

CORDIA INTERNATIONAL ZRT.

IFRS INTERIM SEPARATE FINANCIAL STATEMENTS

30 JUNE 2019



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Cordia International Zrt.

Opinion

We have audited the accompanying interim financial statements of Cordia International Zrt. ("the Company") which comprise the statement of financial position as at 30 June 2019, the related statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the six-month period then ended and the notes to the interim financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim financial statements have been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards of Auditing ("ISA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the interim financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA Code of Ethics) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the interim Financial Statements

Management is responsible for the preparation of the interim financial statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis in preparation of the interim financial statements. Management has to apply the going concern basis of accounting in the interim financial statements unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the interim financial statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in the interim financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 26 September 2019

A handwritten signature in blue ink, appearing to read "L. Radványi", written over a light blue circular stamp.

László Radványi
Partner

PricewaterhouseCoopers Könyvvizsgáló Kft.



Cordia International Zrt.

**IFRS interim separate
financial statements
30 June 2019**

CORDIA International Zrt.
IFRS Interim Separate Financial Statements for the period ended 30 June 2019

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IFRS Interim Separate Financial Statements for the period ended 30 June 2019

Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Notes</i>	Six months ending as of 30 June 2019	Six months ending as of 30 June 2018
Interest income		364 149	161 974
Dividend income	7	24 194 422	-
Total investment income		24 558 571	161 974
Administrative and other expenses		2 989	33 915
Interest expense		26 106	-
Total operating expenses		29 095	33 915
Foreign exchange gain		91 106	829 445
Foreign exchange loss		58 282	78 645
Foreign exchange - net	8	32 824	750 800
Profit before taxation		24 562 300	878 859
Income tax expense		49 185	-
Profit for the period		24 513 115	878 859
Total comprehensive income for the period, net of tax		24 513 115	878 859

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements



CORDIA International Zrt.
IFRS Interim Separate Financial Statements for the period ended 30 June 2019

Statement of Financial Position

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	30.06.2019	31.12.2018	01.01.2018
Assets				
Non-current assets				
Intangible assets		5 092	5 386	2 120
Investment in subsidiaries	6	24 391 920	1 726 277	1 677 955
Total non-current assets		24 397 012	1 731 663	1 680 075
Current assets				
Short-term receivables - related parties	5	26 091 662	18 060 423	17 448 696
Other current assets		18 166	47 662	1 551
Income tax receivable		1 032	1 032	688
Cash and cash equivalents	5	6 118 442	1 175 031	515 169
Total current assets		32 229 302	19 284 148	17 966 104
Total		56 626 314	21 015 811	19 646 179
Equity and liabilities				
Shareholders' equity				
Share capital	7	9 897 492	9 252 912	9 252 912
Share premium	7	8 690 521	592 166	592 166
Retained earnings		32 113 989	7 600 874	6 895 913
Total equity		50 702 002	17 445 952	16 740 991
Total non-current liabilities		-	-	-
Current liabilities				
Trade and other payables (current)		3 460	13 671	946
Related party liabilities	5	5 878 132	3 537 915	2 893 229
Income tax liabilities		42 720	18 273	11 013
Total current liabilities		5 924 312	3 569 859	2 905 188
Total liabilities		5 924 312	3 569 859	2 905 188
Total equity and liabilities		56 626 314	21 015 811	19 646 179

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements



CORDIA International Zrt.
IFRS Interim Separate Financial Statements for the period ended 30 June 2019

Statement of Changes in Equity

For the period ended 30 June 2019

<i>In thousands of Hungarian Forints (THUF)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 01 January 2018	9 252 912	592 166	6 895 913	16 740 991
Profit for the period	0	0	878 859	878 859
Balance as at 30 June 2018	9 252 912	592 166	7 774 772	17 619 850
Balance as at 31 December 2018	9 252 912	592 166	7 600 874	17 445 952
Proceeds from capital increase	644 580	8 098 355	0	8 742 935
Profit for the period	0	0	24 513 115	24 513 115
Balance at 30 June 2019	9 897 492	8 690 521	32 113 989	50 702 002

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements



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CORDIA International Zrt.
IFRS Interim Separate Financial Statements for the period ended 30 June 2019

Statement of Cash Flows

<i>In thousands of Hungarian Forints (THUF)</i>		Six months ending as of 30 June 2019	Six months ending as of 30 June 2018
Profit before tax		24 562 300	878 859
Adjustments to reconcile profit for the period to net cash used in operating activities:			
Depreciation		294	0
Net interest income		-338 043	-161 974
Dividend income	8	-24 194 422	0
Decrease/(increase) in trade and other receivables		268 057	-1 833 229
(Decrease)/increase in liabilities from related parties	5	2 340 217	278 410
Increase/(decrease) in trade and other payables		-10 211	29 891
(Increase)/decrease of related party receivables	5	-8 031 239	2 016 002
Interest paid		-26 106	0
Interest received		125 588	175 413
Income tax paid		-24 738	-11 357
Net cash from/(used in) operating activities		-5 328 597	1 372 015
 Consideration paid for investment in subsidiaries	6	 -22 665 643	 -202 425
Consideration received from sale or redemption of investments		3 298	0
Acquisitions of tangible and intangible assets		0	-1 601
Dividend received	8	24 194 422	0
Net cash from/(used in) investing activities		1 532 371	-204 026
 Capital increase received	7	 8 742 935	 0
Net cash from financing activities		8 742 935	0
Net change in cash and cash equivalents		4 943 411	1 167 989
Cash and cash equivalents at beginning of the year		1 175 031	515 169
Cash and cash equivalents at end of the year		6 118 442	1 683 158

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements

Notes to the Financial Statements

1. Background and business of the Company

- (a) **Company name:** Cordia International Private Limited Company ('Cordia International Zrt.')
- Headquarter:** 7th floor, 47-53 Futó street, 1082 Budapest
- Company registration number:** 01-10-048844
- Statistical number:** 25558098-6810-114-01
- Tax registration number:** 25558098-2-42

Cordia International Private Limited Company ('the Company'), a Hungarian private limited company with its statutory seat in Budapest, Hungary, was incorporated on 17 April 2016.

The Company is a holding company focused on managing its subsidiaries. The core business of the subsidiaries is to develop residential properties and then sale residential units. The Company is not involved in development of other real estate projects.

The registered office is located at 47-53 Futó street, Budapest, Hungary. The Company (together with its Hungarian Polish, Spanish and Romanian subsidiaries 'the Group'), is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Hungary, in Poland, in Spain and in Romania.

Cordia International Zrt. (the 'Parent') was established as of 27 April 2016 by Futureal Property Group Kft.

As of 30 June 2019 the Company has the following owner:

- QED Investments Limited 100% (place of business: Brewery Street, Mriehel, BKR3000, Malta)

Direct controlling party of the Company was Sparks Ltd. as of 31 December 2018. Sparks Ltd., the sole shareholder of Cordia International Zrt. sold in May 2019 its entire holding in the Company to QED Investments Ltd., with registered seat in Malta. QED Investments Ltd. is also the sole shareholder of Sparks Ltd., therefore the ultimate controlling party has not been changed as a result of this transaction. The direct controlling party company does not prepare consolidated financial statements and there is no consolidated financial statement available into which the Company is consolidated.

The ultimate controlling parties are Futó Gábor and Futó Péter.

Cordia International Zrt. also prepares IFRS consolidated financial statements. Accounting policies applied in those financial statements are in line with the accounting policies used for preparation of IFRS consolidated financial statements.

Preparation of separate IFRS financial statements is not mandatory for the Company. Separate IFRS financial statements are prepared on a voluntary basis, to provide useful information for the potential investors within the Company's initiatives related to third-party corporate debt financing.

A list of the companies from which the financial data are included in these Consolidated Financial Statements and the extent of ownership and control are presented in Note 2.

2. Interests in other entities

Group structure

The details of the Hungarian, Polish, Romanian and Spanish subsidiaries are presented in the table.

The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near to completion.

Entity name	Place of operation	Share of ownership & voting rights at			Nature of relationship		
		06.30.2019	12.31.2018	01.01.2018	06.30.2019	12.31.2018	01.01.2018
Villena Sp. z o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Wrocław I Sp. Z o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Zyrardów Sp.z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Futureal Management Poland Sp. Z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
CORDIA Polska SP. Z.o.o..	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cereman Vagyonkezelő Zrt.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Lands Investment Ltd.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Property Management Kft.	Hungary	N/A	N/A	100%	Not in the group	Not in the group	Subsidiary
Cordia Development 1 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Development 2 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 1 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 2 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 3 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 4 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 5 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Ingatlanbefektetési Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Management Szolgáltató Kft.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
CM-HoldCo Kft	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Sasad Resort 2 Kft	Hungary	72,50%	72,50%	72,5%	Subsidiary	Subsidiary	Subsidiary
IPOPEMA 146 Alap							
Inwestycyjny Zamkniety Aktywów Niepublicznych	Poland	N/A	N/A	100%	Not in the group	Not in the group	Subsidiary
Cordia Poland GP One Spółka Z	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Project Holding Cordia Poland GP One Spk.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Warszawa 1 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Warszawa 2 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Warszawa 3 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary

CORDIA International Zrt.
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Entity name	Place of operation	Share of ownership & voting rights at			Nature of relationship		
		06.30.2019	12.31.2018	01.01.2018	06.30.2019	12.31.2018	01.01.2018
Projekt Warszawa 4 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Kraków 1 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Central Ingatlanfejlesztő Kft.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Finext Funds One SICAV-SIF	Luxembourg	25%	25%	25%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 6 Alap	Hungary	50%	50%	100%	Joint-venture	Joint-venture	Subsidiary
Cordia Global 7 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 8 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 9 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 10 Alap	Hungary	100%	100%	4,71%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 11 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 12 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 13 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 14 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 15 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 16 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 17 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 18 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 19 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 20 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
CORDIA Munkavállalói Rész tulajdonosi Program Szervezet	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
CDS-Cordia Development Services Srl	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Parcului Residential Project Srl	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Belváros Ingatlanfejlesztő Kft.	Hungary	70%	70%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia FM Társasházkezelő Kft.	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia New Times Ingatlanfejlesztő Kft.	Hungary	70%	70%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia New Homes Kft.	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Finext Funds BP SICAV-SIF	Luxembourg	20%	20%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Romania Holding One Kft.	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Romania Holding Two Kft.	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 3 Spółka z	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group

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Entity name	Place of operation	Share of ownership & voting rights at			Nature of relationship		
		06.30.2019	12.31.2018	01.01.2018	06.30.2019	12.31.2018	01.01.2018
Cordia Development 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 5 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 1 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Projekt Warszawa 5 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Projekt Kraków 2 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Projekt Kraków 3 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Dante Project SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Navigatorilor Project SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Corarilor Development SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Project Services SPV3 SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Project Development SPV2 SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Partner 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 10 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Development 6 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Development 7 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Development 8 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Development 9 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Europe Holding Kft.	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Global 21 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Global 22 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group

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Entity name	Place of operation	Share of ownership & voting rights at			Nature of relationship		
		06.30.2019	12.31.2018	01.01.2018	06.30.2019	12.31.2018	01.01.2018
Cordia Global 23 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Global 24 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Global 25 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Partner 5 Sp. z o.o.	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Partner 6 Sp. z o.o.	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Projekt Kraków 4 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Projekt Trójsmiasto 1 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Projekt Warszawa 6 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Projekt Warszawa 7 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Project Company Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
FUTUREAL DEVELOPMENT COMPANY Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Futureal Iberia Holding Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Futureal Project Company Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Development Company Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group
Cordia Spain Holding Kft.	Hungary	100%	N/A	N/A	Subsidiary	Not in the group	Not in the group

All the acquisitions were at market prices from entities under common control.

3. Basis of preparation and measurement

a. Basis of preparation and statement of compliance

This interim financial statement for the half-year reporting period ended 30 June 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Since the Company has not yet prepared its first time IFRS financial statements (please see more details on this below), this interim financial statement is not a condensed financial statement.

Cordia International Zrt. prepares its statutory separate financial statements under local GAAP (i.e. based on the regulations of Act C of 2000 in Hungary, also referred as "HAR"). HAR financial statements are published and they serve also as the basis for taxation and for all other local regulatory purposes.

The financial statements have been prepared on a going concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. The financial statements were authorized by the Boards of Directors of Cordia International on 25 September 2019.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section "3.f." below.

b. First time adoption of IFRS

The separate IFRS financial statements to be prepared as at 31 December 2019 will be the Company's first annual separate financial statements that comply with IFRS. The Company's IFRS transition date is 1 January 2018. Subject to certain exceptions, IFRS 1 requires retrospective application of the version of standards and interpretations effective as of 31 December 2019 in preparing the opening IFRS separate statement of financial position at 1 January 2018 and throughout all periods presented in its first IFRS separate financial statements. In preparing these separate financial statements, the Company has applied the mandatory exceptions to the retrospective application of other IFRSs and has elected to apply the following optional exemptions:

- (a) ***Fair value as deemed cost exemption.*** Based on IFRS 1.D17, when a parent entity that becomes a first-time adopter in its own separate financial statements at a different date from the one for its consolidated financial statements should use the same carrying amounts (except for consolidation adjustments) in both sets of financial statements. The transition date for the consolidated financial statements was 1 January 2016, therefore the amounts presented in this IFRS separate financial statements are in line with the consolidated financial statements.
- (b) ***Investment in subsidiaries, joint ventures and associates.*** In line with IFRS 1.D14, Company elected to use deemed cost for determining cost of its investments as at 1 January 2018. Carrying amount under previous GAAP (i.e. HAR) was used as deemed cost on the opening IFRS balance sheet. Subsequently the Company records the investment using the cost method based on IAS 27.
- (c) ***Business combinations.*** Based on IFRS 1.C1 an entity can choose not to restate any business combination that occurred prior to its transition to IFRS standards, and it can apply IFRS 3 prospectively from the date of transition. An entity might choose to restate earlier business combinations in accordance with IFRS 3 from any point in time prior to the date of transition. Company elected to apply this exemption for all business combinations occurred before the transition date (i.e. 1 January 2018) and did not restate those business combinations based on IFRS 3.

Exceptions to the retrospective application, which are mandatory under IFRS 1 are:

- (a) ***Estimates exception.*** Estimates under IFRS at 1 January 2018 and 31 December 2018 should be consistent with estimates made for the same dates under the previous GAAP, unless there is evidence that those estimates were an error. This exception has no significant impact in case of the Company.

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- (b) **Derecognition of financial assets and liabilities exception.** Financial assets and liabilities derecognised before the transition to IFRS are not re-recognised under IFRS.
- (c) **Hedge accounting exception.** The Company does not apply hedge accounting.
- (d) **Non-controlling interests exception.** This is not relevant for this separate financial statements.
- (e) **Government loans.** The Company does not have government loans.

The following reconciliations provide a quantification of the effect of the transition from Hungarian Accounting Regulations ("HAR") to IFRS at 1 January 2018, 31 December 2018 and for the year ended 31 December 2018. Company's most recent statutory financial statements under HAR are issued as at 31 December 2018. The Company does not prepare interim financial statements under HAR.

Since the Company is a holding entity there are no material differences between HAR and IFRS financial statements. The most significant difference is that under HAR it is permitted for the company to freely select EUR or USD as its functional currency, while under IFRS it should be the currency of the primary economic environment. The functional currency under IFRS is HUF, but for HAR purposes EUR is used. This means, the transactions recorded under HAR shall be converted to IFRS to reflect what would have been the situation, if HUF were be used as the functional currency. This mostly have an impact on equity and non-monetary items, however the difference is not material.

In the reconciliation below HAR figures are based on statutory local financial statements and they are translated to HUF using year-end foreign exchange rates as published by the Hungarian National Bank (321.51 HUF/EUR for 31 December 2018 and 310.14 HUF/EUR for 1 January 2018).

<i>In thousands of Hungarian Forints</i>	31 December 2018	1 January 2018
EQUITY UNDER HAR	17,503,821	16,740,991
<i>Effects of changes in accounting policies:</i>		
(i) Unrealized foreign exchange gain on subsidiaries	(60,660)	0
(ii) Impact of different functional currency	2,791	0
IFRS EQUITY	17,445,952	16,740,991

- i) Under HAR, investment are treated monetary item, therefore year-end revaluation recorded under HAR shall be reversed to comply with IAS 21.

<i>In thousands of Hungarian forints</i>	01.01.2018- 12.31.2018
PROFIT UNDER HAR	151,881
<i>Effects of changes in accounting policies:</i>	
(i) Impact of different functional currency	553,079
TOTAL COMPREHENSIVE INCOME [LOSS] UNDER IFRS	704,960

The Company has significant assets and liabilities denominated in EUR and PLN (please also refer to Note 5 about loan and cash balances). This means that under HAR there was no foreign exchange gain/loss recorded for most of the assets and liabilities by using EUR as the functional currency. Upon transition to IFRS, being HUF the functional currency there was a significant increase in the foreign exchange result recorded in the P&L. Though, it should be noted – as presented above – that the impact on the total equity is wholly marginal.

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Please see below the impact of transition to IFRS. In the reconciliation below HAR figures are based on statutory local financial statements and they are translated to HUF using year-end foreign exchange rates as published by the Hungarian National Bank (321.51 HUF/EUR for 31 December 2018).

<i>As at 31 December 2018</i> <i>In thousands of Hungarian Forints</i>	HAR	Transition adjustment	IFRS
Share capital	9,645,300	(392,388)	9,252,912
Share premium	617,299	(25,133)	592,166
Retained earnings	7,241,222	359,652	7,600,874
	17,503,821	(57,869)	17,445,952

IFRS EQUITY

This means that total impact on equity as of 31 December 2018 is only thHUF (57,869). This comes from two impacts:

- a financial gain of thHUF 553,079 recognized in the income statement
- a decrease of share capital, share premium and retained earnings, because of using the historical fx rates under IFRS, instead of year-end fx rates, as used for calculation of HAR balances (this cause a total decrease of thHUF 610,948).

The P&L impact was supported with the fact, that during 2018 the HUF weakened compared to EUR.

The Company's operating, investing and financing cash flows reported under HAR did not significantly differ from IFRS.

c. New and amended standards

As of 1 January 2019, IFRS 16 leases came into effect. Due to the nature of the company, holding entity, the adoption of IFRS 16 did not have an effect. The Company does not hold any leases.

There no other new or amended standards or interpretations that are expected to have a significant impact on the financial statements of the Company.

d. Basis of measurement

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of those financial assets that have been measured at fair value through profit or loss.

e. Functional and presentation currency

The financial statements are presented in thousands of Hungarian Forint, which is the company's functional and presentation currency.

f. Use of estimates and critical judgments

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of subsidiaries

Investment in subsidiaries are recognized at costs. The company assess at each balance sheet date whether there is objective evidence that an investment in subsidiary is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

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In considering whether any impairment triggers exist, the company considers, among other, the following factors:

- The performance of its subsidiaries
- Market conditions and economic developments
- In case of a dividend payment:
 - o whether the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets,
 - o if the dividend exceeds the total comprehensive income of the subsidiary.

In May 2019 the subsidiary Cordia Lands Investments Limited paid a dividend to the Company of a substantial amount compared to its equity as it was considered as an impairment trigger. As of 30 June 2019, the carrying value of investment in this subsidiary in the books of the Company is not significantly different from the equity recorded in the books of the subsidiary. Moreover Cordia Lands holds investments in several project entities, where the cost of its investments is significantly lower than the net asset value of these relevant project entities, which confirms that the fair value of Cordia Lands significantly exceeds the carrying value of its net assets. Therefore no impairment was recognized.

Please see below a comparison of the carrying value of the investment in Cordia Lands Ltd. and the subsidiary's net assets:

<i>Calculated in thHUF</i>	30-06-2019
Carrying value of Cordia Lands Investments Limited	24,298,382
Net assets of Cordia Lands Investments Limited	23,907,932

If the impairment on the investments would be 1 percentage point higher, the Company had to recognize an additional impairment decreasing the equity by thHUF 243,919 as at 30 June 2019.

Impairment of receivables

The outstanding receivables of the company are loans granted to subsidiaries. They are initially valued at fair value and subsequently measured at amortized cost. In accordance with IFRS 9, the receivables are subject to the expected credit loss impairment model. Given that all recorded receivables are inter-company loans, the company considers them low-risk and estimated an impairment provision of nil, due to the following reasons:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material;
- loans granted to the Company's subsidiaries are used to finance Cordia Group's activities related to development of its portfolio of residential assets and the assets purchased by the Company's subsidiaries increase in value and do not require impairment to be recognized.

If the bad debt rate on these receivables would be 1 percentage point higher, the Company had to recognize an additional impairment decreasing the equity by thHUF 260,917 as at 30 June 2019 (thHUF 180,604 as at 31 December 2018 and thHUF 174,487 as at 1 January 2018).

Determination of functional currency

The functional currency is determined by primary economic environment in which the Company operates. The Company is registered in Hungary however, a significant part of its transactions is done also in PLN and EUR. Management believes that indicators provided by IAS 21 show a mixed picture. Considering that the shareholder of the company is Hungarian, most of the construction projects are located in Hungary and the company's principal place of operations is in Hungary, management determined the functional currency to be the Hungarian Forint (HUF).

4. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

a. Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates – as published by the Hungarian National Bank - prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

b. Revenue

Cordia International Zrt. is a holding company that does not enter into contracts with customers. Income of the Company comprises dividend and interest income. Based on this, impact of IFRS 15 'Revenue from contracts with customers' is not considered to be relevant.

c. Financial instruments

Financial assets

In line with IFRS 9, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Since the Company is a holding entity with mainly intercompany loans as financial instruments, it has only financial assets held at amortized cost. Investment in subsidiaries are measured at cost in line with IAS 27.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Currently the company only holds financial assets measured at amortized costs. Refer also to Note 5 for more information on financial assets.

Financial liabilities – loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as financial income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and presented in the statement of financial position as a net amount when the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The IFRS 9 impairment model is applied to the receivables from related parties.

The entity follows the rules of IFRS 9 outlines a 'three-stage' model ('general model') for impairment based on changes in credit quality since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

For intercompany loan receivables the Company applies practical expedient from IFRS 9 and measures impairment using lifetime ECL.

The Company's financial assets are inter-company loans within the scope of IFRS 9 might not require a material impairment provision to be recognised, because:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material;
- loans granted to the Company's subsidiaries are used to finance Cordia Group's activities related to development of its portfolio of residential assets and the assets purchased by the Company's subsidiaries increase in value and do not require impairment to be recognized.

Where inter-company loans do not meet any of the three criteria above, lifetime expected credit losses will need to be calculated, which are more likely to give rise to a material impairment provision.

d. Receivables from related parties

Financial assets recognized in the statement of financial position are loan receivables from related parties. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

e. Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, except for collateralized deposits.

f. Liabilities to related parties

Financial liabilities to recognized in the statement of financial position are loans and borrowings obtained from related parties.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

g. Equity

i. Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

ii. Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

h. Investment in subsidiaries

Subsidiaries are all entities over which the Company has direct or indirect control. The Company controls directly or indirectly an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are recognized at cost. Assets that qualify as impaired are measured at their impaired value, any impairment is recorded in the income statement.

i. Dividend income

Dividend income is recognised when the right to receive payment is established. The date when the right to receive is established might be different in case of certain subsidiaries, therefore the Company continuously assesses the changes in the local rules and regulations.

j. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Since dividend income is tax exempt, the Company has no significant income tax liability.

5. Financial assets and financial liabilities

This note provides information about the company's financial instruments, including

- an overview of all financial instruments held by the entity
- specific information about each type of financial instrument.

Financial assets at amortized costs

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	30-06-2019	31-12-2018	01-01-2018
Current financial assets				
Short-term receivables from related parties	5(a)	26 091 662	18 060 423	17 448 696
Cash and cash equivalents	5(c)	6 118 442	1 175 031	515 169
Total financial assets		32 210 104	19 235 454	17 963 865

Financial liabilities at amortized costs

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	30-06-2019	31-12-2018	01-01-2018
Current financial liabilities				
Trade and other payables		3 460	13 671	946
Short-term liabilities to related parties	5(b)	5 878 132	3 537 915	2 893 229
Total current liabilities		5 881 592	3 551 586	2 894 175

5(a) Receivables related parties

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	30-06-2019	31-12-2018	01-01-2018
Loan receivables	(i)	25 489 288	17 432 888	11 039 882
Accrued interest receivables		474 385	235 824	77 546
Other receivables		9 667	27 465	0
Dividend receivable		118 321	364 246	6 331 268

Dividend receivable show the unpaid balance of dividend from subsidiaries. Please refer to Note 2 for more details about subsidiaries.

(i) Loans receivables from related parties

The table below presents the movement in loans granted to related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	01-01-2019 30-06-2019	01-01-2018 31-12-2018
Opening balance	17 432 888	11 349 928
Loans granted	15 352 071	9 763 205
Loans repaid	-7 748 887	-3 718 707
Revaluation (FX difference)	453 216	38 462
Closing balance	25 489 288	17 432 888

All loans are provided to subsidiary companies of the group and are unsecured. The loans are denominated in different currencies and repayable on-demand. The Company is dynamically reacting to the financing needs of the subsidiaries and reallocates loan as necessary on a continuous basis. Based on this, Management considers all the related party loan to be current and expects to realize them within one year. Since the Company is a holding entity, Management believes that its operating activities include acting as a financial intermediary for its subsidiaries, cash flows related to these related party loan receivables are presented within cash flows from operating activities.

The table below presents the conditions of the most significant related party loan agreements:

As at 30-06-2019

Loan currency	Balance in thHUF	Interest rate
HUF	676 609	Interest free
EUR	9 183 702	Interest free
PLN	15 628 977	WIBOR + margin

As at 31-12-2018

Loan currency	Balance in thHUF	Interest rate
HUF	604 882	Interest free
EUR	4 959 621	Euribor + margin
EUR	6 912 034	Interest free
PLN	4 956 351	WIBOR + margin

As at 01-01-2018

Loan currency	Balance in thHUF	Interest rate
HUF	83 997	Interest free
EUR	7 996 797	Interest free
PLN	2 959 088	WIBOR + margin

Based on the nature of the relationship, the Company has the following related party balances at each balance sheet date:

As at 30-06-2019

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Subsidiary	25,489,288

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As at 31-12-2018

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Sister company	3,258,186
Loan receivable	Subsidiary	14,174,702

As at 01-01-2018

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Sister company	1,312,624
Loan receivable	Subsidiary	10,037,304

The intercompany loan receivables are repayable on demand, they have no maturity, all the amounts presented above are not due.

As at 30 June 2019, related party loan receivables represent 26,3 % of the total assets. From this balance thHUF 14,809,979 is due from a Polish subsidiary, Cordia Polska sp. z.o.o.. This represent 58% of al related party receivables as of 30 June 2019.

5 (b) Liabilities to related parties

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	30-06-2019	31-12-2018	01-01-2018
Loans and borrowings	(i)	5 865 998	3 529 192	2 892 861
Accrued expenses payable		158 262	8 265	368

(i) Loans and borrowings

The loans and borrowings are obtained from subsidiaries in the group and are unsecured. All loans are repayable on-demand, therefore they are classified among current liabilities. Since the Company is a holding entity, Management believes that its operating activities include acting as a financial intermediary for its subsidiaries, cash flows related to these related party loan liabilities are presented within cash flows from operating activities.

The following table shows the conditions of the borrowings:

As at 30-06-2019

Loan currency	Balance in thHUF	Interest rate
PLN	68 490	WIBOR + margin
EUR	5 797 508	Interest free

As at 31-12-2018

Loan currency	Balance in thHUF	Interest rate
PLN	860 430	WIBOR + margin
EUR	2 668 762	Interest free

As at 01-01-2018

Loan currency	Balance in thHUF	Interest rate
HUF	15 093	Interest free
EUR	2 877 768	Interest free

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The table below presents the movement in loans granted to related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	01-01-2019 30-06-2019	01-01-2018 31-12-2018
Opening balance	3 529 192	2 892 861
Loans granted	12 566 810	11 268 150
Loans repaid	-10 274 017	-10 727 519
Revaluation (FX difference)	44 013	95 700
Closing balance	5 865 998	3 529 192

Based on the nature of the relationship, the Company has the following related party balances at each balance sheet date:

As at 30-06-2019

Nature of relationship	Partner	Balance in thHUF
Loan payable	Sister company	5,797,508
Loan payable	Subsidiary	68,490

As at 31-12-2018

Nature of relationship	Partner	Balance in thHUF
Loan payable	Sister company	2,668,762
Loan payable	Subsidiary	860,430

As at 01-01-2018

Nature of relationship	Partner	Balance in thHUF
Loan payable	Sister company	2,877,768
Loan payable	Subsidiary	15,093

5 (c) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

<i>In thousands of Hungarian Forints (HUF)</i>	30-06-2019	31-12-2018	01-01-2018
Cash at hand	109	109	24
Cash at banks	6 118 333	1 174 922	515 145
Total cash and cash equivalents	6 118 442	1 175 031	515 169

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The total amount of cash and cash equivalents was denominated in the following currencies:

<i>In thousands of Hungarian Forints (HUF)</i>	30-06-2019	31-12-2018	01-01-2018
EUR	4 034 158	26 052	2 095
PLN	2 078 152	1 103 148	507 085
HUF	6 132	45 824	5 965
Total cash and cash equivalents	6 118 442	1 175 024	515 145

The Company minimizes its credit risks by holding its funds in financial institutions with high credit ratings as follows*:

<i>In thousands of Hungarian Forints (HUF)</i>	30-06-2019	31-12-2018	01-01-2018
A	127	0	0
AA	2 075 871	1,098 678	0
BBB+	28 871	52 837	515 145
BBB	4 013 464	23 407	0
Cash at hand	109	109	24
Total cash and cash equivalents	6 118 442	1 175 031	515 169

*The presented credit ratings are based on S&P's long-term ratings

6. Investments in subsidiaries

The investments in subsidiaries comprises the investment in equity shares of group companies and are measured at cost.

The Company's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/Country of incorporation	Ownership interest held by the Company (direct interest)	
		30-06-2019	31-12-2018
Cordia Lands Investment Ltd.	Nicosia, Cyprus	100%	100%
Cordia New Times Ingatlanfejlesztő Kft.	Hungary, Budapest	70%	67%
Cordia Spain Holding Kft	Hungary, Budapest	100%	n.a.
Cordia Romania Holding One Kft.	Hungary, Budapest	100%	100%
Cordia Romania Holding Two Kft.	Hungary, Budapest	100%	100%
CORDIA Central Ingatlanfejlesztő Kft.	Hungary, Budapest	100%	100%
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary, Budapest	2,75%	3,33%
Cordia Management Szolgáltató Kft.	Hungary, Budapest	1%	1%

Due to indirect interest through different group companies, the investments in Cordia New Ages Ingatlanfejlesztő Kft. and Cordia Management Szolgáltató Kft. are considered subsidiaries. The company has control over these entities as defined in IFRS 10 'Consolidated financial statements' and are therefore accounted at cost in accordance with IAS 27 'separate financial statements'.

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The below table shows the movement in investment in subsidiaries:

<i>In thousands of Hungarian Forints (HUF)</i>	Cost
As at 01-01-2018	1 677 955
New purchases (investments)	889 877
Consideration received for sale or redemption	- 829 821
Gain/(loss) on sale or redemption	- 11 733
As at 31-12-2018	1 726 277
New purchases (Cordia Lands Ltd.)	22 647 800
New purchases (Other)	21 140
Consideration received for sale or redemption	- 3 298
Gain/(loss) on sale or redemption	-
As at 30-06-2019	24 391 920

In June of 2019, the Company significantly increased its investment in Cordia Lands Investment Limited. In May 2019, Cordia Lands Investment Limited declared dividend to the Company in the amount of EUR 70 million, while in the same time the Company has decided to increase Cordia Lands Investment Limited's share capital with 70 shares each with a par value of EUR 1 and premium of EUR 999,999 – issued to the Company.

The shares purchased by Cordia International Zrt. resulted in an increase of THUF 22,668,940 in investment in subsidiaries. The increase of the investment was recognized by Cordia International Zrt. as 28 June 2019. The shares newly issued by Cordia Lands Investment Limited to the Company can be redeemed anytime against payment by Cordia Lands Investment Limited payable from the profit, profit reserves, and share premium account.

7. Equity

7(a) Share capital

The Company's share capital is EUR 32,000,000 (9,897,492 thousands HUF) consisting of ordinary shares with nominal value of EUR 1 in the number of 32,000,000. All shares are fully paid. Ordinary shares provide the rights to the holders on a pro-rata basis.

(i) Movement in ordinary shares

	Number of shares (thousand)	Par value (THUF)	Share premium	Total
Opening balance 01-01-2018	30 000	9 252 912	592 166	9 845 078
Closing balance 31-12-2018	30 000	9 252 912	592 166	9 845 078
Capital increase	2000	644 580	8 098 355	8 742 935
Closing balance 30-06-2019	32 000	9 897 492	8 690 521	18 588 013

The new direct shareholder of the Company, QED Investments Limited, following purchase of 100% of the Company from Sparks Ltd. (May 2019), decided about capital increase of the Company. Out of total EUR 27m, EUR 2m was declared as new share capital, while EUR 25m have been contributed to the Company as share premium. All contributions were declared in May 2019 and were fully paid until end of June 2019.

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30-06-2019		
Company	Nominal value of shares (THUF)	Ownership percentage
QED Limited	9 897 492	100.00%
Total	9 897 492	100.00%

31.12.2018		
Company	Nominal value of shares (THUF)	Ownership percentage
Sparks Ltd.	9 252 912	100.00%
Total	9 252 912	100.00%

01.01.2018		
Company	Nominal value of shares (THUF)	Ownership percentage
Futureal Property Group Ingatlanforgalmazó Kft.	37 322	0,40%
Sparks Ltd.	5 773 623	62,40%
FutInvest Hungary Kft.	2 886 811	31,20%
Futureal Real Estate Holding Ltd.	555 156	6,00%
Total	9 252 912	100,00%

8. Dividend Income

During the first half of 2019 (2018: zero) two dividend payments were received from subsidiaries:

Name of the subsidiary	Date of payment	Amount 2019 (THUF)	Amount 2018 (THUF)
Cordia Lands Investment Ltd.*	28-05-2019	22 848 000	-
Villena sp. z o.o.	17-06-2019	1 346 422	-
Total		24 194 422	-

*for more details please see also Note 6 (Investments in Subsidiaries)

9. Foreign exchange gain/(loss)

During 2019 the company incurred a net foreign exchange gain of THUF 32,824 (2018: THUF 750,800). This is a significant decrease compared to last year. The decrease is due to the fact that the HUF weakened significantly compared to the EUR and the PLN during 2018. Since the Company has significantly more EUR and PLN denominated asset, than liabilities, weak HUF caused a significant foreign exchange gain as at 30 June 2018. HUF/EUR and HUF/PLN exchange rates have not changed significant in 2019, this caused a significantly lower net foreign exchange gain than in the comparative period.

10. Related parties

All transactions with related parties are in relation to loans provided and received. The loans and conditions are set out in note 5 above. No other transactions with related parties occurred. For a list of subsidiaries reference is made to Note 2.

Part of the loans issued/received to/from related parties bear no interest. If these loans were entered into at 1% rates the interest paid/received would have been higher as follows:

Period ended 30 June	2018	2019
Interest		
Interest paid	21,166	13,866
Interest received	38,784	43,443

Transactions with key management personnel

There were no such transactions.

Key Management Board personnel compensation

There was no such compensation paid directly by the Company. For more details on the compensation received by the key personnel please refer to the IFRS consolidated financial statements of Cordia Group prepared as of 31 December 2018.

11. Fair value estimation of financial assets and liabilities

There is no financial asset that is measured at fair value through profit or loss in the financial statements. Financial assets and liabilities are measured at amortized cost.

The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are related party short-term loans where the time value of money is not material.

12. Financial risk management, objectives and policies

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Company financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks. Being a holding, financial risks related to the Company are limited.

A. Market risk

(i) Foreign exchange risk

The Company is impacted by the following risks related to foreign exchange rates:

- The Company has significant investment in foreign subsidiaries. A significant deterioration of the relevant foreign currencies could have an impact on the impairment to be recorded on investment in subsidiaries. Company has not identified any impairment indicator and Management sees the risk of EUR and PLN significantly weakening against HUF to be remote. Based on this, this risk is considered to be not significant.
- Foreign currency denominated assets and liabilities. Most of the assets and liabilities denominated in foreign currency are from related party loan and receivables. Since the Company is managing fx risk on a group level, related risk is not addressed. Besides loans, the only significant foreign currency denominated items are the cash balances. Management sees the risk of EUR and PLN significantly weakening against HUF to be remote. Based on this, this risk is considered to be not significant.

(ii) Price risk

The Company has no significant exposure to price risk as it does not hold any equity securities or commodities.

(iii) Cash flow and fair value interest rate risks

The Company's interest rate risk principally arises from related party loans. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents. The Company has loans at fixed rates and therefore has exposure to fair value interest rate risk.

The Company's related party loans are all short-term and repayable on-demand, therefore the interest rate changes on these loans would not have material effect on the Company's result.

B. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks and related party loan receivables. Credit risk is not material in case of cash, since it is held at major international banks. Loans are only granted for companies under common control. Based on this, credit is considered to be minimal for the Company.

For concentration of credit risk please refer to Note 5 (a).

C. Liquidity risk

The cash flow forecast is based on the dividend and interest payments, because there are no other material transaction within the Company. The forecasts are summarized by the Company's finance department. These forecasts take into consideration the Company's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

The Company also minimizes its credit risks by holding its funds in financial institutions with high credit ratings. Please refer to note 5 for detailed information about credit ratings.

All the liabilities of the Company are classified as short-term and payable within one year. Liquidity needs of the Company can be flexibly financed through on-demand related party loan receivables and liabilities.

Since the Company is a holding entity, there are no significant commitments for future periods.

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As at 30 June 2019		
<i>In thousands of Hungarian Forints (HUF)</i>	Repayable on-demand	Less than 1 year
Related party liabilities	5,865,998	158,262
Trade and other payables	0	3,460
Total	5,865,998	161,722

As at 31 December 2018		
<i>In thousands of Hungarian Forints (HUF)</i>	Repayable on-demand	Less than 1 year
Related party liabilities	3,529,192	8,265
Trade and other payables	0	13,671
Total	3,529,192	21,936

13. Capital management

When managing capital, it is the Company's objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the profit appropriation, return capital to shareholders, issue new shares or sell assets to reduce intercompany loans.

Currently the Company has no external financing and it is not subject to any financial covenants.

Net debt is calculated as loan liabilities less cash and cash equivalents and loan receivables. The net debt at 30 June 2019 and 31 December 2018 are presented in the below table.

	30.06.2019	12.31.2018
<i>In thousands of Hungarian Forints (HUF)</i>		
Loan liabilities	5,865,998	3,529,192
Less: cash and cash equivalents	(6,118,442)	(1,175,031)
Less: loan receivables	(25,489,288)	(17,432,888)
Net debt	(25,741,732)	(15,078,727)

Net Debt of the Company is negative mainly due to substantial balance of loan receivables from Company's subsidiaries. Please refer to Note 5 for detailed information about related party loan receivables.

Since net debt is negative, calculation of gearing or other equity ratios based on it would show negative figures, therefore it would not provide useful information.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

14. Subsequent events

Change of the leading shareholder:

QED Investments Ltd., the sole shareholder of Cordia International Zrt. sold in September 2019 its entire holding in the Company to Cordia Holding B.V. with registered seat in Amsterdam with no change in the ultimate controlling parties.

Related party financing:

As of 30 June 2019 The Company had a related party loan balance in the amount of 17.9 million EUR. Until the date of this report, the Group has repaid related party loans in the amount of EUR 17.0 million and the outstanding related party loan balance as of 25 September 2019 amounts to EUR 0.88 million. The Company intends to fully repay related party loan before end of 2019.

Acquisition of new plots:

The Company's subsidiary has purchased plots of land located in Cracow, in district Podgórze. The purchase agreement was signed in August. The plots are dedicated for development of the residential project comprising over 100 apartments.

Commencements of new projects:

The Company's subsidiary involved in development of the residential project Horyzont Praga (comprising 168 apartments) in Warsaw obtained the valid building permit and commenced its realization. The construction works are performed by general contractor Kalter Sp. z o.o.

The Company has commenced also realization of the project Akadémia (306 apartments) in Budapest, District IX.

Completions of residential projects:

The Company's subsidiary involved in development of the residential project Supernova in Cracow obtained the valid permit for occupancy of this project (comprising 185 apartments) and commenced in August delivery of the finished apartments to its customers.

The Company's subsidiary involved in development of the residential project Zielone Bemowo I and Zielone Bemowo II in Warsaw obtained the valid permit for occupancy of the I stage of this project (comprising 118 apartments) and commenced in September delivery of the finished apartments to its customers.

The Management Board


Tibor Földi
Chief Executive Officer
Tomasz Łapiński
Chief Financial Officer
Pál Darida

Budapest, 25 September 2019