Zrt. Loan nr. 1.*	10,413	10,271
Erste Bank Hungary Zrt. Loan nr. 2.	35,280	34,817
UniCredit Bank Hungary Zrt. Loan nr. 1.*	18,630	18,341
UniCredit Bank Hungary Zrt. Loan nr. 2.	35,452	35,115
Loans at fair value*	99,775	98,544

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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2021
(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 (FGS) in 2013, Under FGS, 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 FGS 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, 2021:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	11,133	862	10,271
UniCredit Bank Hungary Zrt.	20,400	2,059	18,341
Loans (FGS)	31,533	2,921	28,612

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

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

13. Other long-term liabilities

	December 31, 2020	March 31, 2021
Fair value difference of loans*	2,438	2,285
Warranty retention	99	93
Fair value of derivative instruments **	5,198	4,380
Other long-term liabilities	7,735	6,758

* 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, 2021. The valuations were prepared by the financing banks.

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

14. Revenue

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
Property rental revenue*	3,771	3,641
Revenue	3,771	3,641

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

15. Operating expense

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
Property related expense	29	24
Employee related expense	145	139
Other operating expense	180	116
Depreciation and amortization	55	62
Operating expense	409	341

Other operating expense consists of the following items:

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
Office and telecommunication	1	1
Legal and administration	93	53
Other	86	62
Other operating expense	180	116

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

16. Other income (expense)

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
Income from recharged construction expenses	65	159
Recharged construction expenses	(56)	(150)
Income from recharged operation expenses	1,413	1,212
Recharged operation expenses	(1,304)	(1,102)
Others	30	85
Other income	148	204

17. Interest income and interest expense

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
Interest income	-	7
Interest expense on loans	(491)	(448)
Other interest expense	(42)	(5)
Net interest expense	(533)	(446)

18. Other financial result

	3 months ended	3 months ended
	March 31, 2020	March 31, 2021
Exchange rate (loss) realized	(141)	(1)
Exchange rate gain / (loss) not realized	3	(9)
Other financial result	(138)	(10)

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

19. Income taxes

	3 months ended March 31, 2020	3 months ended March 31, 2021
Current income tax	(5)	(8)
Income tax expense	(5)	(8)

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

20. Earnings per share

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

	3 months ended March 31, 2020	3 months ended March 31, 2021
Net profit attributable to equity holders	846	2,757
Weighted average number of ordinary shares	10,082,598	10,082,598
Basic earnings per share (EUR)	0.08	0.27
Weighted average number of ordinary shares	10,082,598	10,082,598
Diluted earnings per share (EUR)	0.08	0.27

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.

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

21. Treasury shares

Graphisoft Park SE treasury share details are as follows:

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

22. Net asset value

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

	Note	Book value March 31, 2021	Fair value March 31, 2021	<i>Difference</i>
Investment property and other tangible assets*	7,9	226,337	242,066	15,729
Intangible assets	8	87	87	-
Current tax liabilities, net	5	(195)	(195)	-
Non-financial instruments		226,229	241,958	15,729
Cash and cash equivalents	3	17,036	17,036	-
Trade receivables	4	565	565	-
Other current assets	6	2,371	2,371	-
Trade payables	10	(459)	(459)	-
Other short-term liabilities	11	(3,897)	(3,897)	-
Loans	12	(98,544)	(98,544)	-
Other long-term liabilities	13	(6,758)	(6,758)	-
Financial instruments		(89,686)	(89,686)	-
Net asset value		136,543	152,272	15,729

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 241,571 thousand euros as of March 31, 2021.

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

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

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

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

23. Legal proceedings

Due to the prior 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. The Company investigated the resolution and the possibilities of legal remedy. It would be possible to appeal against the decision, but taking into account all circumstances of the case including the new deadlines of May 31, 2021 and September 30, 2022 as well as the expected duration of such legal proceedings, the Company concluded not to appeal against the new resolution. The first deadline of May 31, 2021 required by the new decision is expected to expire without result, however, the competent Pest County Government Office has not sent information on the expected further procedure.

24. Events after balance sheet date

Pursuant to Section 9 (2) of the Government Decree No. 502/2020 (XI. 16.) on the reintroduction of different provisions for the operation of persons and asset pooling organizations during the emergency, the Board of Directors is entitled to decide on the AGM agenda items, against which the shareholders may appeal afterwards, requesting the convening of the General Meeting. Accordingly, at its meeting held on April 20, 2021, the Board of Directors of the Company, acting under the authority of the General Meeting, passed resolutions in accordance with the proposals published on March 18, 2021, except for the issue of exemption under Agenda 6, in which case no decision was made. The Company published the resolutions on April 20, 2021. Pursuant to Section 9 (6) and (7) of the Government Decree, shareholders with at least 1% of the votes may request the convening of the General Meeting within an objective deadline of 30 days following the publication of the resolution of the Board of Directors deciding on the annual financial statements and the allocation of the profit after taxation for the subsequent approval of these resolutions of the Board of Directors whilst for the subsequent approval of all other resolutions within 30 days following the end of the emergency.

25. Approval of financial statements, dividend

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

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.