GRAPHISOFT PARK SE

Interim Management Report – First Quarter 2020

May 14, 2020

GRAPHISOFTPARK

Dear Shareholders,

According to the broad consensus on the outlook for years 2020-2021, economic downturn is expected which will exceed even the 2008-2009 crisis. This had no effect on the Company's first quarter results, which has developed as expected and published earlier. Rental revenues reached 3.77 million euros, surpassing the previous year's one by 7.5% and the consolidated pro-forma results became **1.14 million euros**, which is 170 thousand euros less than the same period of prior year, mainly due to the increased interest expenses relating to the new borrowing. However, due to the higher level of yield, which reflects the uncertain market conditions in the current epidemiological situation that occurred during the reporting period, the fair value of properties decreased by 1.8 million euros.

In the rest of the year we must count with the possible effects of the actions taken relating to the epidemiological situation, however it might affect our Company less seriously - according to the current feedbacks of our tenants -, than the general expectations foreshadow it relating to the whole office market. According to our current view, after the introduction of the lockdown "home office" became general practice among our tenants; however, on longer term teamwork, which requires personal presence from social-psychological perspective, remains also important. Therefore, we count with less decrease in demand for premium offices. Majority of our tenants are prestigious and financially stable companies operating in the information technology or biotechnology industry. According to analysts' expectations such research and development companies might be less affected by the economic crisis, or even will have some positive effects on them. Thus, our Company – unlike many other firms – does not plan any headcount reducing and as such we can ensure that we maintain and continuously increase the high quality of our offices offered.

Nevertheless, in the current situation we also count with higher vacancy as usual and so we modify our 2020 and 2021 pro-forma profit forecasts as follow:

According to our current estimation, in the rest of the year certain rental contracts might not be renewed or leased areas might decrease; therefore we count with 700 thousand euros rental revenue decrease, which means that revenue will drop by 5% compared to the previously reported one and by 2.5% compared to prior year. As a result, forecasted rental revenue is expected to be around **13.9 million euros** and consolidated pro-forma profit is around **4 million euros** in 2020. Decreased revenue relating to the rest of this year might affect also next year, therefore, instead of the previously reported increase, we plan that 2021 profit will be on the same level as in current year.

We also would like to draw our shareholders' attention, that in the current situation uncertainties relating to our forecasts are higher than before and actual results might significantly differ from the forecasted ones into any direction.

As the Company announced on March 19, 2020, the planned structured share repurchase transaction had been cancelled, taking into consideration the situation caused by the Coronavirus disease. Besides the cancellation of the transaction, the Board of Directors also decided to pay altogether **30 million euros dividend,** from which 4.5 million euros is 90% of the 2019 pro-forma result and 25.5 million euros is a part of the allocated amount for the cancelled transaction. The starting date for dividend payments will be June 8, 2020[1]. As such, a significant part of the amount allocated to the share repurchase transaction will be distributed; the remaining 7.5 million euros – which is reasonable reserve in the current situation – ensures 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 first quarter of 2020, representing 2 million euros decrease in fair value compared to 2019 yearend.

Value of completed, delivered properties decreased by 1.8 million euros compared to the 2019 yearend figure. This is partly due to the slight increase of yield because of the uncertain economic conditions and partly due to the expected temporary vacancy in 2020 and 2021. Furthermore, future developments are also delayed 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.

[thousands of EUR]

	Sept 30, 2019	Dec 31, 2019	March 31, 2020
Completed, delivered properties	240,150	241,310	239,544
Development lands	23,630	23,630	23,390
Estimated fair value of the entire property portfolio	**263,780**	**264,940**	**262,934**
Net asset value at estimated fair value	**190,923**	**195,295**	**194,877**
Net asset value at fair value per share (EUR)	18.9	19.4	19.3

Besides the decrease of the investment property fair value, the loan upcoming installments also resulted that the fair value of net assets is **195 million euros** at the end of 2020 Q1, which is only 400 thousand euros less than the 2019 Q4 figure.

We emphasize and draw our shareholders' attention to the fact, that after the planned dividend payment in early June (besides other market effects), fair value of net assets will decrease by more than 15%, that is 30 million euros or 2.8 euros per share.

[1] For details please refer to points 24 and 25 in the Notes to the financial statement, and to our related announcement: https://bet.hu/site/newkib/en/2020.05./Dividend_Payment_128407087

Pro forma results

Our 2020 Q1 “pro forma” results developed as expected: we have reached a rental revenue figure of 3.77 million euros surpassing the same period of previous year by 260 thousand euros. EBIDTA, together with some increase of the operating costs, rose by 220 thousand euros compared to the 2019 Q1 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. The 2020 Q1 net profit is 1.14 million euros as planned, which is 170 thousand euros less than the net profit of prior period mainly due to the interest expenses relating to the increased level of loans payable.

(million euros)	2019 Q1 actual	2020 Q1 actual
Rental revenue	**3.51**	**3.77**
Other income (net)	0.13	0.15
Operating expense	(0.29)	(0.35)
EBITDA	**3.35**	**3.57**
Depreciation	(1.71)	(1.76)
Operating profit	**1.64**	**1.81**
Net interest expense	(0.33)	(0.67)
Profit before tax	**1.31**	**1.14**
Income tax expense	(0.00)	(0.00)
Net profit	**1.31**	**1.14**

Forecast

We estimate that in 2020 rental revenues will decrease by 350 thousand euros, that is 2.5% and pro forma results will decrease by 1 million euros or 20% compared to the 2019 actual figures. This is mainly due to the interest expense increase relating to the new loan facility. For 2020 we plan that operating expenses can be kept on the 2019 level, because certain unavoidable cost increases will be compensated by the weakening Hungarian forint, which tendency is favorable for the Company and we could not count whit it in our earlier forecasts. We expect slight increase of operating costs in 2021, but this will be compensated by the same decrease of interest expenses due to the continuous loan installments. We do not count with significant change in depreciation charge, so we expect that both revenue and pro-forma profit after tax will remain on the 2020 level also in 2021.

(million euros)	2019 actual	2020 forecast	2021 plan
Rental revenue	**14.25**	**13.9**	**13.9**
Other income (net)	0.51	0.5	0.5
Operating expense	(1.41)	(1.4)	(1.5)
EBITDA	**13.35**	**13.0**	**12.9**
Depreciation	(7.13)	(7.1)	(7.1)
Operating profit	**6.22**	**5.9**	**5.8**
Net interest expense	(1.26)	(1.9)	(1.8)
Profit before tax	**4.96**	**4.0**	**4.0**
Income tax expense	(0.02)	(0.0)	(0.0)
Net profit	**4.94**	**4.0**	**4.0**

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	
	3 months ended March 31, 2019	3 months ended March 31, 2020	3 months ended March 31, 2019	3 months ended March 31, 2020
Rental revenue	**3,509**	**3,771**	**3,509**	**3,711**
Operating expense	(292)	(354)	(292)	(354)
Other income (net)	135	148	135	148
EBITDA	**3,352**	**3,565**	**3,352**	**3,565**
Valuation gains / (losses) from investment property	-	-	3,728	(1,988)
Depreciation and amortization	(1,706)	(1,753)	(45)	(55)
Operating profit	**1,646**	**1,812**	**7,035**	**1,522**
Net interest expense	(302)	(533)	(302)	(533)
Other financial result	(27)	(138)	(27)	(138)
Profit before tax	**1,317**	**1,141**	**6,706**	**851**
Income tax expense	(4)	(5)	(4)	(5)
Profit for the period	**1,313**	**1,136**	**6,702**	**846**
Earnings per share (EUR) (2)	**0.13**	**0.11**	**0.66**	**0.08**

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

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

IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2019	March 31, 2020
Fair value of properties	**241,310**	**239,544**
-from this book value (1)	*235,091*	*233,317*
Fair value of development lands	**23,630**	**23,390**
- from this book value (1)	*12,044*	*12,054*
Entire property portfolio at estimated fair value	**264,940**	**262,934**
Net asset value at estimated fair value	**195,295**	**194,877**
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2)	**19.4**	**19.3**

(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 quarter 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 quarter of 2020

"Pro forma" results of the first quarter of 2020 changed compared to the same period of 2019 because of the following main factors:

- **Rental revenue** (2020: 3,771 thousand euros; 2019: 3,509 thousand euros) rose by 262 thousand euros, or 7,5% compared to the previous period due to growing occupancy rate and the yearly indexation of rent fees.

- **Operating expense** (2020: 354 thousand euros; 2019: 292 thousand euros) increased by 62 thousand euros, or 21% compared to prior year. Property related expenses increased in the proportion of the new developments delivered, while the other operating expenses are higher because of the one-off expert fees related to the planned structured share buy-back transaction.

- **Other income** (2020: 148 thousand euros; 2019: 135 thousand euros) net amount was 13 thousand euros higher than the base last year, mainly due to developments and refurbishments based on tenant requests.

- **Depreciation** (2020: 1,753 thousand euros; 2019: 1,706 thousand euros) increased by 47 thousand euros, or 3% compared to the previous year because of the completed refurbishments in 2019.

- **EBITDA** (2020: 3,565 thousand euros; 2019: 3,352 thousand euros) grew by 213 thousand euros, or 6%, while **operating profit** (2020: 1,812 thousand euros; 2019: 1,646 thousand euros) increased by 166 thousand euros, or 10% compared to the previous year due to the factors mentioned above.

- **Net interest expense** (2020: 533 thousand euros; 2019: 302 thousand euros) increased significantly, by 231 thousand euros due to higher outstanding loans.

- **Other financial result** (2020: 138 thousand euros loss; 2019: 27 thousand euros loss) decreased by 111 thousand euros due to the exchange loss of assets in HUF because of the significant weakening of Hungarian forint compared to prior year.

- The balance of **income tax expense** (2020: 5 thousand euros; 2019: 4 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: 1,136 thousand euros; 2019: 1,313 thousand euros) decreased by 177 thousand euros in the first quarter of 2020 compared to the same period of 2019 because of the factors explained in the previous points.

2020 first quarter results according to the financial statements

In the first quarter of 2020 results according to the financial statements are 290 thousand euros lower than the "pro forma" results due to the following two factors: unrecognized depreciation expense increased the results by 1,698 thousand euros and fair value losses decreased the results by 1,988 thousand euros. Decrease in fair value is caused by the uncertain business environment impacting the yield and the estimated temporary loss of revenues in 2020 and 2021.

In the same period of 2019 results according to the financial statements were 5,389 thousand euros higher than the "pro forma" results: unrecognized depreciation expense increased the results by 1,661 thousand euros and fair value gains increased the results by 3,728 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):

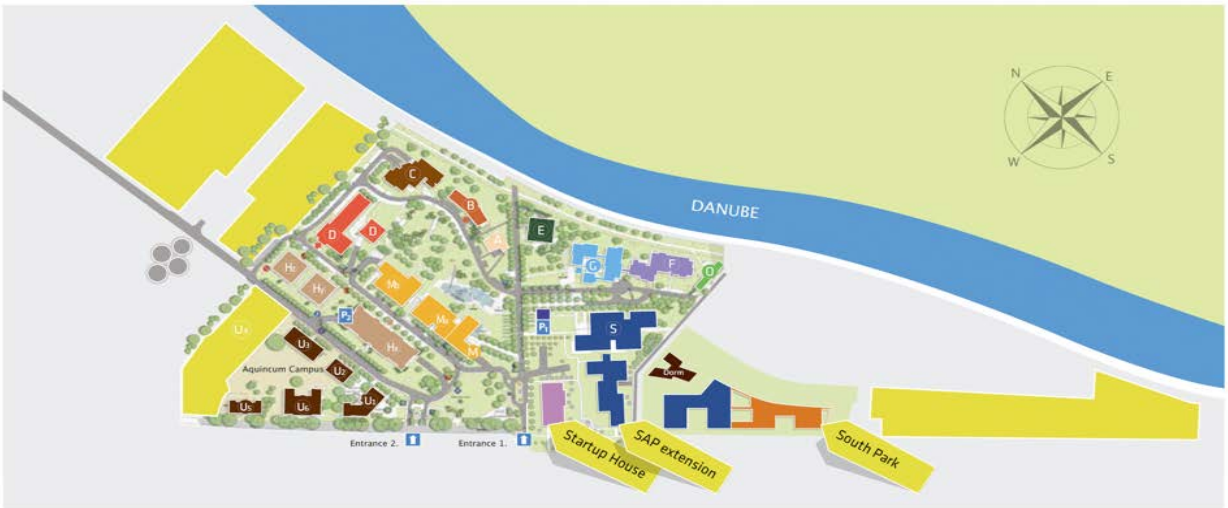
Period:	**2018 Q4**	**2019 Q1**	**2019 Q2**	**2019 Q3**	**2019 Q4**	**2020Q1**
Occupancy of gross leasable area (%):	**95%**	**96%**	**97%**	**97%**	**97%**	**97%**
Gross leasable area (m^2):	82,000	82,000	82,000	82,000	82,000	82,000

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 tenant's 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 years**, and in case of existing lease contracts the weighted average lease term to expiry is **4.5 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 m^2 potential development, while the monument and northern development areas (after remediation) provide room for another 42,000 m^2 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 m^2, as well as the preparations for launching possible future projects there. The preparatory works are continued in 2020. 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 m^2 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 m^2, which amounted to 826 thousand euro. From 2020 the technological refurbishment of certain 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 competitively 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 (12.2 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 proposes to pay 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 outstanding loan liability amounted to 107,6 million euro, which is about 41% 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.

Forecast for the years 2020 and 2021

Due to the crisis caused by COVID-19, we modify our previously published forecasts: as a result of the estimated revenue loss from the second half of this year, according to the Company's current estimation, pro forma net profit will be 700 thousand euros lower in 2020 and 900 thousand euros lower in 2021 than previously forecasted.

(million euros)	*2019 actual*	*2020 forecast*	*2021 plan*
Rental revenue	14.25	*13.9*	*13.9*
Other income (net)	0.51	*0.5*	*0.5*
Operating expense	(1.41)	*(1.4)*	*(1.5)*
EBITDA	13.35	*13.0*	*12.9*
Depreciation	(7.13)	*(7.1)*	*(7.1)*
Operating profit	6.22	*5.9*	*5.8*
Net interest expense	(1.26)	*(1.9)*	*(1.8)*
Profit before tax	4.96	*4.0*	*4.0*
Income tax expense	(0.02)	*(0.0)*	*(0.0)*
Net profit	4.94	*4.0*	*4.0*

- In 2020 **rental revenue** is estimated to be 350 thousand euros lower than in 2019. In the first quarter of 2020 the rental revenues were in line with our previous plans but for the rest of the year we estimate a decrease in revenues. In 2021 we expect the same level of revenues as in 2020, therefore the rental revenue in 2020 and in 2021 is expected to be 13.9 million euros.

- We count with no significant change of **other income (net)**, due to developments and refurbishments based on tenant requests.

- In 2020 we count no significant change in **operation costs**, because the one-off expert fees related to the preparatory works of the planned share repurchase program and the general increase of personnel and other operating costs can be compensated by the impact of the Hungarian forint exchange rate change.

- Due to all of the above in 2020 **EBIDTA** is expected to decrease by 350 thousand euros compared to 2019, achieving an EBIDTA amount of 13 million euros, while in 2021 the amount will be 12.9 million euros.

- 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. In 2020 the net interest expense will be about 1.9 million euros, while in 2021 as a result of regular repayments it could decrease to 1.8 million euros.

- As a result, **net profit** in 2020 and in 2021 is forecasted to be 4 million euros, 20% 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 might have negative impact also on Graphisoft Park. Due uncertain market conditions fair value of investment properties might notably decrease because of the growing yield representing 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 in case of delayed crisis.

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 is currently investigating the resolution and the possibilities of legal remedy.

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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 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 Quarterly Report which have been prepared in accordance with the International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, May 14, 2020

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer

GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended March 31, 2020

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 14, 2020

Kocsány János	Bodócsy Ágnes
Chief Executive Officer	Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
MARCH 31, 2020

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
MARCH 31, 2020
(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2019	March 31, 2020
Cash and cash equivalents	3	46,492	43,702
Trade receivables	4	1,292	946
Current tax receivable	5	237	203
Other current assets	6	2,295	2,402
Current assets		**50,316**	**47,253**
Investment property	9	247,135	245,371
(Owner-occupied) Property, Plant and Equipment	7	1,715	1,717
Intangible assets	8	59	65
Non-current assets		**248,909**	**247,153**
TOTAL ASSETS		**299,225**	**294,406**
Short-term loans	12	7,933	4,992
Trade payables	10	678	522
Current tax liability	5	309	190
Other short-term liabilities	11	5,146	4,189
Current liabilities		**14,126**	**9,893**
Long-term loans	12	100,634	98,650
Other long-term liabilities	13	5,795	7,389
Non-current liabilities		**106,429**	**106,039**
TOTAL LIABILITIES		**120,555**	**115,932**
Share capital	1.3	250	250
Retained earnings		183,391	184,237
Treasury shares	21	(974)	(974)
Cash flow hedge reserve	12	(1,708)	(2,716)
Revaluation reserve of properties		681	681
Accumulated translation difference		(2,970)	(3,004)
Shareholders' equity		**178,670**	**178,474**
TOTAL LIABILITIES & EQUITY		**299,225**	**294,406**

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
MARCH 31, 2020
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended March 31, 2019	3 months ended March 31, 2020
Property rental revenue		3,509	3,771
Revenue	**14**	**3,509**	**3,771**
Property related expense	15	(25)	(29)
Employee related expense	15	(136)	(145)
Other operating expense	15	(131)	(180)
Depreciation and amortization	7, 15	(45)	(55)
Operating expense		**(337)**	**(409)**
Valuation gains / (losses) from investment property	8	3,728	(1,988)
Other income	16	135	148
OPERATING PROFIT		**7,035**	**1,522**
Interest expense	17	(302)	(533)
Exchange rate difference	18	(27)	(138)
Financial result		**(329)**	**(671)**
PROFIT BEFORE TAX		**6,706**	**851**
Income tax expense	19	(4)	(5)
PROFIT FOR THE PERIOD		**6,702**	**846**
Attributable to equity holders of the parent		6,702	846
Basic earnings per share (EUR)	20	0.66	0.08
Diluted earnings per share (EUR)	20	0.66	0.08

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
MARCH 31, 2020
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended March 31, 2019	3 months ended March 31, 2020
Profit for the period		**6,702**	**846**
Cash-flow hedge valuation reserve*		(843)	(1,008)
Revaluation reserve of properties**		150	-
Translation difference**		3	(34)
Other comprehensive income		**(690)**	**(1,042)**
COMPREHENSIVE INCOME		**6,012**	**(196)**
Attributable to equity holders of the parent		6,012	(196)

* Will be reclassified to profit or loss in subsequent periods.
** Will not be reclassified to profit or loss in subsequent periods.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
MARCH 31, 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	-	6,693	-	9	-	-	**6,702**
Translation difference	-	-	-	-	-	3	**3**
Revaluation reserve	-	9	-	(852)	-	-	**(843)**
Revaluation difference of properties	-	-	-	-	150	-	**150**
March 31, 2019	**250**	**177,701**	**(974)**	**(1,151)**	**681**	**(2,950)**	**173,557**
December 31, 2019	**250**	**183,391**	**(974)**	**(1,708)**	**681**	**(2,970)**	**178,670**
Profit for the period	-	846	-	-	-	-	846
Translation difference	-	-	-	-	-	(34)	(34)
Revaluation reserve	-	-	-	(1,008)	-	-	(1,008)
March 31, 2020	**250**	**184,237**	**(974)**	**(2,716)**	**681**	**(3,004)**	**178,474**

* Treasury share details are disclosed in Note 21.
** Cash flow hedge transaction details are disclosed in Note 12 (Loans).
*** Revaluation surplus on leasing a part of owner-occupied property, i.e. transfers from investment property to owner-occupied property.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
MARCH 31, 2020
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended March 31, 2019	3 months ended March 31, 2020
OPERATING ACTIVITIES		
Income before tax	6,706	851
Fair value change of investment properties	(3,728)	1,988
Depreciation and amortization	45	55
Revaluation difference of properties	(150)	-
Interest expense	302	533
Unrealized foreign exchange loss / (gain)	5	(208)
Changes in working capital:		
Decrease in receivables and other current assets	1,060	285
Increase / (decrease) in liabilities	686	(780)
Corporate income tax paid	-	(17)
Net cash from operating activities	**4,926**	**2,707**
INVESTING ACTIVITES		
Purchase of investment property	(1,119)	(219)
Purchase of other tangible assets and intangibles	(8)	(130)
Net cash used in investing activities	**(1,127)**	**(349)**
FINANCING ACTIVITIES		
Loan repayments	(1,080)	(4,422)
Interest paid	(312)	(535)
Net cash from financing activities	**(1,392)**	**(4,957)**
Increase / (decrease) in cash and cash equivalents	2,407	(2,599)
Cash and cash equivalents at beginning of period	5,874	46,492
Exchange rate (loss) on cash and cash equivalents	(33)	(191)
Cash and cash equivalents at end of period	**8,248**	**43,702**

(all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding currently having five 100% owned subsidiaries.

The real estate development is performed by the owners of the properties, namely Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park Services Kft. is responsible for property operation tasks. On December 14, 2017 Graphisoft Park SE established Graphisoft Park Engineering & Management Kft., which entity is responsible for the Group's certain property management, engineering and administration activities from January 1, 2018.

Graphisoft Park SE and subsidiaries are incorporated under the laws of Hungary. Court registration number of Graphisoft Park SE is CG 01-20-000002. Registered address of the Group is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 24 on March 31, 2020.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 20 years, 82,000 m^2 gross leasable area have been developed and occupied by tenants. In the southern development area 14,000 m^2 gross leasable was handed over in 2018. The remaining area provides the opportunity to develop an additional 62,000 m^2 of gross leasable area.

The real estate is categorized as follows:

Area	Property
Core area	Modern office park spreading over 8,5 hectares of land, comprising 59,000 m^2 completed gross leasable area.
Monument area	2,4 hectares of land comprising 13,500 m^2 of total gross leasable area of the monument buildings, out of which 6,000 m^2 has been renovated and handed over; as such additional 7,500 m^2 can be developed.
Southern and Northern development areas	6,8 hectares of development land, on which a 3,000 m^2 floor area dormitory has been constructed, further 14,000 m^2 gross leasable area was handed over during 2018 and additional 54,500 m^2 rentable area together with underground parking and auxiliary facilities can be developed.

(all amounts in thousands of euros unless otherwise indicated)

1.3. Stock information

Graphisoft Park SE's share capital consists of 10,631,674 class "A" publicly traded, marketable, registered ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.
Ordinary shares of the Company are publicly traded at Budapest Stock Exchange, currently in Premium category, from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

	December 31, 2019			March 31, 2020		
Shareholder	**Shares (pcs)**	**Share (%)**	**Voting right (%)**	**Shares (pcs)**	**Share (%)**	**Voting right (%)**
ORDINARY SHARES:	**10,631,674**	**100.00**	**88.97**	**10,631,674**	**100.00**	**88.97**
Directors and management	**1,789,082**	**16.83**	**15.79**	**1,789,082**	**16.83**	**15.79**
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.87	1,685,125	15.85	14.87
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.80	90,457	0.85	0.80
Shareholders over 5% share	**3,583,610**	**33.71**	**31.62**	**3,527,002**	**33.17**	**31.12**
HOLD Alapkezelő Zrt.	972,701	9.15	8.58	932,529	8.77	8.23
AEGON Magyarország Befektetési Alapkezelő Zrt.	1,110,909	10.45	9.80	1,094,473	10.29	9.66
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.24	1,500,000	14.11	13.24
Other shareholders	**4,709,906**	**44.30**	**41.56**	**4,766,514**	**44.83**	**42.06**
Treasury shares*	**549,076**	**5.16**	**-**	**549,076**	**5.16**	**-**
EMPLOYEE SHARES:**	**1,876,167**	**-**	**11.03**	**1,876,167**	**-**	**11.03**
Kocsány János - Member of the BoD, CEO	1,250,778	-	11.03	1,250,778	-	11.03
Employee treasury shares*	625,389	-	-	625,389	-	-
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.

(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:

	3 months ended March 31, 2019	3 months ended March 31, 2020
EUR/HUF opening:	321.51	330.52
EUR/HUF closing:	320.79	359.09
EUR/HUF average:	318.07	339.05

(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2019	March 31, 2020
Cash in hand	3	2
Cash at banks	46,489	43,700
Cash and bank	**46,492**	**43,702**

4. Trade receivables

	December 31, 2019	March 31, 2020
Trade receivables	1,292	946
Provision for doubtful debts	-	-
Trade receivables	**1,292**	**946**

Trade receivables are on 8-30 day payment terms.

5. Current tax receivables and liabilities

	December 31, 2019	March 31, 2020
Current tax receivables	237	203
Current tax liabilities	(309)	(190)
Current tax receivables / (liabilities), net	**(72)**	**13**

(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2019	March 31, 2020
Accrued income	139	315
Prepaid expense	88	16
Bank security accounts	1,978	1,962
Construction fund manager accounts	16	15
Other receivables	74	94
Other current assets	**2,295**	**2,402**

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**

(all amounts in thousands of euros unless otherwise indicated)

Gross value:			
December 31, 2019	1,370	1,123	**2,493**
Addition	-	100	**100**
Scrapping	-	(60)	**(60)**
Translation difference	-	(65)	**(65)**
March 31, 2020	1,370	1,098	**2,468**
Depreciation:			
December 31, 2019	190	588	**778**
Addition	20	35	**55**
Scrapping	-	(60)	**(60)**
Translation difference	-	(22)	**(22)**
March 31, 2020	210	541	**751**
Net value:			
March 31, 2020	1,160	557	**1,717**

8. Intangible assets

	Software	**Intangible asets**		Softrware	**Intangible assets**
Net value:			***Net value:***		
December 31, 2018	5	**5**	**December 31, 2019**	59	**59**
Gross value:			***Gross value:***		
December 31, 2018	16	**16**	December 31, 2019	71	**71**
Addition	58	**58**	Addition	15	**15**
Scrapping	(2)	**(2)**	Scrapping	(7)	**(7)**
Translation difference	(1)	**(1)**	Translation difference	(5)	**(5)**
December 31, 2019	71	**71**	**March 31, 2020**	73	**73**
Depreciation:			***Depreciation:***		
December 31, 2018	11	**11**	**December 31, 2019**	12	**12**
Addition	3	**3**	**Addition**	4	**4**
Scrapping	(2)	**(2)**	Scrapping	(7)	**(7)**
Translation difference	-	**-**	Translation difference	(1)	**(1)**
December 31, 2019	12	**12**	**March 31, 2020**	8	**8**
Net value:			***Net value:***		
December 31, 2019	59	**59**	**March 31, 2020**	65	**65**

(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	10	214	**224**
Change in fair value	-	(1,988)	**(1,988)**
March 31, 2020	12,054	233,317	**245,371**

In the first quarter of 2020 additions in construction in progress of 224 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (82 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (115 thousand EUR),
- archeological and landscaping works in the southernmost area (10 thousand EUR),
- other developments in progress (17 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.

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

(all amounts in thousands of euros unless otherwise indicated)

		December 31, 2019	March 31, 2020
Rental area	• office, laboratory and related service areas	73,000 m^2	73,000 m^2
	• education area	6,000 m^2	6,000 m^2
	• Dormitory	3,000 m^2 / 85 persons	3,000 m^2 / 85 persons
Development lands	• rentable area which can be developed	62,000 m^2	62,000 m^2
Long term occupancy		95%	95%
Growth factor		1%	1%
Average discount factor		6.02%	6.16%

10. Trade payables

	December 31, 2019	March 31, 2020
Trade payables – domestic	678	522
Trade payables	**678**	**522**

11. Other short-term liabilities

	December 31, 2019	March 31, 2020
Amounts due to employees	76	61
Deposits from tenants	606	615
Fair value difference of loans*	706	680
Other payables and accruals	3,758	2,833
Other short-term liabilities	**5,146**	**4,189**

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

(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2019	March 31, 2020
Short-term	7,993	4,992
Long-term	100,634	98,650
Loans	**108,627**	**103,642**

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2019	March 31, 2020
Short-term	722	685
Long-term	11,272	10,376
Loan 1 / Erste Bank Hungary Zrt.	**11,994**	**11,061**

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015 with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016 Erste Bank makes a 4 billion HUF (12.1 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2020 the outstanding capital of the forint based facility amounts to 3.4 billion HUF (9,600 thousand EUR); and the euro based facility amounts to 2,558 million EUR. The fair value of the loans (calculated using market interest rates) is 11,061 thousand EUR (see details under point 12.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. As of March 31, 2020 fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 1,208 thousand EUR.

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2019	March 31, 2020
Short-term	1,798	1,812
Long-term	35,280	34,818
Loan 2 / Erste Bank Hungary Zrt.	**37,078**	**36,630**

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., which is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term. On March 31, 2020 fair value of the IRS is 2,432 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	March 31, 2020
Short-term	1,140	1,146
Long-term	18,630	18,341
Loan 1. / UniCredit Bank Hungary Zrt.	**19,770**	**19,487**

The Company executed a 24 million EUR loan facility agreement with UniCredit Bank Hungary Zrt. on December 18, 2016 with 10 years maturity to finance the ongoing development in the southern area. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2019 the outstanding capital amounts to 22,000 thousand EUR, whose fair value was 19,487 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Unicredit)

	December 31, 2019	March 31, 2020
Short-term	4,333	1,349
Long-term	35,452	35,115
Loan 2./ UniCredit Bank Hungary Zrt.	**39,785**	**36,464**

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 March 31, 2020 fair value of the IRS is 652 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	March 31, 2020
Erste Bank Hungary Zrt. Loan nr. 1.*	11,994	11,061
Erste Bank Hungary Zrt. Loan nr. 2.	37,078	36,630
UniCredit Bank Hungary Zrt. Loan nr. 1.*	19,770	19,487
UniCredit Bank Hungary Zrt. Loan nr. 2.	39,785	36,464
Loans at fair value*	**108,627**	**103,642**

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

(all amounts in thousands of euros unless otherwise indicated)

Loans with preferential interest rate:

As part of its monetary policy instruments, National Bank of Hungary (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 March 31, 2020:

	Actual loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	12,158	1,097	11,061
UniCredit Bank Hungary Zrt.	22,000	2,513	19,487
Loans (FGS)	**34,158**	**3,610**	**30,548**

* 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	**March 31, 2020**
Fair value difference of loans*	3,160	2,930
Warranty retention	192	167
Fair value of derivative instruments **	2,443	4,292
Other long-term liabilities	**5,795**	**7,389**

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

** Fair value of IRSs as of March 31, 2020. The valuations were prepared by the financing banks.

(all amounts in thousands of euros unless otherwise indicated)

14. Revenue

	3 months ended March 31, 2019	3 months ended March 31, 2020
Property rental revenue*	3,509	3,771
Revenue	**3,509**	**3,771**

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

15. Operating expense

	3 months ended March 31, 2019	3 months ended March 31, 2020
Property related expense	25	29
Employee related expense	136	145
Other operating expense	131	180
Depreciation and amortization	45	55
Operating expense	**337**	**409**

Other operating expense consists of the following items:

	3 months ended March 31, 2019	3 months ended March 31, 2020
Office and telecommunication	3	1
Legal and administration	67	93
Marketing	-	15
Other	61	71
Other operating expense	**131**	**180**

(all amounts in thousands of euros unless otherwise indicated)

16. Other income (expense)

	3 months ended March 31, 2019	3 months ended March 31, 2020
Income from recharged construction expenses	89	65
Recharged construction expenses	(66)	(56)
Income from recharged operation expenses	1,400	1,413
Recharged operation expenses	(1,283)	(1,304)
Others	(5)	30
Other income	**135**	**148**

17. Interest and other financing cost

	3 months ended March 31, 2019	3 months ended March 31, 2020
Interest expense on loans	(301)	(491)
Other interest expense	(1)	(42)
Interest and other financing cost	**(302)**	**(533)**

18. Other financial result

	3 months ended March 31, 2019	months ended March 31, 2020
Exchange rate (loss) realized	-	(141)
Exchange rate (loss) / gain not realized	(36)	3
Ineffective portion of hedge*	9	-
Other financial result	**(27)**	**(138)**

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

(all amounts in thousands of euros unless otherwise indicated)

19. Income taxes

	3 months ended March 31, 2019	3 months ended March 31, 2020
Current income tax	(4)	(5)
Income tax (expense)	**(4)**	**(5)**

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 March 31, 2019	3 months ended March 31, 2020
Net profit attributable to equity holders	6,702	846
Weighted average number of ordinary shares	10,082,598	10,082,598
Basic earnings per share (EUR)	**0.66**	**0.08**
Weighted average number of ordinary shares	10,082,598	10,082,598
Diluted earnings per share (EUR)	**0.66**	**0.08**

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined as described in Note 1.3 to the financial statements.

Share ownership details are disclosed in Note 1.3.

(all amounts in thousands of euros unless otherwise indicated)

21. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2019	March 31, 2020
Number of ordinary shares	549,076	549,076
Number of employee shares	625,389	625,389
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	23,489	23,489
Total value of treasury shares (at historical cost)	974	974

22. Net asset value

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

	Note	Book value March 31, 2020	Fair value March 31, 2020	*Difference*
Investment property and other tangible assets*	7,8	247,088	263,491	*16,403*
Intangible assets		65	65	-
Current tax assets, net	5	13	13	-
Non-financial instruments		**247,166**	**263,569**	***16,403***
Cash and cash equivalents	3	43,702	43,702	-
Trade receivables	4	946	946	-
Other current assets	6	2,402	2,402	-
Trade payables	10	(522)	(522)	-
Other short-term liabilities	11	(4,189)	(4,189)	-
Loans	12	(103,642)	(103,642)	-
Other long-term liabilities	13	(7,389)	(7,389)	-
Financial instruments		**(68,692)**	**(68,692)**	**-**
Net asset value		**178,474**	**194,877**	***16,403***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 262,934 thousand euros as of March 31, 2020.

(all amounts in thousands of euros unless otherwise indicated)

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*	7,8	248,850	265,475	*16,625*
Intangible assets		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 is currently investigating the resolution and the possibilities of legal remedy.

24. Events after balance sheet date

As the Company published on April 17, 2020, the Decree no. 102/2020. (issued by the Government of Hungary on April 10, 2020) has banned the holding of general meetings of public limited liability companies during the coronavirus pandemic and instead granted the right for the Board of Directors of the Company to decide by passing resolutions on the submitted proposals, which the Shareholders may challenge subsequently and propose the convocation of the General Meeting. In terms of content, the Board of Directors adopted resolutions in all cases in accordance with the submissions published on March 19, 2020, except for the issue of the granting discharge of liability under Item no. 6 of the agenda, in which case it did not take a decision. The Company also published the materials approved by the resolutions. According to the Decree no. 102/2020. the Shareholders may challenge the above resolutions of the Board of Directors as follows. Those who jointly hold at least 1 percent of the voting rights in the Company are entitled to request the convocation of the General Meeting

- by May 31, 2020 for the subsequent approval of the resolution concerning the annual report and the allocation of the after-tax profits;
- by the forfeit deadline of the time period of 30 days after the cessation of the state of emergency, for the subsequent approval of the resolutions concerning all other items; or after the date of October 3, 2020, on the forthcoming annual General Meeting.

The initiation of subsequent approval of the resolutions concerning the annual report and the allocation of after-tax profits during the state of emergency has suspensive effect; the dividends can only be paid after the annual report and the dividends are subsequently approved by the General Meeting.

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 will be June 8, 2020. The Company pays 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 Quarterly Report which has been prepared in accordance with International Financial Reporting Standards and to the best of our knowledge, gives a true and fair view of the assets,* *liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*