

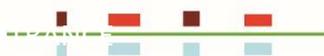
GRAPHISOFT PARK SE

Interim Management Report – First Half 2020

August 13, 2020



GRAPHISOFT PARK





Dear Shareholders,

The first wave of COVID-19 crisis affected Graphisoft Park less seriously than earlier expected, however general expectations still show uncertainty for years 2020 and 2021. Majority of our tenants are prestigious and financially stable companies operating in the information technology or biotechnology industry, and therefore Graphisoft Park Group might count with less decline in results compared to the general forecasts considering the entire office market. The occupancy rate of the office park was 97% at the end of the first half 2020 (which was continuous tendency for more than 1 year), which will temporarily decrease by 2-3% in the remainder of the year, partly due to the Coronavirus crisis and partly certain tenant requests. However, we do not count with permanent decline in occupancy: in our view, which is based on our tenants' feedbacks, besides "home office" which became general practice during the lockdown, on longer term personal presence will be also required, which need offices offering high quality services. This is also reflected in the development of investment property fair value: in the end of 2020 Q1, because of the increased yield (due to the uncertain economic conditions) and the revenue decrease caused by the expected vacancy, the fair value of rented properties decreased by 1.8 million euros, while in 2020 Q2 the fair value remained unchanged compared to the previous quarter despite of the same increase in yield.

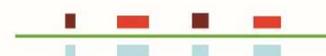
According to the Company's current calculations, the 2020 and 2021 expected pro forma results will develop more favorable than it was published earlier: besides the slight decrease of the occupancy rate, as a result of the indexation of rental fees and rental fee increases resulting from the renewal of rental contracts, **we expect for this year 14.4 million euros rental revenue and 4.2 million euros pro forma result, while for 2021 14.5 million euros rental revenue and 4.3 million euros pro forma result**, surpassing our 2020 Q1 forecasts.

In June 2020, according to the Board of Directors decision 30 million euros dividend was paid to the shareholders. As such, a significant part of the amount allocated to the cancelled share repurchase transaction has been distributed. The remaining 7.5 million euros – which is reasonable reserve in the current situation – ensures the safe operation of the Company as well as the future distribution of 90% of the pro-forma profit as dividend (which is the Company's practice) even in deepening recession.

Property portfolio and fair value of net assets

The fair value of the Company's entire property portfolio was valued by the independent appraiser (ESTON International Zrt.) at **263 million euros** in the end of the second quarter of 2020, representing 2 million euros decrease in fair value compared to 2019 yearend.

Value of completed, delivered properties is 239.5 million euros, representing a decrease of 1.8 million euros compared to the 2019 yearend figure. On one hand the yield further increased because of the uncertain economic conditions in the second quarter of 2020, on the other hand the rental fee increased due to the renewal of rental contracts and temporary vacancy was less than expected, consequently the fair value remained unchanged compared to the previous quarter. Furthermore, future developments will delay because of the current uncertainties on the market, which is partly compensated by the weakening Hungarian forint, but altogether these effects resulted 200 thousand euros decrease in fair value of development lands.



The dividend payment of 30 million euros in June 2020 decreased the fair value of net assets nearly by 15% (which we noted in our 2020 Q1 Quick Report), which together with the development of property fair value and the current period loan installments resulted that the fair value of net assets amounts to **166 million euros** at the end of 2020 Q2.

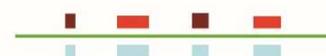
	[thousands of EUR]		
	Dec 31, 2019	March 31, 2020	June 30, 2020
Completed, delivered properties	241,310	239,544	239,486
Development lands	23,630	23,390	23,390
Estimated fair value of the entire property portfolio	264,940	262,934	262,876
Net asset value at estimated fair value	195,295	194,877	165,586
Net asset value at fair value per share (EUR)	19.4	19.3	16.4

Pro forma results

Our 2020 H1 “pro forma” results developed satisfactory: we have reached a rental revenue figure of 7.41 million euros surpassing the same period of previous year by 360 thousand euros. EBIDTA, together with some increase of the operating costs, rose by 340 thousand euros compared to the 2019 H1 figure. Depreciation charge did not change remarkably, but at the same time interest expense relating to the higher level of outstanding loans and foreign exchange loss of HUF denominated assets significantly decreased the current period financial result. We present as one-off item the 747 thousand euros foreign exchange loss realized in the second quarter, which relates to the 30 million euros dividend paid in HUF¹. Consequently, this one-off loss will not decrease the 2020 pro forma net result², which will be the basis of the next year’s dividend payment. Based on the above, in the current period we have reached 2.14 million euros net result which is nearly 300 thousand euros less than the net profit of prior period mainly due to the interest expenses relating to the increased level of loans payable.

¹ HUF significantly strengthened between the date of the dividend declaration (April 30, 2020) and the date of the dividend payment (June 8, 2020), which date was relatively far from the date of the declaration due to regulations introduced relating to the epidemiological situation. This resulted that on the payment date the dividend declared in HUF amounted to 31.0 million euros instead of the planned 30.3 million euros. According to IFRS the difference is to be accounted as foreign exchange loss. The Company presents this loss as one-off item and does not plan to reduce the pro forma result with this amount which will be the basis of the next year’s dividend payment.

² Please refer to Financial Highlights/Results: B) Other results



(million euros)	2019 H1 actual	2020 H1 actual
Rental revenue	7.05	7.41
Other income (net)	0.22	0.29
Operating expense	(0.76)	(0.85)
EBITDA	6.51	6.85
Depreciation	(3.43)	(3.53)
Operating profit	3.08	3.32
Net interest expense	(0.64)	(1.18)
Profit before tax	2.44	2.15
Income tax expense	(0.00)	(0.01)
Net profit	2.44	2.14
One-off result (exchange rate loss)	-	(0.75)
Net profit (including one-off result)	2.44	1.39

Forecast

In the first half of 2020 the crisis caused by the first wave of COVID-19 had less effect on Graphisoft Park than previously forecasted and according to our current expectations, we count with rental revenue decrease only due to slight and temporary vacancies in the rest of the year, therefore we modify our forecast published in the first quarter of 2020. According to the Company's current estimation, rental revenue will amount to 14.4 million euros surpassing the prior year figure by nearly 150 thousand euros, as a result of the indexation of rental fees and rental fee increases resulting from the renewal of rental contracts. In 2021 rental revenue can reach 14.5 million euros. We expect that operation costs will increase partly due to one-off expert fees and partly due to higher personnel and other general costs, while we do not count with significant change in depreciation charge. In conclusion, the 2020 pro forma net result is estimated to surpass the result published in the first quarter by 200 thousand euros, while the 2021 net result will surpass it by 300 thousand euros.

(million euros)	2019 actual	2020 forecast	2021 plan
Rental revenue	14.25	14.4	14.5
Other income (net)	0.51	0.5	0.5
Operating expense	(1.41)	(1.6)	(1.7)
EBITDA	13.35	13.3	13.3
Depreciation	(7.13)	(7.1)	(7.1)
Operating profit	6.22	6.2	6.2
Net interest expense	(1.26)	(2.0)	(1.9)
Profit before tax	4.96	4.2	4.3
Income tax expense	(0.02)	(0.0)	(0.0)
Net profit	4.94	4.2	4.3



We are right in our pursuit of the “micro-silicon-valley” concept articulated some 20 years ago: even during an expected and probably 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

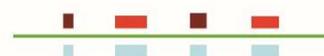
Results:

	"Pro forma" results (1)		Results according to financial statements	
	6 months ended	6 months ended	6 months ended	6 months ended
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
A) Results from ordinary activities:				
Rental revenue	7,052	7,413	7,052	7,413
Operating expense	(759)	(850)	(759)	(850)
Other income (net)	219	286	219	286
EBITDA	6,512	6,849	6,512	6,849
Valuation gains / (losses) from investment property	-	-	4,044	(2,324)
Depreciation and amortization	(3,432)	(3,525)	(93)	(123)
Operating profit	3,080	3,324	10,463	4,402
Net interest expense	(603)	(1,009)	(603)	(1,009)
Other financial result	(33)	(168)	(33)	(168)
Profit before tax	2,444	2,147	9,827	3,225
Income tax expense	(7)	(10)	(7)	(10)
Profit for the period	2,437	2,137	9,820	3,215
Earnings per share (EUR) (2)	0.24	0,21	0.97	0.32
B) Other results (one-off items):				
Exchange rate loss realized (3)	-	(747)	-	(747)
Profit for the period	-	(747)	-	(747)
A+B) Profit for the period	2,437	1,390	9,820	2,468
Earnings per share (EUR) (2)	0.24	0.14	0.97	0.24

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



IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2019	June 30, 2020
Fair value of properties	241,310	239,486
<i>-from this book value (1)</i>	<i>235,091</i>	<i>233,308</i>
Fair value of development lands	23,630	23,390
<i>- from this book value (1)</i>	<i>12,044</i>	<i>12,199</i>
Entire property portfolio at estimated fair value	264,940	262,876
Net asset value at estimated fair value	195,295	165,586
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2)	19.4	16.4

(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 are presented in the profit or loss.

(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).

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

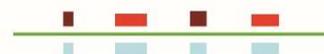
In this business report, Graphisoft Park presents the progress made toward its goals in the following areas:

- Financial results of the first half of 2020 (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for the years 2020 and 2021.

“Pro forma” results of the first half of 2020

“Pro forma” results of the first half of 2020 changed compared to the same period of 2019 because of the following main factors:

- **Rental revenue** (2020: 7,413 thousand euros; 2019: 7,052 thousand euros) rose by 361 thousand euros, or 5,1% compared to the previous period due to growing occupancy rate and the yearly indexation of rent fees.
- **Operating expense** (2020: 850 thousand euros; 2019: 759 thousand euros) increased by 91 thousand euros, or 12% compared to prior year. Property related expenses slightly increased, while the other operating expenses are higher compared to prior year due to the one-off expert fees related to the planned structured share buy-back transaction (which was later replaced with extraordinary dividend payment because of the lockdown).
- **Other income** (2020: 286 thousand euros; 2019: 219 thousand euros) net amount was 67 thousand euros higher than the base last year, mainly due to developments and refurbishments based on tenant requests.
- **Depreciation** (2020: 3,525 thousand euros; 2019: 3,432 thousand euros) increased by 93 thousand euros, or 3% compared to the previous year because of the completed refurbishments in 2019.
- **EBITDA** (2020: 6,849 thousand euros; 2019: 6,512 thousand euros) grew by 337 thousand euros, or 5%, while **operating profit** (2020: 3,324 thousand euros; 2019: 3,080 thousand euros) increased by 244 thousand euros, or 8% compared to the previous year due to the factors mentioned above.
- **Net interest expense** (2020: 1,009 thousand euros; 2019: 603 thousand euros) increased significantly, by 406 thousand euros due to higher outstanding loans.
- **Other financial result** (2020: 915 thousand euros loss; 2019: 33 thousand euros loss) decreased by 882 thousand euros compared to prior year, from which 747 thousand euro exchange rate loss relates to the 30 million euro dividend paid in HUF.
- The balance of **income tax expense** (2020: 10 thousand euros; 2019: 7 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** (2020: 1,390 thousand euros; 2019: 2,437 thousand euros), except for the one-off exchange rate loss realized on the dividend paid in HUF, decreased by 300 thousand euros and amounts to 2,137 thousand euros in the first half of 2020 compared to the same period of 2019 because of the factors explained in the previous points.



2020 first half results according to the financial statements

In the first half of 2020 results according to the financial statements are 1,078 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense increased the results by 3,402 thousand euros and fair value losses decreased the results by 2,324 thousand euros. Decrease in fair value is caused by the uncertain business environment impacting the yield and the estimated temporary decrease of occupancy rate in 2020 and 2021.

In the same period of 2019 results according to the financial statements were 7,383 thousand euros higher than the “pro forma” results: unrecognized depreciation expense increased the results by 3,339 thousand euros and fair value gains increased the results by 4,044 thousand euros. In the comparative period the fair value gain was caused by the delivery of the development in the southern area, the conclusion of new rental contracts and the increasing occupancy rate.

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):

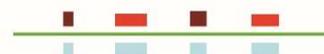
Period:	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020Q1	2020Q2
Occupancy of gross leasable area (%):	96%	97%	97%	97%	97%	97%
Gross leasable area (m ²):	82,000	82,000	82,000	82,000	82,000	82,000

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.

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 **13.3 years**, and in case of existing lease contracts the weighted average lease term to expiry is **4.4 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.

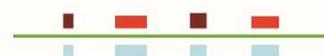


Other parts of the southern development area offer room for another 20,000 m² potential development, while the monument and northern development areas (after remediation) provide room for another 42,000 m² gross leasable area. In the second half of 2019 we have commenced the archeological and landscaping works on the southernmost area of the Park where remediation works are not needed, on 4,000 m², as well as the preparations for launching possible future projects there. The preparatory works continue 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 NKM Földgázszolgáltató 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).

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 we have refurbished several smaller office and service buildings on 5,500 m², which amounted to 826 thousand euro. From 2020 the technological refurbishment of certain aged buildings in the core area is planned to continue, at a cost of additional 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.

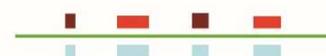
We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank made a 24 million euro credit facility available to Graphisoft Park within the National 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 we 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. From the total amount of the loan 3 million euro was due on March 31, 2020, while from the remaining amount the Company paid to its Shareholders 25,5 million euro as dividend. In order to fix the interest rate, the new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term.

At the end of the period the notional value of the outstanding loan liability amounted to 106.3 million euro, which is about 40% of the property fair value. After concluding the hedge agreements, all of the Company's outstanding loan liabilities have been switched to fixed interest rates for the 10 year loan term, which further strengthen the Park's stable operation.

Bank	Initial loan value (thousand euros)	Due date	Outstanding loan amount on June 30, 2020 (thousand euros)
Erste Bank Hungary Zrt	15,600	2025.12.27	12,000
UniCredit Bank Hungary Zrt	24,000	2026.12.23	21,600
Erste Bank Hungary Zrt	40,000	2027.12.31	36,337
UniCredit Bank Hungary Zrt	40,000	2029.12.15	36,316
Sum	119,600		106,253



Forecast for the years 2020 and 2021

According to the experiences of the first wave of COVID-19 and based on our current forecasts, the Coronavirus crisis will have less effect on our 2020 and 2021 results than we published earlier in exceptionally uncertain market circumstances. Therefore, we modify our forecasts published in 2020 Q1: this year rental revenue would exceed our earlier forecast by 500 thousand euro, while pro-forma result by 200 thousand euro; in 2021 rental revenue would exceed our earlier forecast by 600 thousand euro, while pro-forma result by 300 thousand euro accordingly.

(million euros)	2019 actual	2020 forecast	2021 plan
Rental revenue	14.25	14.4	14.5
Other income (net)	0.51	0.5	0.5
Operating expense	(1.41)	(1.6)	(1.7)
EBITDA	13.35	13.3	13.3
Depreciation	(7.13)	(7.1)	(7.1)
Operating profit	6.22	6.2	6.2
Net interest expense	(1.26)	(2.0)	(1.9)
Profit before tax	4.96	4.2	4.3
Income tax expense	(0.02)	(0.0)	(0.0)
Net profit	4.94	4.2	4.3

- According to our current estimation **rental revenue** will amount to 14.4 million euros in 2020. In the second half of 2020 we count with slight decrease of the occupancy rate due to the Coronavirus crisis and other tenant requests, however, we expect 150 thousand euros higher rental revenue than in prior year, as a result of the continuous indexation of rental fees as well as rental fee increases resulting from the renewal of rental contracts. In 2021 rental revenue is estimated to be 14.5 million euros surpassing our current year forecast by 100 thousand euros.
- We count with no significant change of **other income (net)**, due to developments and refurbishments based on tenant requests.
- From 2020 we estimate increase in **operation costs**, partly due to the expert fees relating to the preparation of the planned structured share buy-back transaction, which was later replaced with extraordinary dividend payment because of the lockdown; and partly due to the fact, that the significant increase of the Park over the past years required some restructuring of the Company's financial management and 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 2020 and 2021, which is close to the 2019 figure.
- From 2019, as a result of new developments and refurbishments in progress we expect significant increase in **depreciation** (which will not affect the consolidated accounts according to the SZIT rules): in 2020 and in 2021 we count with no significant change in depreciation, the expected amount is 7.1 million euros per year.
- In 2019 the **net interest expense** of the outstanding loan liabilities was 1.26 million euros, while in 2020 and 2021 due to increased amount of loan higher net interest expense is expected. According to the conservative investment policy and the required asset portfolio prescribed by the SZIT regulation, the Company's financial reserves are held in liquid and risk free financial assets, despite the fact, that interest income cannot be realized on these assets in the current circumstances. In 2020 the net interest expense will be about 2.0 million euros, while in 2021 as a result of regular repayments it could decrease to 1.9 million euros.



- As a result, **net profit** is forecasted to be 4.2 million euros in 2020 and 4.3 million euros in 2021, which is 15% lower than in the prior year.

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 NKM Földgázszolgáltató 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.
- The Coronavirus disease and the economic effects of actions taken to slow it down had only slight impact on Graphisoft Park yet. On one hand due uncertain market conditions fair value of investment properties decreased because of the growing yield representing higher level of risk. On the other hand, we count with temporary slight decrease of the occupancy rate in the upcoming periods. Furthermore, despite Graphisoft 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.

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 NKM Földgázszolgáltató 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.

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 350 HUF/EUR till the end of 2021, euro inflation rate of 1.5% 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 13, 2020

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, 2020

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, August 13, 2020

Handwritten signature of Kocsány János in blue ink.

Kocsány János
Chief Executive Officer

Handwritten signature of Bihari Sándor in blue ink.

Bihari Sándor
Chief Financial Officer

GRAPHISOFT PARK SE
HALF-YEAR REPORT
JUNE 30, 2020

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

JUNE 30, 2020

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2019	June 30, 2020
Cash and cash equivalents	3	46,492	15,048
Trade receivables	4	1,292	1,205
Current tax receivable	5	237	127
Other current assets	6	2,295	2,139
Current assets		50,316	18,519
Investment property	9	247,135	245,507
(Owner-occupied) Property, Plant and Equipment	7	1,715	1,733
Intangible assets	8	59	64
Non-current assets		248,909	247,304
TOTAL ASSETS		299,225	265,823
Short-term loans	12	7,933	5,023
Trade payables	10	678	639
Current tax liability	5	309	116
Other short-term liabilities	11	5,146	5,449
Current liabilities		14,126	11,227
Long-term loans	12	100,634	97,440
Other long-term liabilities	13	5,795	7,799
Non-current liabilities		106,429	105,239
TOTAL LIABILITIES		120,555	116,466
Share capital	1.3	250	250
Retained earnings		183,391	155,584
Treasury shares	21	(974)	(996)
Cash flow hedge reserve	12	(1,708)	(3,148)
Revaluation reserve of properties		681	681
Accumulated translation difference		(2,970)	(3,014)
Shareholders' equity		178,670	149,357
TOTAL LIABILITIES & EQUITY		299,225	265,823

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME

JUNE 30, 2020

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Property rental revenue		3,543	3,642	7,052	7,413
Revenue	14	3,543	3,642	7,052	7,413
Property related expense	15	(25)	(22)	(50)	(51)
Employee related expense	15	(324)	(328)	(460)	(473)
Other operating expense	15	(118)	(146)	(249)	(326)
Depreciation and amortization	7, 15	(48)	(68)	(93)	(123)
Operating expense		(515)	(564)	(852)	(973)
Valuation gains / (losses) from investment property	9	316	(336)	4,044	(2,324)
Other income	16	84	138	219	286
OPERATING PROFIT		3,428	2,880	10,463	4,402
Interest income	17	-	1	-	1
Interest expense	17	(301)	(477)	(603)	(1,010)
Exchange rate difference	18	(6)	(777)	(33)	(915)
Financial result		3,121	1,627	9,827	2,478
PROFIT BEFORE TAX		3,121	1,627	9,827	2,478
Income tax expense	19	(3)	(5)	(7)	(10)
PROFIT FOR THE PERIOD		3,118	1,622	9,820	2,468
Attributable to equity holders of the parent		3,118	1,622	9,820	2,468
Basic earnings per share (EUR)	20	0.31	0.16	0.97	0.24
Diluted earnings per share (EUR)	20	0.31	0.16	0.97	0.24

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 JUNE 30, 2020
 (all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended		6 months ended	
		June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Profit for the period		3,118	1,622	9,820	2,468
Cash-flow hedge valuation reserve*		(864)	(432)	(1,707)	(1,440)
Revaluation reserve of properties**		-	-	150	-
Translation difference**		-	(10)	3	(44)
Other comprehensive income		(864)	(442)	(1,554)	(1,484)
COMPREHENSIVE INCOME		2,254	1,180	8,226	984
Attributable to equity holders of the parent		2,254	1,180	8,226	984

* 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, 2020
 (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, 2018	250	170,999	(974)	(308)	531	(2,953)	167,545
Profit for the period	-	9,807	-	13	-	-	9,820
Translation difference	-	-	-	-	-	3	3
Revaluation reserve	-	13	-	(1,707)	-	-	(1,694)
Revaluation difference of properties	-	-	-	-	150	-	150
Dividend	-	(3,938)	-	-	-	-	(3,938)
June 30, 2019	250	176,881	(974)	(2,002)	681	(2,950)	171,886
December 31, 2019	250	183,391	(974)	(1,708)	681	(2,970)	178,670
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)
June 30, 2020	250	155,584	(996)	(3,148)	681	(3,014)	149,357

* 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

JUNE 30, 2020

(all amounts in thousands of euros unless otherwise indicated)

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
OPERATING ACTIVITIES				
Income before tax	3,121	1,627	9,827	2,478
Fair value change of investment properties	(316)	336	(4,044)	2,324
Depreciation and amortization	48	68	93	123
Revaluation difference of properties	-	-	(150)	-
Loss / (gain) on sale of tangible assets	1	(1)	1	(1)
Interest expense	301	477	603	1,010
Interest income	-	(1)	-	(1)
Unrealized foreign exchange (gain) / loss	(32)	121	(27)	(87)
Changes in working capital:				
(Increase) / decrease in receivables and other current assets	(445)	100	615	385
(Decrease) / increase in liabilities	(731)	1,245	(45)	465
Corporate income tax paid	-	(25)	-	(42)
Net cash from operating activities	1,947	3,947	6,873	6,654
INVESTING ACTIVITIES				
Purchase of investment property	(450)	(346)	(1,569)	(565)
Purchase of other tangible assets and intangibles	(31)	(79)	(39)	(209)
Sale of tangible assets	2	4	2	4
Interest received	-	1	-	1
Net cash used in investing activities	(479)	(420)	(1,606)	(769)
FINANCING ACTIVITIES				
Loan repayments	(1,083)	(1,426)	(2,163)	(5,848)
Interest paid	(289)	(481)	(601)	(1,016)
Purchase of treasury shares	-	(22)	-	(22)
Dividend paid	(3,938)	(30,275)	(3,938)	(30,275)
Net cash from financing activities	(5,310)	(32,204)	(6,702)	(37,161)
(Decrease) in cash and cash equivalents	(3,842)	(28,677)	(1,435)	(31,276)
Cash and cash equivalents at beginning of period	8,248	43,702	5,874	46,492
Exchange rate (loss) on cash and cash equivalents	26	23	(7)	(168)
Cash and cash equivalents at end of period	4,432	15,048	4,432	15,048

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
 FOR THE HALF-YEAR ENDED JUNE 30, 2020
 (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 June 30, 2020.

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 62,000 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	20,000 sqm

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2020
(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, 2019			June 30, 2020		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	88.97	10,631,674	100.00	98.37
Directors and management	1,789,082	16.83	15.79	1,789,082	16.83	17.45
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.87	1,685,125	15.85	16.44
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	0.80	90,457	0.85	0.88
Shareholders over 5% share	3,583,610	33.71	31.62	3,168,174	29.80	30.91
HOLD Alapkezelő Zrt.	972,701	9.15	8.58	651,904	6.13	6.36
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,110,909	10.45	9.80	1,016,270	9.56	9.92
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.24	1,500,000	14.11	14.63
Other shareholders	4,709,906	44.30	41.56	5,125,342	48.21	50.00
Treasury shares*	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES**:	1,876,167	-	11.03	1,876,167	-	1.63
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	167,168	-	1.63
Employee treasury shares*	625,389	-	-	1,708,999	-	-
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 20.

** 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 HALF-YEAR REPORT
 FOR THE HALF-YEAR ENDED JUNE 30, 2020
 (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 Financial Statements of 2019), 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:

	6 months ended	
	June 30, 2019	June 30, 2020
EUR/HUF opening:	321.51	330.52
EUR/HUF closing:	323.54	356.57
EUR/HUF average:	320.57	345.15

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
 FOR THE HALF-YEAR ENDED JUNE 30, 2020
 (all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2019	June 30, 2020
Cash in hand	3	3
Cash at banks	46,489	15,045
Cash and bank	46,492	15,048

4. Trade receivables

	December 31, 2019	June 30, 2020
Trade receivables	1,292	1,205
Provision for doubtful debts	-	-
Trade receivables	1,292	1,205

Trade receivables are on 8-30 day payment terms.

5. Current tax receivables and liabilities

	December 31, 2019	June 30, 2020
Current tax receivables	237	127
Current tax liabilities	(309)	(116)
Current tax receivables / (liabilities), net	(72)	11

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2020
(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2019	June 30, 2020
Accrued income	139	79
Prepaid expense	88	6
Bank security accounts	1,978	1,971
Construction fund manager accounts	16	15
Other receivables	74	68
Other current assets	2,295	2,139

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

	(Owner-occupied) Property	Plant and Equipment	(Owner-occupied) Property, Plant and Equipment
Net value:			
December 31, 2018	1,626	448	2,074
Gross value:			
December 31, 2018	1,766	977	2,743
Addition	1	220	221
Sale	-	(55)	(55)
Reclassification to investment properties	(397)	-	(397)
Translation difference	-	(19)	(19)
December 31, 2019	1,370	1,123	2,493
Depreciation:			
December 31, 2018	140	530	670
Addition	82	114	196
Sale	-	(50)	(50)
Reclassification to investment properties	(32)	-	(32)
Translation difference	-	(6)	(6)
December 31, 2019	190	588	778
Net value:			
December 31, 2019	1,180	535	1,715

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2020
(all amounts in thousands of euros unless otherwise indicated)

Gross value:

December 31, 2019	1,370	1,123	2,493
Addition	-	176	176
Sale	-	(6)	(6)
Scrapping	-	(60)	(60)
Translation difference	-	(62)	(62)
June 30, 2020	1,370	1,171	2,541

Depreciation:

December 31, 2019	190	588	778
Addition	40	75	115
Sale	-	(3)	(3)
Scrapping	-	(60)	(60)
Translation difference	-	(22)	(22)
June 30, 2020	230	578	808

Net value:

June 30, 2020	1,140	593	1,733
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8. Intangible assets

	Software	Intangible assets		Software	Intangible assets
Net value:			Net value:		
December 31, 2018	<u>5</u>	5	December 31, 2019	<u>59</u>	59
Gross value:			Gross value:		
December 31, 2018	16	16	December 31, 2019	71	71
Addition	58	58	Addition	18	18
Scrapping	(2)	(2)	Scrapping	(8)	(8)
Translation difference	(1)	(1)	Translation difference	(5)	(5)
December 31, 2019	<u>71</u>	71	June 30, 2020	<u>76</u>	76
Depreciation:			Depreciation:		
December 31, 2018	11	11	December 31, 2019	12	12
Addition	3	3	Addition	8	8
Scrapping	(2)	(2)	Scrapping	(8)	(8)
Translation difference	-	-	Translation difference	-	-
December 31, 2019	<u>12</u>	12	June 30, 2020	<u>12</u>	12
Net value:			Net value:		
December 31, 2019	<u>59</u>	59	June 30, 2020	<u>64</u>	64

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2020
(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land	Completed investment property	Investment property
Book value:			
December 31, 2018	11,767	227,866	239,633
Addition	277	2,257	2,534
Reclassification	-	516	516
Change in fair value	-	4,452	4,452
December 31, 2019	12,044	235,091	247,135
Addition	155	541	696
Change in fair value	-	(2,324)	(2,324)
June 30, 2020	12,199	233,308	245,507

In the first half of 2020 additions in construction in progress of 696 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (280 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (237 thousand EUR),
- archeological and landscaping works in the southernmost area (155 thousand EUR),
- other developments in progress (24 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 HALF-YEAR REPORT
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The key assumptions applied by the independent appraiser for the periods presented were the followings:

		December 31, 2019	June 30, 2020
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	62,000 m ²
Long term occupancy		95%	95%
Growth factor		1%	1%
Average discount factor		6.02%	6.23%

10. Trade payables

	December 31, 2019	June 30, 2020
Trade payables – domestic	678	639
Trade payables	678	639

11. Other short-term liabilities

	December 31, 2019	June 30, 2020
Amounts due to employees	76	1,758
Deposits from tenants	606	638
Fair value difference of loans*	706	672
Other payables and accruals	3,758	2,381
Other short-term liabilities	5,146	5,449

* 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 HALF-YEAR REPORT
FOR THE HALF-YEAR ENDED JUNE 30, 2020
(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2019	June 30, 2020
Short-term	7,993	5,023
Long-term	100,634	97,440
Loans	108,627	102,463

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2019	June 30, 2020
Short-term	722	697
Long-term	11,272	10,256
Loan 1 / Erste Bank Hungary Zrt.	11,994	10,953

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, 2020 the outstanding capital of the forint based facility amounts to 3.4 billion HUF (9,500 thousand EUR); and the euro based facility amounts to 2,508 million EUR. The fair value of the loans (calculated using market interest rates) is 10,953 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, 2020 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 1,055 thousand EUR.

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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Loan number 2. (Erste)

	December 31, 2019	June 30, 2020
Short-term	1,798	1,824
Long-term	35,280	34,356
Loan 2 / Erste Bank Hungary Zrt.	37,078	36,180

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, 2020 fair value of the IRS is 2,693 thousand EUR, which is presented among the long-term financial liabilities.

The new 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, 2019	June 30, 2020
Short-term	1,140	1,153
Long-term	18,630	18,050
Loan 1. / UniCredit Bank Hungary Zrt.	19,770	19,203

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, 2020 the outstanding capital amounts to 21,600 thousand EUR, whose fair value was 19,203 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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 (all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Unicredit)

	December 31, 2019	June 30, 2020
Short-term	4,333	1,349
Long-term	35,452	34,778
Loan 2./ UniCredit Bank Hungary Zrt.	39,785	36,127

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 in order 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 June 30, 2020 fair value of the IRS is 1,142 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, 2019	June 30, 2020
Erste Bank Hungary Zrt. Loan nr. 1.*	11,994	10,953
Erste Bank Hungary Zrt. Loan nr. 2.	37,078	36,180
UniCredit Bank Hungary Zrt. Loan nr. 1.*	19,770	19,203
UniCredit Bank Hungary Zrt. Loan nr. 2.	39,785	36,127
Loans at fair value*	108,627	102,463

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

GRAPHISOFT PARK SE
NOTES TO THE HALF-YEAR REPORT
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(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 (NBH) 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, 2020:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	12,000	1,047	10,953
UniCredit Bank Hungary Zrt.	21,600	2,397	19,203
Loans (FGS)	33,600	3,444	30,156

* 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 at other short-term liabilities (Note 11) and other long-term liabilities (Note 13) and amortized to the profit and loss statement based on the effective interest rate method.

13. Other long-term liabilities

	December 31, 2019	June 30, 2020
Fair value difference of loans*	3,160	2,772
Warranty retention	192	137
Fair value of derivative instruments **	2,443	4,890
Other long-term liabilities	5,795	7,799

* 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, 2020. The valuations were prepared by the financing banks.

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14. Revenue

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Property rental revenue*	3,543	3,642	7,052	7,413
Revenue	3,543	3,642	7,052	7,413

*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, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Property related expense	25	22	50	51
Employee related expense	324	328	460	473
Other operating expense	118	146	249	326
Depreciation and amortization	48	68	93	123
Operating expense	515	564	852	973

Other operating expense consists of the following items:

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Office and telecommunication	2	3	5	4
Legal and administration	81	66	148	159
Marketing	-	-	-	15
Other	35	77	96	148
Other operating expense	118	146	249	326

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16. Other income (expense)

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2020
Income from recharged construction expenses	29	105	118	170
Recharged construction expenses	(35)	(88)	(101)	(144)
Income from recharged operation expenses	1,347	(1,115)	2,747	2,528
Recharged operation expenses	(1,245)	(993)	(2,528)	(2,297)
Others	(12)	(1)	(17)	29
Other income	84	138	219	286

17. Interest and other financing cost

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2020
Interest income	-	1	-	1
Interest expense on loans	(300)	(453)	(601)	(944)
Other interest expense	(1)	(25)	(2)	(67)
Interest and other financing cost	(301)	(477)	(603)	(1,010)

18. Other financial result

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2020
Exchange rate (loss) realized	(51)	(690)	(51)	(831)
Exchange rate (loss) / gain not realized	41	(87)	5	(84)
Ineffective portion of hedge*	4	-	13	-
Other financial result	(6)	(777)	(33)	(915)

*Ineffective portion of the IRS agreement relating to the loan Nr. 2. provided by Erste Bank Hungary Zrt.

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19. Income taxes

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2020
Current income tax	(3)	(5)	(7)	(10)
Income tax (expense)	(3)	(5)	(7)	(10)

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 2019 and 2020.

20. Earnings per share

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

	3 months ended		6 months ended	
	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2020
Net profit attributable to equity holders	3,118	1,622	9,820	2,468
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Basic earnings per share (EUR)	0.31	0.16	0.97	0.24
Weighted average number of ordinary shares	10,082,598	10,082,598	10,082,598	10,082,598
Diluted earnings per share (EUR)	0.31	0.16	0.97	0.24

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, 2019	June 30, 2020
Number of ordinary shares	549,076	549,076
Number of employee shares	625,389	1,708,999
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	23,489	45,162
Total value of treasury shares (at historical cost)	974	996

As announced on May 28, 2020, the Company bought back 1,083,610 employee shares on face value in order to align the total amount of dividends payable on employee shares with its resolution on dividend payments. The book value of the repurchased employee shares is 21,672 euros.

22. Net asset value

Book value and fair value of assets and liabilities as of June 30, 2020:

	Note	Book value March 31, 2020	Fair value March 31, 2020	<i>Difference</i>
Investment property and other tangible assets*	7,9	247,240	263,469	16,229
Intangible assets	8	64	64	-
Current tax assets, net	5	11	11	-
Non-financial instruments		247,315	263,544	16,229
Cash and cash equivalents	3	15,048	15,048	-
Trade receivables	4	1,205	1,205	-
Other current assets	6	2,139	2,139	-
Trade payables	10	(639)	(639)	-
Other short-term liabilities	11	(5,449)	(5,449)	-
Loans	12	(102,463)	(102,463)	-
Other long-term liabilities	13	(7,799)	(7,799)	-
Financial instruments		(97,958)	(97,958)	-
Net asset value		149,357	165,586	16,229

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 262,876 thousand euros as of June 30, 2020.

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Book value and fair value of assets and liabilities as of December 31, 2019:

	Note	Book value Dec 31, 2019	Fair value Dec 31, 2019	Difference
Investment property and other tangible assets*	7,9	248,850	265,475	16,625
Intangible assets	8	59	59	-
Current tax liabilities, net	5	(72)	(72)	-
Non-financial instruments		248,837	265,462	16,625
Cash and cash equivalents	3	46,492	46,492	-
Trade receivables	4	1,292	1,292	-
Other current assets	6	2,295	2,295	-
Trade payables	10	(678)	(678)	-
Other short-term liabilities	11	(4,973)	(4,973)	-
Loans	12	(108,627)	(108,627)	-
Other long-term liabilities	13	(5,968)	(5,968)	-
Financial instruments		(70,167)	(70,167)	-
Net asset value		178,670	195,295	16,625

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 264,940 thousand euros as of December 31, 2019.

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 NKM Földgázszolgáltató 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.

24. Events after balance sheet date

From July 1, 2020 the company's new CFO and investor relations manager is Sándor Bihari. The company's former CFO and investor relations manager Ágnes Bodócsy continues working at the group as IFRS expert.

25. Approval of financial statements, dividend

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. 102/2020. (IV.10.) on April 10, 2020 – approved the 2019 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 229,225 thousand EUR and a profit for the year of 16,330 thousand EUR. Together with the approval of the consolidated financial statements for issue, the Board of Directors approved dividend distribution of 1,060 HUF per ordinary share, 10,687,553 thousand HUF in total (30,275 thousand EUR on the exchange rate of April 30, 2020), and in total 65,439 thousand HUF on employee shares (185 thousand EUR on the exchange rate of April 30, 2020). The starting date for dividend payments was June 8, 2020. The Company paid out the dividends to the shareholders identified by shareholder's registration as of May 29, 2020.

26. 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.*