

# GRAPHISOFT PARK SE

## Interim Management Report – First Half 2021

August 10, 2021



GRAPHISOFT PARK





## Dear Shareholders,

The 2021 H1 **pro-forma net results**, in line with our previously published forecasts, are **2.45 million euros**, which is nearly 310 thousand euros higher than the same period of prior year. The epidemic caused by the COVID-19 virus resulted in a protracted economic downturn, while the Park's tenant base, primarily in IT and biotechnology, remained stable. Utilization of office space after a slight decline in the previous year stabilized at 94% from 2020 Q4, while in 2021 Q2 the average vacancy rate in Budapest continued to rise, partly due to the growing office supply. The transformation of office use and the rise of the "home office" caused by the coronavirus has a noticeable impact on the demand for offices, however, no significant space reduction needs have arisen among Graphisoft Park tenants so far, and smaller reductions have allowed to meet growth needs of other tenants.

Today, international statistics show that working from home, despite all its benefits, results in lower productivity than creative teamwork with a personal presence. At the same time, it is a new challenge for many employers to lure workers back to work after the abolition of the mandatory stay at home, and in particular the increasing employee turnover in this context, which is an incredibly high loss for companies at the forefront of innovation. In the Park, on the other hand, we see that after closure, most employees are happy to return to work in a working environment dominated by airy, open spaces and a green environment, which also allows them to meet the new requirement of social distance. This also proves that the architectural concept works, continuing to ensure the profitable operation of the Company.

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**.

In June 2021, based on a resolution of the Board of Directors acting on behalf of the General Meeting, a **dividend of approximately 10 million euros** was paid out, which meant an additional dividend of 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.

The cash from operations and the remaining available cash balance (around 9 million euros at the end of the period) ensure the further safe operation of the Company, 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 the first half of 2021, the independent valuer estimated the **fair value of the real estate portfolio at 241 million euros**, which is around 540 thousand euros lower than at the end of 2021 Q1. In the second quarter of 2021, the decrease occurred in connection with development areas, as according to the decision of the Pest County Government Office, the latest deadline for remediation of the northern area is December 31, 2022, and which is the responsibility of the legal successor of Fővárosi Gázművek, MVM Next Energiakereskedelmi Zrt. The independent appraiser further reduced the fair value of the plots (similarly to the previous deadline changes), in this case by 760 thousand euro, taking into account the earliest start of possible developments with the new deadline.



The fair value of completed and delivered properties did not change significantly (increased by 220 thousand euro) compared to the previous quarter. This is largely due to the fact, that in the first half of 2021 the tenancy of the office park and the utilization of the areas remained stable for the reasons detailed above, despite the protracted economic downturn in COVID 19 and the increasing vacancy rate in the Budapest office market.

The fair value of the entire property portfolio is nearly equal to the fair value of prior yearend. The decrease in fair value due to the further postponement of remediation for the northern development area was offset by the 2021 Q1 acquisition of approximately 1,200 m<sup>2</sup> property located between the already built-in South Park I and South Park II southern development areas. This acquired property combined with the plots already owned by the Company will enable the development of an additional 4,000 m<sup>2</sup> of leasable office space in the southern area. The transaction represented an increase in fair value of approximately 530 thousand euro in the first quarter. In preparation for the developments in the affected southern areas, the archaeological and territorial planning works have already been completed, so a new development can be launched at any time if required.

The 10 million euro dividend paid in June 2021 reduced the Q1 net asset fair value by approximately 6.5%; the change in the fair value of investment property, the net income and the current loan repayments resulted nearly **145 million euro** net asset fair value at the end of Q2 2021.

[thousands of EUR]

	Dec 31, 2020	March 31, 2021	June 30, 2021
Completed, delivered properties	218,041	217,941	218,161
Development lands	23,100	23,630	22,870
<b>Estimated fair value of the entire property portfolio</b>	<b>241,141</b>	<b>241,571</b>	<b>241,031</b>
<b>Net asset value at estimated fair value</b>	<b>148,653</b>	<b>152,272</b>	<b>144,879</b>
Net asset value at fair value per share (EUR)	14.7	15.1	14.4

### Pro forma results

Our “pro forma” financial results for the first half of 2021 were in line with our expectations: Net profit increased by 310 thousand euros, which is around 15%, despite the fact that rental revenue of 7.29 million euros is about 120 thousand euros, or 1.7% lower than the 2020 H1 revenue. Starting from the fourth quarter of 2020, the occupancy of the office park and, accordingly, the rental income also stabilized, lagging only in the first quarter of this year compared to the same period of the previous year not yet affected by the coronavirus crisis. Net income increased despite a slight decrease in rental revenue, which was due to more favorable development of other income and operating expenses, as well as a significant improvement in financial results. Operating expenses were higher in the comparative period due to the occurrence of one-off expert fees, while expert, advisory and marketing costs budgeted for this year did not occur yet. 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, on the other hand interest income realized on forint assets developed more favorably. Additionally, 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 H1 actual	2021 H1 actual
<b>Rental revenue</b>	<b>7.41</b>	<b>7.29</b>
Other income (net)	0.29	0.32
Operating expense	(0.85)	(0.76)
<b>EBITDA</b>	<b>6.85</b>	<b>6.85</b>
Depreciation	(3.53)	(3.56)
<b>Operating profit</b>	<b>3.32</b>	<b>3.29</b>
Net interest expense	(1.18)	(0.83)
<b>Profit before tax</b>	<b>2.15</b>	<b>2.46</b>
Income tax expense	(0.01)	(0.01)
<b>Net profit</b>	<b>2.14</b>	<b>2.45</b>

## Forecast

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

We are right in our pursuit of the “micro Silicon valley” concept articulated some 25 years ago. Graphisoft Park houses the research and development centers of large international technology companies together with Hungarian startups and educational institutions operating in symbiosis with them.



Attracting talent is the key to success in these companies. The high-quality and environmentally conscious human-scale architecture, the uniquely quiet, richly preserved ancient trees on the truly green bank of the Danube, which preserved the wonderful atmosphere of the former Óbuda Gas Works and are surrounded by free space and green dominance have greatly contributed to attracting talent. With these special values, the Park is still considered exceptional in the Budapest real estate market. And in the current situation, when letting employees back from their home office to work is a new challenge for employers, after the mandatory stay at home is lifted, most staff will be happy to return to work in the Park.

**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	
	6 months ended	6 months ended	6 months ended	6 months ended
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
<b>A) Results from ordinary activities:</b>				
<b>Rental revenue</b>	<b>7,413</b>	<b>7,287</b>	<b>7,413</b>	<b>7,287</b>
Operating expense	(850)	(759)	(850)	(759)
Other income (net)	286	317	286	317
<b>EBITDA</b>	<b>6,849</b>	<b>6,845</b>	<b>6,849</b>	<b>6,845</b>
Valuation (losses) from investment property	-	-	(2,324)	(175)
Depreciation and amortization	(3,525)	(3,551)	(123)	(120)
<b>Operating profit</b>	<b>3,324</b>	<b>3,294</b>	<b>4,402</b>	<b>6,550</b>
Net interest expense	(1,009)	(879)	(1,009)	(879)
Other financial result	(168)	48	(168)	48
<b>Profit before tax</b>	<b>2,147</b>	<b>2,463</b>	<b>3,225</b>	<b>5,719</b>
Income tax expense	(10)	(16)	(10)	(16)
<b>Profit for the period</b>	<b>2,137</b>	<b>2,447</b>	<b>3,215</b>	<b>5,703</b>
<b>Earnings per share (EUR) (2)</b>	<b>0,21</b>	<b>0,24</b>	<b>0.32</b>	<b>0.57</b>
<b>B) Other results (one-off items):</b>				
Exchange rate loss realized (3)	(747)	-	(747)	-
<b>Profit for the period</b>	<b>(747)</b>	<b>-</b>	<b>(747)</b>	<b>-</b>
<b>A+B) Profit for the period</b>	<b>1,390</b>	<b>2,447</b>	<b>2,468</b>	<b>5,703</b>
<b>Earnings per share (EUR) (2)</b>	<b>0.14</b>	<b>0.24</b>	<b>0.24</b>	<b>0.57</b>

(1) "Pro forma" results show profit and loss according to the cost model.

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

(3) The exchange rate loss of 747 thousand euro relating to the 30 million euro dividend paid in HUF is presented among one-off items in 2020.



IFRS, consolidated, thousand EUR

**Asset value:**

	December 31, 2020	June 30, 2021
<b>Fair value of properties</b>	<b>218,041</b>	<b>218,161</b>
<i>- from this book value (1)</i>	<i>212,039</i>	<i>212,161</i>
<b>Fair value of development lands</b>	<b>23,100</b>	<b>22,870</b>
<i>- from this book value (1)</i>	<i>12,358</i>	<i>12,819</i>
<b>Entire property portfolio at estimated fair value</b>	<b>241,141</b>	<b>241,031</b>
<b>Net asset value at estimated fair value (2)</b>	<b>148,653</b>	<b>144,879</b>
<i>Net asset value at cost (1)</i>	<i>133,011</i>	<i>129,890</i>
Number of ordinary shares outstanding (thousands)	10,083	10,083
<b>Net asset value at fair value per share (euro) (2) (3)</b>	<b>14.74</b>	<b>14.37</b>
<i>Net asset value at cost per share (euro) (1) (3)</i>	<i>13.19</i>	<i>12.88</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 half 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 half of 2021

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

- **Rental revenue** (2021: 7,287 thousand euros; 2020: 7,413 thousand euros) decreased by 126 thousand euros, or 1.7% compared to the 1<sup>st</sup> half of 2020. This revenue drop occurred in the 1<sup>st</sup> quarter 2021, compared to the 1<sup>st</sup> quarter of 2020 which was not affected yet by the crisis caused by the coronavirus. Despite the delayed crisis occupancy did not decrease further, stayed on 94% from the 4<sup>th</sup> quarter of 2020 and therefore rental revenue has stabilized.
- **Operating expense** (2021: 759 thousand euros; 2020: 850 thousand euros) decreased by 91 thousand euros compared to the previous period, due to the one-off expert fees incurred in the base period.
- **Other income** (2021: 317 thousand euros; 2020: 286 thousand euros) net amount was 31 thousand euros, or 11% higher than the base last year. This increase in the result is mainly due to developments and refurbishments based on tenant requests.
- **Depreciation** (2021: 3,551 thousand euros; 2020: 3,525 thousand euros) overall did not change in comparison with prior year.
- **EBITDA** (2021: 6,845 thousand euros; 2020: 6,849 thousand euros) did not change, while **operating profit** (2021: 3,294 thousand euros; 2020: 3,324 thousand euros) decreased only by 30 thousand euros, or 1% compared to the previous year.
- **Net interest expense** (2021: 879 thousand euros; 2020: 1,009 thousand euros) decreased by 130 thousand euros compared to prior year partly because of the declining principal amounts due to loan repayments, and partly as a result of the interest income on forint assets in current year.
- **Other financial result** (2021: 48 thousand euros gain; 2020: 915 thousand euros loss) is much more favorable than in prior year: 747 thousand euro loss out of the financial exchange loss of 2020 related to the 30 million euro dividend paid in forint. Besides in the first half of 2020, exchange loss of forint assets also worsened the financial result due to the significant weakening of the forint.
- The balance of **income tax expense** (2021: 16 thousand euros; 2020: 10 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: 2,447 thousand euros; 2020: 1,390 thousand euros) nearly 1 million euros higher compared to 2020. Net profit of 2020 decreased significantly due to the 747 thousand euro exchange rate loss relating to the 30 million euro dividend paid in forint, at the same time, even except this one-off item, 2021 H1 result is still 310 thousand euros, or 15% more favorable than the same period of prior year.





## 2021 first half results according to the financial statements

In 2021 H1, results according to the financial statements are 3,256 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 3,431 thousand euros, while fair value losses decreased the results by 175 thousand euros. The slight decrease in fair value is caused by the uncertain business environment due to the pandemic, the higher market yields and the more regular usage of home office, which long term factors were considered by the independent appraiser.

In the same period of 2020 results according to the financial statements were 1,078 thousand euros higher than the “pro forma” results: unrecognized depreciation expense increased the results by 3,402 thousand euros and fair value losses decreased the results by 2,324 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):

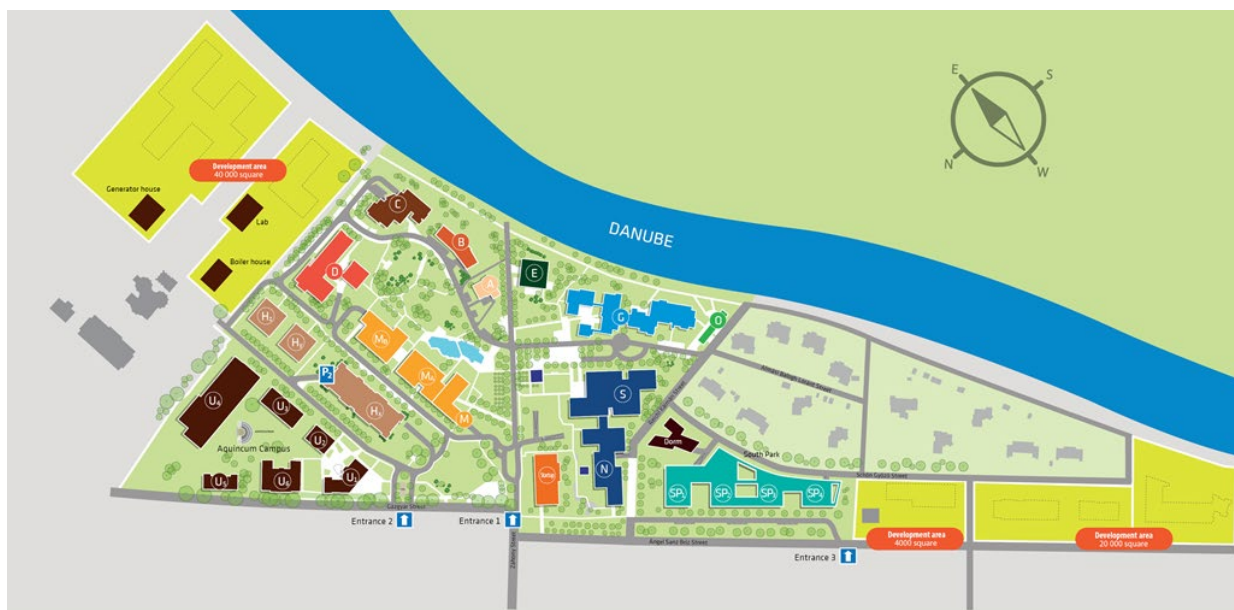
Period:	2019 Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2
Occupancy of gross leasable area (%):	97%	97%	97%	95%	94%	94%	94%
Gross leasable area (m <sup>2</sup> ):	82,000	82,000	82,000	82,000	82,000	82,000	82,000

In 2018, due to the delivery of the development in the southern area the rentable area increased to 82,000 sqm from the previous 68,000 sqm. Due expansion needs of certain tenants who moved from the core area to the southern area and the new lease contracts concluded in the previous quarters, from the second half of 2019 the occupancy rate increased to 97% again. During 2020 the occupancy rate slightly decreased to 94%, partly due to the economic downturn and partly due to tenant requests. In the first half of 2021, despite the protracted crisis, the level of occupancy remained stable; the declining space requirements of some tenants when renewing due leases provided an opportunity to meet the growth needs of other tenants.

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 **14 years**, and in case of existing lease contracts the weighted average lease term to expiry is **3.7 years**.

## Development and modernization plans

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



In 2020 the Company submitted a tender for the acquisition of a development land located directly between the already built-in South Park I and the development area named South Park II. The tender for the approximately 1,200 m<sup>2</sup> (Budapest III. 19333/60 hrsz.) land was approved by the local governmental body (Budapest Capital City III. district Óbuda-Békásmegyér Local Government Representative Body Resolution Nr. 613/2020. (IX.24.)). The related sale and purchase agreement came into force in January, 2021. This area, combined with the other plots already owned by the Company, enables the development of an additional 4,000 m<sup>2</sup> of leasable office space.

In addition, the southernmost part of the southern development area, named South Park II, offer room for another 20,000 m<sup>2</sup> potential development. In the second half of 2019 we have commenced the archeological and landscaping works there on 4,000 m<sup>2</sup>, as well as the preparations for launching possible future projects. The preparatory works were finished in 2020 to deliver new buildings on this area even within 18 months if demand would arise.

In the northern area no further preparatory work or development is allowed until MVM Next Energiakereskedelmi Zrt. completes its mandated rehabilitation duties in the area (see details below in the “Main risk factors associated with the areas” and in “Legal proceedings” sections). After the remediation, this northern development area together with the unused part of the monument area will provide room for another 42,000 m<sup>2</sup> gross leasable area. Altogether this gives development potential of around additional 66,000 m<sup>2</sup> gross leasable area, and as such, the gross leasable area might increase to 148,000 m<sup>2</sup> 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 m<sup>2</sup> 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 m<sup>2</sup>, 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. The success of this is evidenced by the fact that most of the staff working in the Park are happy to return to work after the mandatory home office is lifted.

## **Financing**

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement Erste Bank made a 4 billion HUF (12.6 million euro) credit facility and another 3 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank made a 24 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

On November 30, 2017 we concluded a new euro-based, 10 years to maturity loan facility which is worth 40 million euro with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Aareal Bank AG. The remaining smaller part of the loan is used to finance the refurbishment of the older buildings of Graphisoft Park. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term; as a result the interest rate is fixed for the full term of the loan.

On November 19, 2019 the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million euro value with UniCredit Bank in order to optimize the Company's capital structure and to take advantage of the current very favorable borrowing conditions, which has been drawn on December 30, 2019. To fix the interest rate, the new loan facility was also complemented by an interest rate swap agreement (IRS) for its entire term. From the total amount of the loan, 3 million euro has been paid back after 3 months. In addition to the dividends paid based on the normal course of business, in 2020 the Company paid an extraordinary dividend of 25.5 million euro and in 2021 additional 6 million euro. 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 100.6 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 strengthen the Park's stable operation.



Bank	Initial loan value	Due date	Outstanding loan amount on June 30, 2021
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	11,194
UniCredit Bank Hungary Zrt	24,000	23.12.2026	20,000
Erste Bank Hungary Zrt	40,000	31.12.2027	34,491
UniCredit Bank Hungary Zrt	40,000	15.12.2029	34,947
<b>Sum</b>	<b>119,600</b>		<b>100,632</b>

### Forecast for the year 2021

Considering the results of the first half of 2021 and the current occupancy level of the office park, according to our calculations, we uphold our previously published and carefully estimated 2021 rental income and net profit forecast.

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

- 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 gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). According to the resolution of Pest County Government Office, the starting and end dates of the remediation on the former gas factory area are delayed further compared to the original date (see below under section "Legal proceedings").
- Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.
- 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. Greater vacancies can also be caused by the growing supply market: in the second quarter of 2021 the average vacancy rate in Budapest increased to 9.8%<sup>1</sup>.

#### *Recognition*

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

#### *Legal proceedings*

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

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021 and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation

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<sup>1</sup> Based on the publication of Budapest Research Forum (BRF, BIEF)



from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

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

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Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. We will not try to predict the number or value of new lease contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only if they have given notice by the closing date of our business report.

Other factors significantly affecting results are changes in the EUR/HUF exchange rate, 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 Half-Year 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, August 10, 2021

Bojár Gábor  
Chairman of Board of Directors

Kocsány János  
Chief Executive Officer



# GRAPHISOFT PARK SE

## HALF-YEAR REPORT

**for the half-year ended June 30, 2021**

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, August 10, 2021

Kocsány János  
Chief Executive Officer

Bihari Sándor  
Chief Financial Officer

**GRAPHISOFT PARK SE**  
**HALF-YEAR REPORT**  
JUNE 30, 2021

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**GRAPHISOFT PARK SE**  
**CONSOLIDATED BALANCE SHEET**

JUNE 30, 2021

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2020	June 30, 2021
Cash and cash equivalents	3	15,908	8,951
Trade receivables	4	455	590
Current tax receivable	5	174	105
Other current assets	6	2,731	2,276
<b>Current assets</b>		<b>19,268</b>	<b>11,922</b>
Investment property	9	224,397	224,980
(Owner-occupied) Property, Plant and Equipment	7	1,620	1,550
Intangible assets	8	93	83
<b>Non-current assets</b>		<b>226,110</b>	<b>226,613</b>
<b>TOTAL ASSETS</b>		<b>245,378</b>	<b>238,535</b>
Short-term loans	12	5,068	5,175
Trade payables	10	882	554
Current tax liability	5	178	280
Other short-term liabilities	11	3,797	4,262
<b>Current liabilities</b>		<b>9,925</b>	<b>10,271</b>
Long-term loans	12	94,707	92,372
Other long-term liabilities	13	7,735	6,002
<b>Non-current liabilities</b>		<b>102,442</b>	<b>98,374</b>
<b>TOTAL LIABILITIES</b>		<b>112,367</b>	<b>108,645</b>
Share capital	1.3	250	250
Retained earnings		139,322	135,051
Treasury shares	21	(972)	(988)
Cash flow hedge reserve	12	(3,237)	(2,091)
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,033)	(3,013)
<b>Shareholders' equity</b>		<b>133,011</b>	<b>129,890</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>245,378</b>	<b>238,535</b>

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF INCOME**

JUNE 30, 2021

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Property rental revenue		3,642	3,646	7,413	7,287
<b>Revenue</b>	<b>14</b>	<b>3,642</b>	<b>3,646</b>	<b>7,413</b>	<b>7,287</b>
Property related expense	15	(22)	(24)	(51)	(48)
Employee related expense	15	(328)	(355)	(473)	(494)
Other operating expense	15	(146)	(101)	(326)	(217)
Depreciation and amortization	7, 15	(68)	(58)	(123)	(120)
<b>Operating expense</b>		<b>(564)</b>	<b>(538)</b>	<b>(973)</b>	<b>(879)</b>
Valuation (losses) / gains from investment property	9	(336)	108	(2,324)	(175)
Other income	16	138	113	286	317
<b>OPERATING PROFIT</b>		<b>2,880</b>	<b>3,329</b>	<b>4,402</b>	<b>6,550</b>
Interest income	17	1	13	1	20
Interest expense	17	(477)	(446)	(1,010)	(899)
Exchange rate difference	18	(777)	58	(915)	48
<b>Financial result</b>		<b>(1,253)</b>	<b>(375)</b>	<b>(1,924)</b>	<b>(831)</b>
<b>PROFIT BEFORE TAX</b>		<b>1,627</b>	<b>2,954</b>	<b>2,478</b>	<b>5,719</b>
Income tax expense	19	(5)	(8)	(10)	(16)
<b>PROFIT FOR THE PERIOD</b>		<b>1,622</b>	<b>2,946</b>	<b>2,468</b>	<b>5,703</b>
Attributable to equity holders of the parent		1,622	2,946	2,468	5,703
Basic earnings per share (EUR)	20	0.16	0.29	0.24	0.57
Diluted earnings per share (EUR)	20	0.16	0.29	0.24	0.57

**GRAPHISOFT PARK SE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 JUNE 30, 2021  
 (all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
<b>Profit for the period</b>		<b>1,622</b>	<b>2,946</b>	<b>2,468</b>	<b>5,703</b>
Cash-flow hedge valuation reserve*		(432)	370	(1,440)	1,146
Translation difference**		(10)	21	(44)	20
<b>Other comprehensive income</b>		<b>(442)</b>	<b>391</b>	<b>(1,484)</b>	<b>1,166</b>
<b>COMPREHENSIVE INCOME</b>		<b>1,180</b>	<b>3,337</b>	<b>984</b>	<b>6,869</b>
Attributable to equity holders of the parent		1,180	3,337	984	6,869

\* 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**  
JUNE 30, 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
<b>December 31, 2019</b>	<b>250</b>	<b>183,391</b>	<b>(974)</b>	<b>(1,708)</b>	<b>681</b>	<b>(2,970)</b>	<b>178,670</b>
Profit for the period	-	2,468	-	-	-	-	2,468
Translation difference	-	-	-	-	-	(44)	(44)
Revaluation reserve	-	-	-	(1,440)	-	-	(1,440)
Treasury share buyback	-	-	(22)	-	-	-	(22)
Dividend	-	(30,275)	-	-	-	-	(30,275)
<b>June 30, 2020</b>	<b>250</b>	<b>155,584</b>	<b>(996)</b>	<b>(3,148)</b>	<b>681</b>	<b>(3,014)</b>	<b>149,357</b>
<b>December 31, 2020</b>	<b>250</b>	<b>139,322</b>	<b>(972)</b>	<b>(3,237)</b>	<b>681</b>	<b>(3,033)</b>	<b>133,011</b>
Profit for the period	-	5,703	-	-	-	-	5,703
Translation difference	-	-	-	-	-	20	20
Revaluation reserve	-	-	-	1,146	-	-	1,146
Treasury share buyback	-	-	(18)	-	-	-	(18)
Dividend	-	(9,972)	-	-	-	-	(9,972)
Treasury share transfer	-	(2)	2	-	-	-	-
<b>June 30, 2021</b>	<b>250</b>	<b>135,051</b>	<b>(988)</b>	<b>(2,091)</b>	<b>681</b>	<b>(3,013)</b>	<b>129,890</b>

\* 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**

JUNE 30, 2021

(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
<b>OPERATING ACTIVITIES</b>				
Income before tax	1,627	2,954	2,478	5,719
Fair value change of investment properties	336	(108)	2,324	175
Depreciation and amortization	68	58	123	120
(Gain) on sale of tangible assets	(1)	-	(1)	-
Interest expense	477	446	1,010	899
Interest income	(1)	(13)	(1)	(20)
Unrealized foreign exchange loss / (gain)	121	85	(87)	105
Changes in working capital:				
Decrease / (increase) in receivables and other current assets	100	140	385	(95)
Increase in liabilities	1,245	179	465	465
Corporate income tax paid	(25)	(1)	(42)	(11)
<b>Net cash from operating activities</b>	<b>3,947</b>	<b>3,740</b>	<b>6,654</b>	<b>7,357</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of investment property	(346)	(78)	(565)	(683)
Purchase of other tangible assets and intangibles	(79)	(10)	(209)	(22)
Sale of tangible assets	4	-	4	-
Interest received	1	13	1	20
<b>Net cash used in investing activities</b>	<b>(420)</b>	<b>(75)</b>	<b>(769)</b>	<b>(685)</b>
<b>FINANCING ACTIVITIES</b>				
Loan repayments	(1,426)	(1,445)	(5,848)	(2,886)
Interest paid	(481)	(445)	(1,016)	(896)
Purchase of treasury shares	(22)	(18)	(22)	(18)
Dividend paid	(30,275)	(9,972)	(30,275)	(9,972)
<b>Net cash used in financing activities</b>	<b>(32,204)</b>	<b>(11,880)</b>	<b>(37,161)</b>	<b>(13,772)</b>
(Decrease) in cash and cash equivalents	(28,677)	(8,215)	(31,276)	(7,100)
Cash and cash equivalents at beginning of period	43,702	17,036	46,492	15,908
Exchange rate gain / (loss) on cash and cash equivalents	23	130	(168)	143
<b>Cash and cash equivalents at end of period</b>	<b>15,048</b>	<b>8,951</b>	<b>15,048</b>	<b>8,951</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE HALF-YEAR ENDED JUNE 30, 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 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 June 30, 2021.

**1.2. Properties**

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82,000 m<sup>2</sup> 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<sup>2</sup> of gross leasable area together with underground parking and auxiliary facilities.

The real estate is categorized as follows:

<b>Area</b>	<b>Property</b>	
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 HALF-YEAR REPORT**  
FOR THE HALF-YEAR ENDED JUNE 30, 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			June 30, 2021		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
<b>ORDINARY SHARES:</b>	<b>10,631,674</b>	<b>100.00</b>	<b>87.92</b>	<b>10,631,674</b>	<b>100.00</b>	<b>94.23</b>
<b>Directors and management</b>	<b>1,789,082</b>	<b>16.83</b>	<b>15.60</b>	<b>1,789,082</b>	<b>16.83</b>	<b>16.72</b>
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.69	1,685,125	15.85	15.75
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.13
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.79	90,457	0.85	0.85
<b>Shareholders over 5% share</b>	<b>3,156,576</b>	<b>29.69</b>	<b>27.53</b>	<b>2,963,836</b>	<b>27.88</b>	<b>27.70</b>
HOLD Alapkezelő Zrt.	653,104	6.14	5.70	661,104	6.22	6.18
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,003,472	9.44	8.75	802,732	7.55	7.50
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.08	1,500,000	14.11	14.02
<b>Other shareholders</b>	<b>5,136,940</b>	<b>48.32</b>	<b>44.79</b>	<b>5,329,680</b>	<b>50.13</b>	<b>49.81</b>
<b>Treasury shares*</b>	<b>549,076</b>	<b>5.16</b>	<b>-</b>	<b>549,076</b>	<b>5.16</b>	<b>-</b>
<b>EMPLOYEE SHARES**:</b>	<b>1,876,167</b>	<b>-</b>	<b>12.08</b>	<b>1,876,167</b>	<b>-</b>	<b>5.77</b>
Kocsány János - Member of the BoD, CEO***	1,384,819	-	12.08	518,443	-	4.85
Bihari Sándor – CFO***				99,262	-	0.93
Employee treasury shares*	491,348	-	-	1,258,462	-	-
<b>SHARES TOTAL:</b>	<b>12,507,841</b>	<b>100.00</b>	<b>100.00</b>	<b>12,507,841</b>	<b>100.00</b>	<b>100.00</b>

\* 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 May 20, 2021, the Company bought back 866,376 employee shares from Kocsány János, CEO and transferred 99,262 employee shares to Bihari Sándor, CFO.

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE HALF-YEAR ENDED JUNE 30, 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:

<b>Name</b>	<b>Position</b>	<b>From</b>	<b>Until</b>
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 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:

	<b>6 months ended June 30, 2020</b>	<b>6 months ended June 30, 2021</b>
EUR/HUF opening:	330.52	365.13
EUR/HUF closing:	356.57	351.90
EUR/HUF average:	345.15	357.93



**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
 FOR THE HALF-YEAR ENDED JUNE 30, 2021  
 (all amounts in thousands of euros unless otherwise indicated)

**3. Cash and cash equivalents**

	December 31, 2020	June 30, 2021
Cash in hand	1	1
Cash at banks	15,907	8,950
<b>Cash and bank</b>	<b>15,908</b>	<b>8,951</b>

**4. Trade receivables**

	December 31, 2020	June 30, 2021
Trade receivables	455	590
Provision for doubtful debts	-	-
<b>Trade receivables</b>	<b>455</b>	<b>590</b>

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

**5. Current tax receivables and liabilities**

	December 31, 2020	June 30, 2021
Current tax receivables	174	105
Current tax liabilities	(178)	(280)
<b>Current tax (liabilities), net</b>	<b>(4)</b>	<b>(175)</b>

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE HALF-YEAR ENDED JUNE 30, 2021  
(all amounts in thousands of euros unless otherwise indicated)

**6. Other current assets**

	December 31, 2020	June 30, 2021
Accrued income	200	2
Prepaid expense	8	96
Bank security accounts	2,121	2,160
Construction fund manager accounts	11	11
Other receivables	391	7
<b>Other current assets</b>	<b>2,731</b>	<b>2,276</b>

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

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

**GRAPHISOFT PARK SE**  
**NOTES TO THE HALF-YEAR REPORT**  
FOR THE HALF-YEAR ENDED JUNE 30, 2021  
(all amounts in thousands of euros unless otherwise indicated)

**Gross value:**

December 31, 2020	1,373	1,114	<b>2,487</b>
Addition	-	21	<b>21</b>
Scrapping	-	(13)	<b>(13)</b>
Translation difference	-	30	<b>30</b>
<b>June 30, 2021</b>	<b>1,373</b>	<b>1,152</b>	<b>2,525</b>

**Depreciation:**

December 31, 2020	271	596	<b>867</b>
Addition	40	68	<b>108</b>
Scrapping	-	(13)	<b>(13)</b>
Translation difference	-	13	<b>13</b>
<b>June 30, 2021</b>	<b>311</b>	<b>664</b>	<b>975</b>

**Net value:**

<b>June 30, 2021</b>	<b>1,062</b>	<b>488</b>	<b>1,550</b>
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**8. Intangible assets**

	Software	Intangible assets	Software	Intangible assets
<b>Net value:</b>				
<b>December 31, 2019</b>	<b>59</b>	<b>59</b>	<b>93</b>	<b>93</b>
<b>Gross value:</b>				
December 31, 2019	71	<b>71</b>	114	<b>114</b>
Addition	59	<b>59</b>	-	-
Scrapping	(8)	<b>(8)</b>	-	-
Translation difference	(8)	<b>(8)</b>	3	<b>3</b>
<b>December 31, 2020</b>	<b>114</b>	<b>114</b>	<b>117</b>	<b>117</b>
<b>Depreciation:</b>				
December 31, 2019	12	<b>12</b>	21	<b>21</b>
Addition	18	<b>18</b>	12	<b>12</b>
Scrapping	(8)	<b>(8)</b>	-	-
Translation difference	(1)	<b>(1)</b>	1	<b>1</b>
<b>December 31, 2020</b>	<b>21</b>	<b>21</b>	<b>34</b>	<b>34</b>
<b>Net value:</b>				
<b>December 31, 2020</b>	<b>93</b>	<b>93</b>	<b>83</b>	<b>83</b>
<b>Net value:</b>				
<b>June 30, 2021</b>				

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**9. Investment property**

	Development Land	Completed investment property	Investment property
<b>Book value:</b>			
<b>December 31, 2019</b>	12,044	235,091	<b>247,135</b>
Addition	314	1,263	<b>1,577</b>
Change in fair value	-	(24,315)	<b>(24,315)</b>
<b>December 31, 2020</b>	12,358	212,039	<b>224,397</b>
Addition	461	297	<b>758</b>
Change in fair value	-	(175)	<b>(175)</b>
<b>June 30, 2021</b>	12,819	212,161	<b>224,980</b>

In the first half of 2021 additions in construction in progress of 758 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (47 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (130 thousand EUR),
- landscaping works in the southernmost area (461 thousand EUR),
- other developments in progress (120 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.

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

		<b>December 31, 2020</b>	<b>June 30, 2021</b>
<b>Rental area</b>	<ul style="list-style-type: none"> <li>• office, laboratory, and related service areas</li> <li>• education area</li> <li>• Dormitory</li> </ul>	73,000 m <sup>2</sup>	73,000 m <sup>2</sup>
		6,000 m <sup>2</sup>	6,000 m <sup>2</sup>
		3,000 m <sup>2</sup> / 85 persons	3,000 m <sup>2</sup> / 85 persons
<b>Development lands</b>	<ul style="list-style-type: none"> <li>• rentable area which can be developed</li> </ul>	62,000 m <sup>2</sup>	66,000 m <sup>2</sup>
<b>Long term occupancy</b>		80-95%	80-95%
<b>Growth factor</b>		1%	1%
<b>Average discount factor</b>		6.75%	6.55%

**10. Trade payables**

	<b>December 31, 2020</b>	<b>June 30, 2021</b>
Trade payables – domestic	882	554
<b>Trade payables</b>	<b>882</b>	<b>554</b>

**11. Other short-term liabilities**

	<b>December 31, 2020</b>	<b>June 30, 2021</b>
Amounts due to employees and related tax liabilities	25	663
Deposits from tenants	614	657
Fair value difference of loans*	646	632
Other payables and accruals	2,512	2,310
<b>Other short-term liabilities</b>	<b>3,797</b>	<b>4,262</b>

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

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**12. Loans**

**12.1. Loan details**

	<b>December 31, 2020</b>	<b>June 30, 2021</b>
Short-term	5,068	5,175
Long-term	94,707	92,372
<b>Loans</b>	<b>99,775</b>	<b>97,547</b>

Balance of loans, in case of loans with preferential interest rate contains the amortized cost of the initial fair value (see Note 12.2.).

**Loans provided by Erste Bank Hungary Zrt.:**

**Loan number 1. (Erste)**

	<b>December 31, 2020</b>	<b>June 30, 2021</b>
Short-term	701	739
Long-term	9,712	9,625
<b>Loan 1 / Erste Bank Hungary Zrt.</b>	<b>10,413</b>	<b>10,364</b>

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 June 30, 2021 the outstanding capital of the forint based facility amounts to 3.13 billion HUF (8,894 thousand EUR); and the euro based facility amounts to 2,301 million EUR. The fair value of the loans (calculated using market interest rates) is 10,364 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 June 30, 2021 the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 1,317 thousand EUR.

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**Loan number 2. (Erste)**

	December 31, 2020	June 30, 2021
Short-term	1,851	1,879
Long-term	33,429	32,476
<b>Loan 2 / Erste Bank Hungary Zrt.</b>	<b>35,280</b>	<b>34,355</b>

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 June 30, 2021 fair value of the IRS is 1,963 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	June 30, 2021
Short-term	1,167	1,180
Long-term	17,463	16,870
<b>Loan 1. / UniCredit Bank Hungary Zrt.</b>	<b>18,630</b>	<b>18,050</b>

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 June 30, 2021 the outstanding capital amounts to 20,000 thousand EUR, whose fair value was 18,050 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

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**Loan number 2. (Unicredit)**

	December 31, 2020	June 30, 2021
Short-term	1,349	1,377
Long-term	34,103	33,401
<b>Loan 2./ UniCredit Bank Hungary Zrt.</b>	<b>35,452</b>	<b>34,778</b>

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. To fix the interest rate, the loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On June 30, 2021, the fair value of the IRS is 481 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	June 30, 2021
Erste Bank Hungary Zrt. Loan nr. 1.*	10,413	10,364
Erste Bank Hungary Zrt. Loan nr. 2.	35,280	34,355
UniCredit Bank Hungary Zrt. Loan nr. 1.*	18,630	18,050
UniCredit Bank Hungary Zrt. Loan nr. 2.	35,452	34,778
<b>Loans at fair value*</b>	<b>99,775</b>	<b>97,547</b>

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



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**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 June 30, 2021:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	11,194	830	10,364
UniCredit Bank Hungary Zrt.	20,000	1,950	18,050
<b>Loans (FGS)</b>	<b>31,194</b>	<b>2,780</b>	<b>28,414</b>

\* 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	June 30, 2021
Fair value difference of loans*	2,438	2,147
Warranty retention	99	94
Fair value of derivative instruments **	5,198	3,761
<b>Other long-term liabilities</b>	<b>7,735</b>	<b>6,002</b>

\* 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 June 30, 2021. The valuations were prepared by the financing banks.

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**14. Revenue**

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Property rental revenue*	3,642	3,646	7,413	7,287
<b>Revenue</b>	<b>3,642</b>	<b>3,646</b>	<b>7,413</b>	<b>7,287</b>

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

**15. Operating expense**

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Property related expense	22	24	51	48
Employee related expense	328	355	473	494
Other operating expense	146	101	326	217
Depreciation and amortization	68	58	123	120
<b>Operating expense</b>	<b>564</b>	<b>538</b>	<b>973</b>	<b>879</b>

Other operating expense consists of the following items:

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Office and telecommunication	3	2	4	3
Legal and administration	66	50	159	103
Marketing	-	-	15	-
Other	77	49	148	111
<b>Other operating expense</b>	<b>146</b>	<b>101</b>	<b>326</b>	<b>217</b>

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**16. Other income (expense)**

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Income from recharged construction expenses	105	41	170	200
Recharged construction expenses	(88)	(32)	(144)	(182)
Income from recharged operation expenses	1,115	1,240	2,528	2,452
Recharged operation expenses	(993)	(1,125)	(2,297)	(2,227)
Others	(1)	(11)	29	74
<b>Other income</b>	<b>138</b>	<b>113</b>	<b>286</b>	<b>317</b>

**17. Interest income and interest expense**

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Interest income	1	13	1	20
Interest expense on loans	(452)	(445)	(943)	(893)
Other interest expense	(25)	(1)	(67)	(6)
<b>Net interest expense</b>	<b>(476)</b>	<b>(433)</b>	<b>(1,009)</b>	<b>(879)</b>

**18. Other financial result**

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Exchange rate (loss) / gain realized	(690)	10	(831)	9
Exchange rate (loss) / gain not realized	(87)	48	(84)	39
<b>Other financial result</b>	<b>(777)</b>	<b>58</b>	<b>(915)</b>	<b>48</b>

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**19. Income taxes**

	3 months ended		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Current income tax	(5)	(8)	(10)	(16)
<b>Income tax expense</b>	<b>(5)</b>	<b>(8)</b>	<b>(10)</b>	<b>(16)</b>

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		6 months ended	
	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Net profit attributable to equity holders	1,622	2,496	2,468	5,703
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
<b>Basic earnings per share (EUR)</b>	<b>0.16</b>	<b>0.29</b>	<b>0.24</b>	<b>0.57</b>
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
<b>Diluted earnings per share (EUR)</b>	<b>0.16</b>	<b>0.29</b>	<b>0.24</b>	<b>0.57</b>

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.

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**21. Treasury shares**

Graphisoft Park SE treasury share details are as follows:

	December 31, 2020	June 30, 2021
Number of ordinary shares	549,076	549,076
Number of employee shares	491,348	1,258,462
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	20,808	36,151
Total value of treasury shares (at historical cost)	972	988

As announced on May 20, 2021, the Company bought back 866,376 employee shares from Kocsány János, CEO and transferred 99,262 employee shares to Bihari Sándor, CFO.

**22. Net asset value**

Book value and fair value of assets and liabilities as of June 30, 2021:

	Note	Book value June 30, 2021	Fair value June 30, 2021	<i>Difference</i>
Investment property and other tangible assets*	7,9	226,530	241,519	14,989
Intangible assets	8	83	83	-
Current tax liabilities, net	5	(175)	(175)	-
<b>Non-financial instruments</b>		<b>226,438</b>	<b>241,427</b>	<b>14,989</b>
Cash and cash equivalents	3	8,951	8,951	-
Trade receivables	4	590	590	-
Other current assets	6	2,276	2,276	-
Trade payables	10	(554)	(554)	-
Other short-term liabilities	11	(4,262)	(4,262)	-
Loans	12	(97,547)	(97,547)	-
Other long-term liabilities	13	(6,002)	(6,002)	-
<b>Financial instruments</b>		<b>(96,548)</b>	<b>(96,548)</b>	<b>-</b>
<b>Net asset value</b>		<b>129,890</b>	<b>144,879</b>	<b>14,989</b>

\* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 241,031 thousand euros as of June 30, 2021.

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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)	-
<b>Non-financial instruments</b>		<b>226,106</b>	<b>241,748</b>	<b>15,642</b>
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)	-
<b>Financial instruments</b>		<b>(93,095)</b>	<b>(93,095)</b>	-
<b>Net asset value</b>		<b>133,011</b>	<b>148,653</b>	<b>15,642</b>

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

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

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

### **24. Approval of financial statements, dividend**

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

### **25. Declaration**

**Statement of responsibility** - We declare that the Half-Year 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.