CORDIA

INTERNATIONAL ZRT.

IFRS SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Cordia International Zrt.

Opinion

We have audited the accompanying separate financial statements of Cordia International Zrt. (the "Company") which comprise the statement of financial position as of 31 December 2019 (in which the balance sheet total is THUF 98,708,671), statement of profit and loss and other comprehensive income (in which the total comprehensive income for the year, net of tax is THUF 26,744,586 profit), the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the separate financial statements comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the separate 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.

Our audit approach

Overview

Overall materiality	Overall materiality applied was THUF 993 000
Key Audit Matters	Recoverability of the loans granted to related companies.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Materiality	THUF 993 000
Determination	1% of the total assets
Rationale for the materiality benchmark applied	We chose total assets as the Company is a holding company without operating activity, and in our view, this is the most appropriate benchmark to calculate our materiality. We chose 1%, as we believe this rate is the most appropriate considering the activity of the Company and the users of the separate financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Recoverability of the loans granted to related companies. The Company states loans granted to related companies in the Short-term receivables - related parties financial statement line and at the Long-term receivables - related parties financial statement line as at 31 December 2019 in amount of THUF 42,369,528. The disclosures regarding loans provided to related parties were presented in notes 5(a) of the notes to the separate financial statements. No impairment was accounted on these receivables as at 31 December 2019. As at 31 December 2019, related party loan receivables represent 42,9% of the total assets. As the value of loan granted is significant to the separate financial statements and significant estimates are involved in the assessment of recoverability, we have concluded that it is a key audit matter.	The recoverability of the loans granted to related parties was in the focus of our audit. We performed the following procedures: - Written confirmation letters were obtained directly from related parties about the stated loan balances. We reconciled the confirmed balances to the accounting records. - We checked the liquidity position and assessed their ability to pay back the respective loan balances. - We evaluated the judgments made and assumptions used by management when assessing need for possible impairment.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 of accounting in the separate 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 separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 HNSAs 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Budapest, 11 May 2020

László Radványi
Partner
PricewaterhouseCoopers Könyvvizsgáló Kft.

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Statement of Profit or Loss and Other Comprehensive Income

In thousands of Hungarian Forints (THUF)	***Notes***	**2019**	**2018**
Interest revenue	9	1 023 919	336 757
Other investment income	8	23 700 763	0
Total investment income		**24 724 682**	**336 757**
Administrative and other expenses		51 969	5 549
Interest expense	9	315 603	8 197
Total operating expenses		**367 572**	**13 746**
Foreign exchange gain		1 228 106	710 137
Foreign exchange loss		333 584	295 108
Foreign exchange - net	9	**894 522**	**415 029**
Share of net profit of investments accounted for equity method	6	**1 557 035**	**1 536 223**
Profit before taxation		**26 808 668**	**2 274 263**
Income tax expense		**64 082**	**24 989**
Profit for the period		**26 744 586**	**2 249 274**
Total comprehensive income for the period, net of tax		**26 744 586**	**2 249 274**

The notes on pages 7 to 40 are an integral part of these separate financial statements

Statement of Financial Position

In thousands of Hungarian Forints (THUF)	*Note*	31.12.2019	31.12.2018	01.01.2018
Assets				
Non-current assets				
Intangible assets		4 862	5 386	2 120
Long-term receivables - related parties	*5(a)*	24 891 477	0	0
Investment in subsidiaries	*6*	28 215 560	1 728 296	1 119 381
Total non-current assets		**53 111 899**	**1 733 682**	**1 121 501**
Current assets				
Short-term receivables - related parties	*5(a)*	18 732 580	18 060 423	17 448 696
Other current assets	*5(d)*	10 476 515	47 662	1 551
Loan receivables	*5(f)*	342 963	0	0
Income tax receivable		1 032	1 032	688
Cash and cash equivalents	*5(c)*	16 043 682	1 175 031	515 169
Total current assets		**45 596 772**	**19 284 148**	**17 966 104**
Total assets		**98 708 671**	**21 017 830**	**19 087 605**
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		34 347 479	7 602 893	6 337 339
Total equity		**52 935 492**	**17 447 971**	**16 182 417**
Non-current liabilities				
Related party liabilities	*5(b)*	1 125 055	0	0
Bonds	*5(e)*	44 421 137	0	0
Total non-current liabilities		**45 546 192**	**0**	**0**
Current liabilities				
Trade and other payables (current)		46 876	13 671	946
Bonds	*5(e)*	68 891	0	0
Related party liabilities	*5(b)*	79 876	3 537 915	2 893 229
Other tax liabilities		612	0	0
Income tax liabilities		30 732	18 273	11 013
Total current liabilities		**226 987**	**3 569 859**	**2 905 188**
Total liabilities		**45 773 179**	**3 569 859**	**2 905 188**
Total equity and liabilities		**98 708 671**	**21 017 830**	**19 087 605**

The notes on pages 7 to 40 are an integral part of these separate financial statements

Statement of Changes in Equity

For the year ended 31 December 2019 *In thousands of Hungarian Forints (THUF)*	**Share capital**	**Share premium**	**Retained earnings**	**Total equity**
Balance at 01 January 2018	**9 252 912**	**592 166**	**6 337 339**	**16 182 417**
Profit for the period	0	0	2 249 274	**2 249 274**
Dividend to non-controlling shareholder of subsidiary*	0	0	(983 720)	**(983 720)**
Balance as at 31 December 2018	**9 252 912**	**592 166**	**7 602 893**	**17 447 971**
Proceeds from capital increase	644 580	8 098 355	0	**8 742 935**
Profit for the period	0	0	26 744 586	**26 744 586**
Balance at 31 December 2019	**9 897 492**	**8 690 521**	**34 347 479**	**52 935 492**

*The Company has 95% direct investment in Cordia Lands Investment Ltd. In 2018, this subsidiary paid a dividend of THUF 983 720 to its 5% shareholder CORDIA Munkavállalói Résztulajdonosi Program Szervezet. The Company has no direct interest in CORDIA Munkavállalói Résztulajdonosi Program Szervezet, but is controlled by the Company and it is fully consolidated in the consolidated financial statements of Cordia International Zrt. The Company did not receive dividend proportionate to it's effective shareholding, therefore it reduced the equity attributable to Cordia International Zrt. Because of using the equity-method, this resulted in a decrease in the value of the investment in Cordia Lands in line with IAS 28. Since this was a transaction with a company ultimately controlled by the Company, it was recorded as a reduction of equity (i.e. retained earnings).

The notes on pages 7 to 40 are an integral part of these separate financial statements

Statement of Cash Flows

In thousands of Hungarian Forints (THUF)		**2019**	**2018**
Profit before tax		26 808 668	2 274 263
Adjustments to reconcile profit for the period to net cash used in operating activities:			
Net interest income		(708 316)	(344 954)
Share of net profit of investments accounted for equity method	6	(1 557 035)	(1 536 223)
Other non-cash movement*		(510 742)	(5 720)
Other investment income	8	(23 700 763)	0
Decrease/(increase) in trade and other receivables		44 109	112 167
(Decrease)/increase in liabilities from related parties	5	(2 332 984)	644 686
Increase in trade and other payables		33 817	12 725
Increase of related party receivables	5	(24 822 382)	(611 727)
Increase in loan receivables	5	(342 963)	0
Interest paid		(51 122)	8 197
Interest received		282 667	178 479
Income tax paid		(51 623)	(18 073)
Net cash (used in)/from operating activities		**(26 908 669)**	**713 820**
Consideration paid for investment in subsidiaries	6	(36 824 159)	(95 197)
Consideration received from sale or redemption of investments		0	44 504
Acquisitions of tangible and intangible assets		523	(3 265)
Dividend received	8	25 621 959	0
Net cash from/(used in) investing activities		**(11 201 677)**	**(53 958)**
Capital increase received	7	8 742 935	0
Proceeds bond issue net of issuance costs	5(f)	44 236 062	0
Net cash from financing activities		**52 978 997**	**0**
Net change in cash and cash equivalents		**14 868 651**	**659 862**
Cash and cash equivalents at beginning of the year		1 175 031	515 169
Cash and cash equivalents at end of the year		**16 043 682**	**1 175 031**

*The other non-cash movements derive mainly from accrued interest.

The notes on pages 7 to 40 are an integral part of these 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 31 December 2018 direct controlling party of the Company was Sparks Ltd.
As of 31 December 2019 the Company has the following owners:

- Cordia Holding B.V. as direct controlling party- 98% (place of business: 3030, Prins Hendriklaan 26, 1075BD Amsterdam)
- Finext Consultants Limited - 2% (place of business: Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Ciprus)

The ultimate controlling parties have not been changed during 2019. Gábor Futó (as the major shareholder) together with his parents, are the ultimate beneficial owners of CORDIA International Ingatlanfejlesztő Zrt. with its registered office in Budapest, Hungary. 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.

Cordia International Zrt. also prepares IFRS consolidated financial statements[1]. Accounting policies applied in these 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 bond holders.

A list of the companies from which the financial data are included in these Separate IFRS financial statements and the extent of ownership and control are presented in Note 6. Full structure of Cordia International Zrt .Group (including companies with indirect ownership only) is presented in Note 2 below.

The auditor of Cordia International Zrt. is PWC könyvvizsgáló Kft. and the signing partner is László Radványi. PWC könyvvizsgáló Kft. had not provided any services besides auditing the financial statements.

[1] Published financial statements are available on company website: https://cordiahomes.com/

2. Cordia International Zrt. investment in subsidiaries

The investments in subsidiaries comprises the investment in equity shares of group companies and are measured using the equity method in line with IAS 28.

The Company's principal subsidiaries at 31 December 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)	
		31.12.2019	31.12.2018
Cordia Lands Investment Ltd.	Nicosia, Cyprus	100%	95%
Cordia New Times Ingatlanfejlesztő Kft.	Hungary, Budapest	70%	70%
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	100%	3,33%
Cordia Management Szolgáltató Kft.	Hungary, Budapest	1%	1%
Cordia Management Poland sp. z o.o.	Poland	1%	1%
Cordia Belváros Kft.	Hungary, Budapest	70%	70%
Cereman Vagyonkezelő Zrt.	Hungary, Budapest	100%	n.a.
Cordia Románia Holding A	Hungary, Budapest	100%	n.a.
Cordia Iberia Holding, S.L.	Spain	100%	n.a.
Villena Sp. z o.o.	Poland	100%	100%
Cordia Wroclaw I Sp. Z o.o.	Poland	100%	100%
CORDIA Polska SP. Z.o.o..	Poland	100%	100%
FINEXT Funds LUX One	Luxemburg	100%	n.a.
CDS-CORDIA DEVELOPMENT SERVICES SRL	Romania	5%	5%
Cordia Europe Holding Kft.	Hungary, Budapest	0,03%	n.a.
Cordia Poland GP One sp. Z.o.o	Poland	n.a.	100%
SC Cordia Parcului Residental Srl.	Romania	n.a.	100%

Due to indirect interest through different group companies, all investments with direct ownership of less than 50% are considered subsidiaries. The company has control over these entities as defined in IFRS 10 'Consolidated financial statements' and are therefore accounted using the equity method under IAS 28.

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

The seperate financial statements of Cordia International Zrt. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC).

Cordia International Zrt. prepares is 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 11th of May 2020.

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

These separate IFRS financial statements prepared as at 31 December 2019 are 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) ***Assets and liabilities of subsidiaries, associates and joint ventures - Parent entities adopting earlier or later than the group.*** 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, except for consolidation adjustments.

(b) ***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. Application of this exepmtion had no material impact on these IFRS separate financial statements.

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.

(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 as of transition date.

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, 31 December 2019 and for the year ended 31 December 2019 and 31 December 2019. Company's most recent statutory financial statements under HAR are issued as at 31 December 2019.

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 (330.52 HUF/EUR for 31 December 2018, 321.51 HUF/EUR for 31 December 2018 and 310.14 HUF/EUR for 1 January 2018).

In thousands of Hungarian Forints	**31 December 2019**	**31 December 2018**	**1 January 2018**
EQUITY UNDER HAR	**53 245 354**	**17 506 612**	**16 740 991**
Effects of changes in accounting policies:			
a) Application of the equity method for investment in subsidiaries	**(371 223)**	**(6 071)**	**(558 574)**
including			
i) Transition to equity method	n/a	n/a	(558 574)
ii) Cumulative opening difference	(6,071)	(558 574)	n/a
iii) Share of net profit of investments accounted for using the equity method	1 557 053	1 536 223	n/a
iv) Dividend	(1 922 205)	(983 720)	0
b) Impact of different functional currency	**(140 247)**	**(52 570)**	**n/a**
c) Amortization of bond issuance costs	**163 969**	**n/a**	**n/a**
d) other	**37 639**	**0**	**0**
IFRS EQUITY	**52 935 492**	**17 447 971**	**16 182 417**

Since the Company is a holding entity there are only a few number of differences between HAR and IFRS financial statements. The most significant differences are that:

a) Under HAR, investment in subsidiaries are measured at historical cost. In its separate IFRS financial statements Company applies the equity method for subsequent measurement of investment in subsidiaries.

   i) The cumulative impact (thHUF (558 574)) of transition to equity method is recorded as of 1 January 2018 against retained earnings.

   ii) Cumulative opening difference line shows the cumulative impact of previous years adjustments because of applying the equity method compared to cost method under HAR.

   iii) In line with IAS 28, the Company adjusts (through the income statement) the carrying value of the investments with its share of net profit/loss. Under HAR no such adjustment is made, investments are kept at historical cost.

   iv) Under IFRS, the carrying value of the investment in subsidiaries is reduced with the dividend paid by the subsidiary. Under HAR, dividend does not have an impact on the carrying value of the investments, but dividend received is recorded as income (i.e. increases equity).

b) Under HAR, it is permitted for the company to freely select HUF, 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 had been used as the functional currency. This mostly have an impact on equity and non-monetary items, however the difference is not material. The company decided to change its currency for HAR purposes to HUF from 1st January 2020.

c) Company measures the bond issued in 2019 using amortized cost method under IFRS. Related issuance costs are expensed as incurred under HAR.

In thousands of Hungarian forints	**01.01.2019-12.31.2019**	**01.01.2018-12.31.2018**
PROFIT UNDER HAR	**26 326 966**	**151 881**
Effects of changes in accounting policies:		
(i) Impact of different functional currency	618 803	561 170
(ii) Share of net profit of investments accounted for using the equity method	1 557 053	1 536 223
(iii) Dividend recorded as income	(1 922 205)	0
(iv) Amortization of bond issuance costs	163 969	0
TOTAL COMPREHENSIVE INCOME UNDER IFRS	**26 744 586**	**2 249 274**

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 were 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.

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 (330.52 HUF/EUR for 31 December 2019, 321.51 HUF/EUR for 31 December 2018).

As at 31 December 2019 *in thousands of Hungarian Forints*	**HAR**	**Impact of different functional currency**	**Impact of using the equity method**	**Bond issuance costs**	**Other**	**IFRS**
Share capital	10 576 640	(679 148)	0	0	0	9 897 492
Share premium	8 897 598	(207 077)	0	0	0	8 690 521
Retained earnings	33 771 116	745 978	(371 223)	163 969	37 639	34 347 479
IFRS Equity	**53 245 354**	**140 247**	**(371 223)**	**163 969**	**37 639**	**52 935 492**

As at 31 December 2018 *In thousands of Hungarian Forints*	**HAR**	**Impact of different functional currency**	**Impact of using the equity method**	**IFRS**
Share capital	9 645 300	(392 388)	0	9 252 912
Share premium	617 299	(25 133)	0	592 166
Retained earnings	7 244 013	364 951	(6 071)	7 602 893
IFRS EQUITY	**17 506 612**	(52 570)	**(6 071)**	**17 447 971**

This means that total impact of different functional currency on equity as of 31 December 2019 is only thHUF 140 247 (as of 31 December 31 December 2018 thHUF (52 570)). This comes from two impacts:

- a financial gain 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-

The following table summarizes the impact of transition to IFRS to the Company's operating, investing and financing cash flows.. 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 (330.52 HUF/EUR for 31 December 2019).

As of 31 December 2019 *In thousands of Hungarian Forints*	**HAR**	**Treasury bill**	**IFRS**
Cash and cash equivalents	13 743 714	2 299 968	16 043 682

The Company purchased 2 months discount treasury bills which were sold on the 2nd of January 2020. Treasury bills have an active and liquid market, therefore they are classified as cash and cash equivalent under IFRS. In HAR, there is no concept of cash equivalents. Cash flow shows the changes on cash balances only and treasury bills are presented as short-term securities (i.e. part of operating cash flow).

As of 31 December 2018, there was no difference in the balance of cash and cash equivalents between IFRS and HAR.

For period ended 31 December 2019 *In thousands of Hungarian Forints*	**HAR**	**Presentation of cash flows related to related party receivables and liabilities***	**Presentation of Advance paid for acquisition of subsidiary****	**Cash equivalents**	**Other presentation differences**	**IFRS**
a) Net cash from/(used in) operating activities	(12 223 120)	(27 155 366)	10 472 963	2 299 968	(303 114)	(26 908 669)
b) Net cash from/(used in) investing activities	(25 670 225)	24 822 382	(10 472 963)	0	119 129	(11 201 677)
c) Net cash from financing activities	50 462 028	2 332 984	0	0	(183 985)	52 978 997
	12 568 683	0	0	**2 299 968**	**0**	**14 868 651**

*Under HAR, the legal form determines classification of cash flows related to loan balances. Loan receivable shall be presented within investing cash flow, loan payable shall be in financing cash flow regardless of their terms. Since the Company is a holding company and uses related party loans balances dynamically to allocate cash within the group, cash flows arising from/used in these transaction form part of the ordinary daily activities and therefore they are presented as operating cash flow under IFRS.

**Please refer to Note 5(d) for more details.

c. New and amended standards

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

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.

The other new or amended standards or interpretations neither had a significant impact on the financial statements of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 investment in subsidiaries which are measured subsequently by using the equity-method in line with IAS 28.

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.

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:
    - 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,
    - 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 31 December 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. In the reconciliation below 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).

Calculated in thHUF	**31.12.2019**
Carrying value of Cordia Lands Investments Limited	23 136 400
Net assets of Cordia Lands Investments Limited	26 155 536

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
- 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 436,240 as at 31 December 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, bond financing is made in Hungarian Forint, 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 which are in the scope of IFRS 15. Based on this, impact of IFRS 15 'Revenue from contracts with customers' is not considered to be relevant. Cordia International Zrt's ordinary activities comprises holding investments and intercompany loans.

Related income mainly includes dividend and interest income. Based on the accounting policy, the Company presents these amounts within total investment income in the statement of comprehensive income.

Interest revenue is recognized based on IFRS 9 (please refer to separate section about finnacial instruments below).

Dividend income is recognized in line with IAS 28. For detailed acconting policy, please refer to section 3.h below.

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 using the equity method in line with IAS 28.

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 (including bonds)
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:
- 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 not 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, short-term deposits and highly liquid Hungarian treasury bonds with an original maturity upon initial recognition 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 and they subsequently measured by using the equity method in line with IAS 28. Assets that qualify as impaired are measured at their impaired value, any impairment is recorded in the income statement.

Based on IAS 28.27, in case the investee is itself a group, the net assets, profits or losses, and other comprehensive income used for the purpose of equity accounting are those recognised in the investee's own consolidated financial statements, after any adjustments necessary to give effect to the entity’s accounting policies.

Under the equity method, on initial recognition the investment in a subsidiary or an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Cordia International’s share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

If Cordia International’s share of losses of a subsidiary, associate or joint venture equals or exceeds its interest in the subsidiary, associate or joint venture, Cordia International’s discontinues recognising its share of further losses. The interest in a subsidiary, associate or joint venture is the carrying amount of the investment in the subsidiary, associate or joint venture under the equity method together with any long-term interests that, in substance, form part of Cordia International’s net investment in the subsidiary, associate or joint venture. After Cordia International’s interest is reduced to zero, a liability is recognised only to the extent that the Cordia International has incurred legal or constructive obligations or made payments on behalf of the subsidiary or associate. If the subsidiary, associate or joint venture subsequently reports profits, Cordia International recognises its share of those profits only after its share of the profits equals the share of losses not recognized.

An associate, subsidiary or joint venture might pay a dividend that is greater than the carrying amount of the investment in the Company's books. The carrying amount is reduced to nil, but it does not become negative. If the Company has no legal or constructive obligations to make payments on behalf of the associate, subsidiary or the joint venture, a gain is recognised in profit or loss for the remaining dividend. This gain is recorded as other investment income in the statement of total comprehensive income. Cordia International Zrt.'s accounting policy is to recognize any subsequent share of the profit/loss of the subsidiary through the statements of total comprehensive income. This means that the amount recorded as other investment income does not have an impact on the share of profit/loss recognized for the subsidiary by the Company in subsequent periods.

After application of the equity method an entity applies IFRS 9 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the subsidiary, associate or joint venture. If impairment is indicated, the amount is calculated by reference to IAS 36 Impairment of Assets. The entire carrying amount of the investment is tested for impairment as a single asset, that is, goodwill is not tested separately. The recoverable amount of an investment in an associate or subsidiary is assessed for each individual subsidiary, associate or joint venture, unless the subsidiary associate or joint venture does not generate cash flows independently.

i. 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.

Deferred taxes arising on assets and liabilities are wholly immaterial, except for investment in subsidiaries. Tax consequences for the investments might only arise, if the Company sells the investments. However, all material investments of the Company are registered with the Hungarian Tax Authorities meaning that any gain or loss arising on the sale is tax neutral. Dividend and income arising from return of capital is tax exempt in Hungary.
In addition to these special features, IAS 12.39 further explains that, no deferred tax is recognized for investment in subsidiaries as the Company is able to control the timing of the reversal (i.e. sale) of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

5. Financial assets and financial liabilities

This note provides information about the company's financial instruments except the investments which are accounted for using equity method in accordance with IAS 27, including

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

Financial assets at amortized costs

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2019**	**31.12.2018**	**01.01.2018**
Non-current assets				
Investment in subsidiary	6	23 136 400	0	0
Long-term receivables from related parties	5(a)	24 891 477		
Current financial assets				
Short-term receivables from related parties	5(a)	18 732 580	18 060 423	17 448 696
Receivable	6	23 126 400	0	0
Loan receivables	5(f)	342 963	0	0
Cash and cash equivalents	5(c)	16 043 682	1 175 031	515 169
Total financial assets		**83 147 102**	**19 235 454**	**17 964 138**

Financial liabilities at amortized costs

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2019**	**31.12.2018**	**01.01.2018**
Non-current financial liabilities				
Long-term liabilities to related parties	5(b)	1 125 055		
Bonds	(5e)	41 610 359		
Current financial liabilities				
Trade and other payables		46 875	13 671	946
Bonds	5(e)	68 891	0	0
Short-term liabilities to related parties	5(b)	79 876	3 537 915	2 893 229
Total financial liabilities		**42 931 056**	**3 551 586**	**2 894 175**

5(a) Receivables related parties

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2019**	**31.12.2018**	**01.01.2018**
Loan receivables		42 369 528	17 432 888	11 039 882
Accrued interest receivables		992 663	235 824	77 546
Other receivables		261 866	27 465	0
Dividend receivable		0	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.

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

In thousands of Hungarian Forints (HUF)	**2019**	**2018**
Opening balance	17 432 888	11 349 928
Loans granted	99 740 578	9 763 205
Loans repaid	(75 839 063)	(3 718 707)
Revaluation (FX difference)	1 035 125	38 462
Closing balance	**42 369 528**	**17 432 888**

All loans are provided to subsidiary companies of the group and are unsecured. The loans are denominated in different currencies. The Company is dynamically reacting to the financing needs of the subsidiaries and reallocates loan as necessary on a continuous basis. Since the Company is a holding entity, Management believes that its operating acitvities include acting as a financial intermediator 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 31.12.2019

Loan currency	**Balance in thHUF**	**Interest rate**
HUF	5 781 077	Interest free
EUR	8 350 459	Interest free
EUR	7 157 741	EURIBOR + margin
PLN	21 080 251	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 31.12.2019

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Subsidiary	42 369 528

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

As at 31 December 2019, related party loan receivables represent 42,9 % of the total assets. From this balance thHUF 20 900 919 is due from a Polish subsidiary, Cordia Polska sp. z.o.o.. This represent 49% of al related party receivables as of 31 December 2019.

5 (b) Liabilities to related parties

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2019**	**31.12.2018**	**01.01.2018**
Loans and borrowings		1 166 083	3 529 192	2 892 861
Accrued expenses payable		38 848	8 265	368

The loans and borrowings are obtained from subsidiaries in the group and are unsecured. Since the Company is a holding entity, Management believes that its operating activities include acting as a financial intermediator 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 31.12.2019		
Loan currency	**Balance in thHUF**	**Interest rate**
PLN	1 125 055	WIBOR + margin
HUF	30 000	Interest free
EUR	11 028	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

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

In thousands of Hungarian Forints (HUF)	**2019**	**2018**
Opening balance	**3 529 192**	**2 892 861**
Loans granted	23 778 594	11 268 150
Loans repaid	(26 223 635)	(10 727 519)
Revaluation (FX difference)	81 932	95 700
Closing balance	**1 166 083**	**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 31.12.2019

Nature of relationship	Partner	Balance in thHUF
Loan payable	Subsidiary	1 166 083

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.

In thousands of Hungarian Forints (HUF)	**31.12.2019**	**31.12.2018**	**01.01.2018**
Cash at hand	109	109	24
Cash at banks	3 743 605	1 174 922	515 145
2-month discount treasury bill	2 299 968	0	0
Bank deposit	10 000 000	0	0
Total cash and cash equivalents	**16 043 682**	**1 175 031**	**515 169**

The Company purchased 2 month discount treasury bills which were sold on the 2nd of January 2020. Treasury bills have an active and liquid market.
The Company made bank deposit which had a maturity of one week.

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

In thousands of Hungarian Forints (HUF)	**31.12.2019**	**31.12.2018**	**01.01.2018**
EUR	21 792	26 059	2 095
PLN	171 383	1 103 148	507 085
HUF	15 850 507	45 824	5 989
Total cash and cash equivalents	**16 043 682**	**1 175 031**	**515 169**

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

In thousands of Hungarian Forints (HUF)	**31.12.2019**	**31.12.2018**	**01.01.2018**
A-	3 557 169	0	0
AA	171 679	1,098 678	0
BBB+	14 757	52 837	515 145
BBB	2 299 968	23 407	0
n/a	10 000 000	0	0
Cash at hand	109	109	24
Total cash and cash equivalents	**16 043 682**	**1 175 031**	**515 169**

*The presented credit ratings are based on S&P's or Moody's long-term ratings. n/a is for bank institutions with no official credit ratings.

5 (d) Other current assets

In thousands of Hungarian Forints (HUF)	**31.12.2019**	**31.12.2018**	**01.01.2018**
Advance paid for acquisition of subsidiary	10 472 963	0	0
Other	3 552	47 662	1 551
Total short-term financial assets	**10 476 515**	**47 662**	**1 551**

Cordia International Zrt. participated in transaction of purchasing new share issue of Polnord Spółka Akcyjna as a public listed company for which a deposit had to be made on a broker account as security until the transaction is authorized by the Polish Office of Competition and Consumer Protection (UOKiK) and the newly issued shares are registered by the relevant registry court. The cash (PLN 135.0 million) was transferred in December 2019 to the broker depositary account and the newly issued shares were registered on 10th of February 2020. Following the registration the deposited cash was released to Polnord S.A. The deposit is presented as a non-monetary advance payment as of 31 December 2019.

5 (e) Bonds

In thousands of Hungarian Forints (HUF)	**2019**
Opening balance	**0**
Fair value of proceeds from bonds issue	41 118 191
Adjustment to fair value at issuance	2 881 809
Issuance costs	(166 581)
Premium on issuance	402 643
Proceeds from bond issuance (net of issuance costs)	**44 236 062**
Interest Accrued	253 966
Closing balance	**44 490 028**

Cordia International has carried out a successful bond issue on 5 November (Cordia 2026/I). The financial settlement date was 7 November 2019, the maturity is 7 November 2026. The offered volume was HUF 40 billion at face value which attracted HUF 53.55 billion in bids. The amount of funds raised was HUF 44.4 billion.

The National Bank of Hungary (MNB) launched its corporate bond program (NKP) in July 2019, under which it is buying bonds issued by Hungarian corporations with a rating of at least B+ for up to HUF 300 billion. Scope Ratings assigned ratings to several participating companies and added Cordia International Zrt. to this list in September. Scope Ratings assigned a first-time issuer rating of BB to Cordia, with a Stable Outlook. Senior unsecured debt is rated BB, which is two notches higher than the minimum requirement set by the MNB.

Bonds are initially recognised at fair value (THUF 41 118 191), net of transaction costs (THUF 166 581) incurred and increased by preimum received (THUF 402 643).The bond is 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.

Fair value of the bonds upon issuance is calculated as the average price paid for the bond by commercial investors. This is considered to be Level 1 fair value based on IFRS 13. Adjustment to fair value (THUF 2 881 809) is amortized using the effective interest rate of the bond.

Bond terms and conditions:
Coupon:
Each Bond bears a coupon of 4.00 % per annum, with semi-annual coupon payments on the Amortized Face Value and payable on the Coupon Payment Date.

The term of the Bonds is a seven-year period commencing on the Issue Date and ending on 7 November 2026 (the "Maturity Date").

Coupon Payment Date:
The first coupon payment date shall be 7 May 2020, and then any subsequent coupon payment date shall be 7 May and 7 November in each year during the term of the Bonds, except for the last coupon payment date which shall be the Maturity Date (the "Coupon Payment Date").

Amortisation, Redemption and Purchases:
Each Bond shall be repaid by the Issuer at HUF 8,333,333 (per Bond) and payable semi-annually on the last five (5) Coupon Payment Dates, being 7 May 2024, 7 November 2024, 7 May 2025, 7 November 2025 and on 7 May 2026 and at HUF 8,333,335 as the Final Redemption Amount due and payable on 7 November 2026, being the last Coupon Payment Date, which is also the Maturity Date.

Issuer undertakings:

No Shareholder Distributions and no New Acquisition shall be made in case any of the following conditions are not met, calculated on the basis of the most recently published financial statements of the Issuer:

(i) the Consolidated Leverage Ratio does not exceed 65 %, and
(ii) the Issuer Net Debt to Equity Ratio does not exceed 1.

(i) The Consolidated Leverage Ratio (tested on the basis of the Group Consolidated Financial Statements)

Consolidated Leverage Ratio = (Net Consolidated Debt) / (Total Consolidated Assets net of Cash & Customer Advances)
Net Consolidated Debt = CD - C – RC
Total Consolidated Assets net of Cash & Customer Advances = TA – CA - C – RC

CD = Consolidated Debt meaning the third party loans and borrowings of Cordia Group, including bank loans and bonds, plus provisions related to obligations by reason of any guarantee, suretyship or other liability agreement for such obligations of third parties (that are not fully or partially owned by any member(s) of Cordia Group), but not including any debt that is subordinated to the Bonds;
C = Cash and Cash Equivalents;
RC = Restricted Cash meaning

(i) restricted cash deposited by customers purchasing premises in the projects of the Cordia Group, plus
(ii) restricted cash (other than the cash under point (i) above) deposited in order to secure part of the Consolidated Debt;

TA = Total Assets meaning the consolidated total assets of Cordia Group less (i) right to use assets (IFRS 16) and (ii) deferred tax assets;
CA = Customer Advances meaning the total amount of the advances received by Cordia Group from customers with respect to sale of assets, which have not yet been recognized as revenues.

In thousands of Hungarian Forints (HUF)	**31.12.2019**
Consolidated Debt (CD)	70 207 094
Cash and Cash Equivalents (C)	51 070 192
Restricted cash (RC)	271 496
Net Consolidated Debt	**18 865 406**
Total Assets (TA)	181 570 651
Customer Advances (CA)	40 810 106
Cash and cash equivalents (C)	51 070 192
Restricted cash (RC)	271 496
Total Consolidated Assets net of Cash & Customer Advances	**89 418 857**
Consolidated Leverage Ratio	**21.1%**

Consolidated Leverage Ratio at 31 December 2019 is 21.1%

As at 31 December 2019 the Bond related Issuer Undertakings were fulfilled.
As of 31 December 2018 there were no such undertakings committed by the Issuer.

(ii.) The Issuer Net Debt to Equity Ratio (tested on the basis of the Company's Separate Financial Statement)

Issuer Net Debt to Equity Ratio = (Net Issuer Debt) / (Issuer Equity)

Issuer Debt means the loans and borrowings of the Issuer from entities outside of Cordia Group, including bank loans and bonds, plus provisions related to obligations by reason of any guarantee, suretyship or other liability agreement for such obligations of third parties (that are not fully or partially owned by members of the Cordia Group), but not including any debt that is subordinated to the Bonds.
Subordinated Shareholder Loans means the debt incurred by the Issuer from the Controlling Shareholder or its Related Parties that are fully subordinated to the Bonds.

Issuer Equity means the total equity of the Issuer (as evidenced on the stand-alone financial statements of the Issuer), plus Subordinated Shareholder Loans;

Issuer Net Debt means Issuer Debt (as evidenced on the stand-alone financial statements of the Issuer) less (i) Cash and Cash Equivalents of the Issuer and (ii) Special Restricted Cash;

Special Restricted Cash means the restricted cash securing the Issuer Debt.

Cash and Cash Equivalents means the cash and cash equivalents of the Issuer.

In thousands of Hungarian Forints (HUF)	**31.12.2019**
Share capital	9 897 492
Share premium	8 690 521
Retained earnings	34 347 479
Issuer Equity	**52 935 492**
Bank Loans	0
Bonds (non-current)	44 421 137
Bonds (current)	68 891
Provision	0
Issuer Debt	**44 490 028**
Cash and Cash Equivalents	**16 043 682**
Special Restricted Cash	**0**
Issuer Net Debt	**28 446 346**
Issuer Net Debt to Equity Ratio	**0.54**

As at 31 December 2019 the Bond related Issuer Undertakings were fulfilled.
As of 31 December 2018 there were no Undertakings required from the Issuer.

In thousands of Hungarian Forints (HUF)	**31.12.2019**	**31.12.2018**	**01.01.2018**
HUF	44 490 028	0	0
Total bonds	44 490 028	**0**	**0**

5 (f) Loan receivables

In thousands of Hungarian Forints (HUF)	**2019**
Opening balance	**-**
Loans granted	1 300 000
Loans repaid	(1 000 000)
Revaluation (FX difference)	42 963
Closing balance	**342 963**

In thousands of Hungarian Forints (HUF)	**31.12.2019**	**31.12.2018**	**01.01.2018**
HUF	342 963	0	0
Total loan receivables	342 963	**0**	**0**

6. Investments in subsidiaries

The below table shows the movement in investment in subsidiaries which are accounted for using equity method:

In thousands of Hungarian Forints (HUF)	
As at 01.01.2018	**1 119 381**
New purchases	95 197
Sale of investments	(44 504)
Share of net profit of investments accounted for using the equity method	1 536 223
Dividend	(983 720)
Other	5 719
As at 31.12.2018	**1 728 296**
New purchases	3 707 736
Share of net profit of investments accounted for using the equity method	1 557 035
Dividend	(1 922 205)
Other	8 298
As at 31.12.2019	**5 057 160**

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 22 643 462 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. Based on the above, the Company considers this investment to be debt instrument. However, it has no intention to redeem it in the foreseeable future, it treats as part of its investment in subsidiaries. Being a debt instrument, this investment is subsequently measured at amortized cost.

The below table shows the movement in investment in subsidiaries which are treated as receivable:

In thousands of Hungarian Forints (HUF)	
As at 31.12.2018	**0**
New purchases (Cordia Lands Ltd.)	22 643 460
Year-end unrealized foreign exchange gain	492 940
As at 31.12.2019	**23 136 400**

Statement of cash-flow includes the following associated with acquisition of investments:

	Note	2019	2018
Consideration paid for investment in subsidiaries		**(36 824 159)**	**(95 197)**
investment in subsidiaries under equity method	*6*	(3 707 736)	(95 197)
investment in subsidiaries treated as receiable	*6*	(22 643 460)	0
Advance paid for acquisition of subsidiary	*5(d)*	(10 472 963)	0

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 31.12.2019	**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.

	31.12.2019	
Company	**Nominal value of shares (THUF)**	**Ownership percentage**
Cordia Holding B.V.	9 699 542	**98.00%**
Finext Consultants Limited	197 950	**2.00%**
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. Other investment income

Name of the subsidiary	Date of payment	Amount 2019 (THUF)	Amount 2018 (THUF)
Cordia Lands Investment Ltd.*	28.05.2019	22 273 226	0
Cordia Lands Investment Ltd.*	27.12.2019	1 427 537	0
Total		**23 700 763**	**0**

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

In 2019, the Company received a total dividend of THUF 25 621 959 from its subsidiaries. From this amount, THUF 1 922 205 was recorded as a decrease of the investment in subsidiaries balance (please refer also to Note 6).

As described in the accounting policy section, the investment carrying value of Corda Lads Investment Ltd. is calculated based on the share of the net assets attributable to the Company on Cordia Lands Investment Ltd. consolidated level. Since Cordia Lands Investment Ltd. recognized significant profit in its separate financial statements on the sale or revaluation of its investments in subsidiaries, these profits would have been eliminated in case of consolidation by Cordia Lands Investment Ltd. Terefore these profits were not reflected in the equity method carrying value of Cordia Lands Investment Ltd. (please refer also to section 3.h for detailed accounting policy for investment in subsidiaires), as described in Note 6, in May 2019 and in December 2019 Cordia Lands Investment Ltd. paid a dividend greater than the carrying amount of the investment in the Company's books.

The table below summarizes the dividends recorded as decrease of investment and other investment income for Cordia Lands Investment Ltd.:

	Amount received	Recorded as decrease of investment carrying value	Recorded as other investment income
Total	**24 195 431**	**494 668**	**23 700 763**

As described in the accounting policy section, the carrying amount of investment in Cordia Lands Investment Ltd. was reduced to nil, but it did not become negative. The Company had no legal or constructive obligations to make payments on behalf of the subsidiary, therefore a gain was recognised in profit or loss for the remaining dividend. This was presented here as other investment income.

The Company increased the equity of Cordia Lands Investment Ltd. in May 2019 after the decision on the dividend. This instrument is described in more details in Note 6.

There were no such transaction in 2018.

9. Interest income and expense

In thousands of Hungarian Forints (HUF)	**2019**	**2018**
Interest income	1 023 919	336 757
Interest expense	315 603	8 197

Please refer to Note 5(a) about loans granted to related parties, which generates most of the interest income. Interest expense is recognized mainly for the bond. Please also refer to Note 5(e).

10. Foreign exchange gain/(loss)

During 2019 the company incurred a net foreign exchange gain of THUF 894 522 (2018: THUF 415 029) . This is a significant increase compared to last year. The increase is due to the fact that the HUF weakened significantly compared to the EUR and the PLN during 2019. Since the Company has significantly more EUR and PLN denominated asset, than liabilities, weak HUF caused a significant foreign exchange gain as at 31 December 2019. HUF/EUR and HUF/PLN exchange rates have changed significant in 2019, this caused a significantly higher net foreign exchange gain than in the comparative period.

11. 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:

Year ended 31 December **Interest**	**2019**	**2018**
Interest paid	39 834	21 166
Interest received	87 679	38 784

Transactions with key management personnel

There was no transaction with key management personnel. Key management services are provided by a subsidiary (Cordia Management Kft.). Please refer to the IFRS consolidated financial statements of Cordia Group prepared as of 31 December 2018 and 2019 for more details on key management compensation of Cordia Group. Key management services provided on behalf of the Company are not separated from group level management services.

Key Management Board personnel compensation

There was no such compensation paid by the Company. Key management services provided on behalf of the Company are not separated from group level management services.

12. 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 mostly they are related party short-term loans where the time value of money is not material. For explanation about liabilities related to the bond, please refer to Note 5(e).

13. 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 denominated in foreign currency are from related party loan and receivables. Most of the liabilities denominated in HUF are from bond. 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 and bond liabilities.
Group policy is to grant intercompany loan to SPV-s and subsidiaries on a rate which covers the interest occurring on bond and other loan related liabilities. Interest on intercompany loans granted are repayable on demand.
Maturity of intercompany loans granted are matched with Bond principal payment terms.
The management is constantly monitoring the company's and the subsidiarie's cash-flow forecasts which ensures to cover cash-flow risks.
The Company has bond at fixed rates and therefore has no exposure to fair value interest rate risk for the bond.

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.

			As at 31 December 2019	
In thousands of Hungarian Forints (HUF)	**Repayable on-demand**	**Less than 1 year**	**1-4 years**	**More than 5 years**
Related party liabilities	79 876	38 848	1 045 179	0
Trade and other payables	0	46 876	0	0
Bonds	0	1 762 424	5 280 000	47 078 806
Total	**79 876**	**1 848 148**	**6 325 179**	**47 078 806**

		As at 31 December 2018
In thousands of Hungarian Forints (HUF)	**Repayable on0demand**	**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**

14. 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 debt.

There were no changes in the Company's approach to capital management during the year.

There are no covenants imposed on the Company by the terms and conditions of the Bonds issued. For the relevant calculation of the financial ratios which relate to the Undertakings committed by the Company and the Group see note 5.(e).

15. Segment report

As a result of the bond issue described in Note 5(e), as of 31 December 2019 the Company is in the scope of IFRS 8.

As described previously, the Company is a holding company focused on managing its subsidiaries. The Company is not involved in development of other real estate projects.

The Board of Directors is the Copmany's chief operating decision maker body. The Board of Directors does not consider the business based on the Company's separate financial statements, but they assess it on a project basis. There are no seprately reportable segments the Company's separate IFRS financial statements. For geographical break0down of direct investments, please refer to Note 6. Please also refer to Note 2 for description of all direct and indirect investments.

The Board of Directors monitors the ratios set out by the bond terms. Please refer to Note 5(e) for detailed explanation.

Based on the above, the Company discloses here the segment report as presented in the consolidated IFRS financial statements of Cordia Group. Since this is made and monitored on a consolidated level, it can not be reconciled to the figures presented in the separate IFRS financial statements of the Company.

Consolidated segment information

Revenue

Management believes, that revenue is currently not the most descriptive factor, since the projects are mostly in the development phase. There are no significant sales transactions between the segments. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

Year ended 31 December 2019

In thousands of Hungarian Forints (HUF)	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Hungary	25,532,234	0	25,532,234
Poland	8,941,993	0	8,941,993
Romania	4,168	0	4,168
Spain	0	0	0
Other	0	0	0
Total	**34,478,395**	**0**	**34,478,395**

Year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Hungary	13,629,907	7,367	13,622,540
Poland	5,821,889	81,501	5,740,388
Romania	2,671	0	2,671
Other	0	0	0
Total	**19,454,467**	**88,868**	**19,365,599**

Gross profit

Year ended 31 December 2019

In thousands of Hungarian Forints (HUF)	**2019**
Hungary	10,175,776
Poland	3,112,225
Romania	4,168
Spain	0
Other	0
Total	**13,292,169**

Year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**2018**
Hungary	5,752,657
Poland	1,594,951
Romania	2,608
Other	0
Total	**7,350,216**

Net profit

Year ended 31 December 2019

In thousands of Hungarian Forints (HUF)	**2019**
Hungary	6,484,183
Poland	664,449
Romania	(415,820)
Spain	(41,038)
Other	(258,527)
Total	**6,433,246**

Year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**2018**
Hungary	3,626,881
Poland	333,080
Romania	(75,916)
Other	(605,850)
Total	**3,278,195**

Assets as 31.12.2019

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Spain	Other
Assets					
Non-current assets					
Intangible assets	155,000	38,688	3,213	0	4
Investment properties	0	0	0	0	0
Property, plant and equipment	1,023,928	542,349	59,637	0	0
Long-term receivables from third parties	9,486	0	0	0	0
Long-term receivables from related parties	0	1,010	0	0	0
Investments accounted for using equity method	1,177,459	0	0	0	0
Deferred tax assets	49,986	77,728	0	0	0
Restricted cash	2,100,120	0	0	0	0
Long-term VAT receivables	1,526,564		0	0	0
Other long-term assets	587,386	25,650	0	0	0
Total non-current assets	**6,629,929**	**685,425**	**62,850**	**0**	**4**
Current assets					
Inventory	65,705,316	25,728,274	5,248,207	6,272,504	0
Trade and other receivables	192,935	49,652	80,983	5,376	0
Short-term receivables from related parties	653,137	192,912	0	0	0
Other short-term assets	271,849	10,698,780	498,121	0	0
Income tax receivable	27,594	4,412	1,225	25,179	0
Other tax receivables	813,136	2,466,421	452,455	50,697	0
Loan receivables	342,963	0	0	0	0
Restricted cash	1,259,556	1719373	83,361	0	0
Other financial assets	277,833	0	0	0	0
Cash and cash equivalents	47,992,442	2,642,697	140,616	294,437	0
Total current assets	**117,536,761**	**43,502,521**	**6,504,968**	**6,648,193**	**0**
Total assets	**124,166,690**	**44,187,946**	**6,567,818**	**6,648,193**	**4**
Fair value difference on inventories*	13,647,348				
Adjusted total assets	**137,814,038**	**44,187,946**	**6,567,818**	**6,648,193**	**4**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 31 December 2019. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.

Liabilities as of 31.12.2019

In thousands of Hungarian Forints (THUF)	**Hungary**	**Poland**	**Romania**	**Spain**	**Other**
Non-current liabilities					
Loans and borrowings	11,920,925	2,187,101	0	0	0
Bonds	44,421,137	0	0	0	0
Long-term liabilities to related parties	0	0	0	0	0
Deferred tax liabilities	0	4,875	0	0	0
Customer advances	27,714,505	1,019,321	675,464	0	0
Lease liabilities	288,875	329,049	14,714	0	0
Amount withheld for guarantees	2,307,562	86,092	0	0	0
Other long-term liabilities	51,451	37,747	107,323	0	0
Total non-current liabilities	**86,400,163**	**3,664,185**	**797,501**	**0**	**0**
Current liabilities					
Trade and other payables	7,334,470	2,192,236	610,147	104,019	74,053
Bonds	68,892	0	0	0	0
Short-term liabilities to related parties	331,156	155,509	0	0	56,030
Loans and borrowings	11,504,562	0	0	2,326	0
Customer advances	10,879,330	825,778	0	0	0
Other tax liabilities	2,360,883	131,865	8,131	56	0
Income tax liabilities	46,724	43,062	0	0	7,565
Other provision	92,215	0	9,936	0	0
Lease liability	142,009	2,177,547	9,163	0	0
Total current liabilities	**32,760,241**	**5,525,997**	**637,377**	**106,401**	**137,648**
Total liabilities	**119,160,404**	**9,188,978**	**1,434,878**	**106,401**	**137,648**

Assets as 31.12.2018

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Assets				
Non-current assets				
Intangible assets	179,384	4,202	4,270	0
Investment properties	0	0	0	0
Property, plant and equipment	533,982	108,815	23,987	0
Long-term receivables from third parties	8,426	0	0	0
Long-term receivables from related parties	0	1,150,746	0	0
Investments accounted for using equity method	729,800	0	0	0
Deferred tax assets	49,986	74,953	0	0
Other long-term financial assets	8,891,957	1,976,351	1,632	0
Other long-term assets	819,992	0	0	0
Total non-current assets	**11,213,527**	**3,315,067**	**29,889**	**0**
Current assets				
Inventory	44,585,333	12,144,751	1,983,222	0
Trade and other receivables	152,514	38,360	647	0
Short-term receivables from related parties	4,354,457	5,348	56	0
Other short-term assets	245,865	21,337	33,985	12
Income tax receivable	25,785	4,255	0	0
Other tax receivables	2,533,615	461,553	62,679	0
Loan receivables	0	0	0	0
Other financial assets	161,291	0	78,990	29,553
Cash and cash equivalents	10,807,184	549,590	14,161	918,615
Total current assets	**62,886,044**	**13,225,194**	**2,173,740**	**948,180**
Total assets	**74,079,571**	**16,540,261**	**2,203,629**	**948,180**
Fair value difference on inventories*	12,104,048			
Adjusted total assets	**86,183,619**	**16,540,261**	**2,203,629**	**948,180**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 31 December 2018. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.

Liabilities as of 31.12.2018

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Non-current liabilities				
Loans and borrowings	3,098,266	1,731,343	0	0
Bonds	0	0	0	0
Long-term liabilities to related parties	0	4,429,058	0	0
Deferred tax liabilities	33,712	10,838	0	0
Customer advances	7,635,951	0	0	0
Other long-term liabilities	1,774,106	96,232	0	0
Total non-current liabilities	**12,542,035**	**6,267,471**	**0**	**0**
Current liabilities				
Trade and other payables	3,590,736	796,650	49,423	233,935
Bonds	0	0	0	0
Short-term liabilities to related parties	2,984,491	2,822	2,547	134,793
Loans and borrowings	5,239,689	0	0	0
Customer advances	24,560,257	3,639,145	15,546	0
Other tax liabilities	665,394	32,818	8,975	0
Income tax liabilities	20,438	6,827	1,063	16,941
Total current liabilities	**37,061,005**	**4,391,169**	**77,554**	**385,669**
Total liabilities	**49,603,040**	**10,658,640**	**77,554**	**385,669**

16. Subsequent events

COVID-19:

The Group reacted immediately and decisively to the threat related to COVID-19, ensuring continuity of operations with vast majority of staff working remotely by end of March, while March 13 was the home office trial day, and the official home office period started on March 16.

The Group's companies introduced online sales meetings and implemented procedures for remote signing of sales agreements with clients between March 16 and March 20, i.e. when the state of epidemic threat was announced in the markets of our operations (in Hungary, Poland and in Romania). Aside from online sales, the Group's sales offices continue to operate, obeying the safety measures recommended by the WHO and the relevant measures applicable locally and required by local regulators. Following the appropriate decisions and reorganization the apartments' deliveries and sales proceed without disruptions. It is important to highlight that until the date of this report all the Group's construction sites in all countries of the Group's operations are progressing normally.

The Company's key management is very experienced and operating the residential business for nearly 20 years – in Hungary but also in our other core markets. Running the business responsibly towards the Group customers, as well as towards bondholders investing in Cordia's bonds, the observed liquidity cushion resulted in as much as HUF 44.2 bn of cash in the Groups accounts as end of April 2020.

As of this report's date, forecasting the state of the economies in central and eastern European countries or the residential property market over the next few months is not possible.

The Group's management is however of the opinion of the following:

a) In such a dynamic and uncertain environment, a strong balance sheet, very high liquidity and the experienced management will be the key factors significantly mitigating the effects of the forthcoming crisis. In the current situation the Group's companies across of all markets of our operations put special emphasis on prompt and transparent communication with clients and with our business partners, including our suppliers as well as our investors.

b) Cordia Group is a market leader with a well experienced management team which has successfully managed in many previous downturns in all the markets (especially in 2008-2009). The Group's management has good grounds to expect that the Group will once again emerge from this crisis with a strengthened market position.

c) The Management considers COVID-19 outbreak to be a non-adjusting post balance sheet event.

d) There is no risk for the the Company and for the Group to continue as a going concern. The management of the Group actually is of the opinion that the outbreak of COVID-19 may accelerate consolidation process in the industry, in which the companies with the strongest balance sheet and market experience can benefit playing an active role.

Acquisition of shares in Polnord and the Public offer

The Company has successfully accomplished the acquisition of new shares issued by Polnord Spółka Akcyjna (a public listed company, well established and focused on the residential projects in Poland). Based on the share0purchase agreement executed in December 2019, the Company purchased 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) newly issued T0Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights (following the capital increase). The purchase price was PLN 2.12 per 1 share.

The registration court relevant for Polnord had registered the share capital increase related to issue of T0Series Shares on 10th of February 2020. As a result of the registration of the share capital increase, Cordia has completed the acquisition and became the leading shareholder of Polnord. In the same time the amount of PLN 135.0 million deposited by Cordia was released from the depositary account and was transferred to Polnord.

Pursuant to Polish law, i.e. Article 74.1. of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies, and also fulfilling its obligation under Article 73.2.1 of the Act, on 14 February 2020, the Company announced a tender offer for the sale of the remaining approximately 34.34% of the shares in Polnord for the price per share of PLN 3.55 (the "Tender Offer"). Upon the conclusion of the Tender Offer and in connection with the settlement thereof, on 9 April 2020, the Company purchased 26,595,374 shares in Polnord for the purchase price of PLN 3.55 per share. Therefore, the Company increased its stake in Polnord from 64,042,109 shares (approximately 65.66% of the share capital) prior to the settlement of the Tender Offer to 90,637,483 shares (approximately 92.92% of the share capital of Polnord).

The Company took over operational control over Polnord as of 10th of April, when Cordia representatives were authorised to represent also Polnord towards third parties. As of 24th of April 2020, the extraordinary meeting of shareholders of Polnord appointed – following instructions from the Company 0 new supervisory board members, which day after appointed also Cordia's representatives to the management board of Polnord.

Capital increase

The Shareholders of the Company have unanimously voted for increasing the capital of the Company by HUF 12,001,129,600. The capital increase has taken place by issuing 7,431,040 pieces of ordinary shares of a par value of HUF 1,000 each, at an issue value of HUF 1,615/share with rights identical to the existing ordinary shares of the Company, thus the registered capital of the Company increases by HUF 7.431.040.000 equalling to HUF 18.013.760.000. The amount exceeding the sum of the registered capital of the Company will be accounted for capital reserve. As of date of this report, the shareholders have fully paid the new shares by injecting HUF 12,001,129,600 to the Company.

Share acquisition of Argo Properties N.V.

The Board of Directors of the Company has duly resolved that European Residential Investment Vagyonkezelő Kft. a wholly owned subsidiary of the Company shall enter into a share sale and purchase agreement as Buyer with Futureal Holding B.V. as Seller in regard of the sale and purchase of 2,492,910 shares representing 20.6% ownership of ARGO Properties N.V. ("ARGO") Purchase price of the stock package is EUR 34,400,000. By this transaction the Company launches its new business line of residential leasing / residential investments. ARGO is a dynamically growing company buying residential leasing properties. ARGO currently owns properties at Berlin Leipzig, Dresden and Magdeburg.

Land acquisition

Meder project

CORDIA GLOBAL 27. Development subfund (Subsidiary of Cordia International Zrt.) as purchaser have entered into sales and purchase agreements on the subject of the acquisition of ownership of the plots ("Plots") located in Budapest, XIII. district among the territory of Meder street0 Váci road 0 Újpest Bay. The total area of the Plots affected with the acquisition is 11.2 hectares approximately.

The Management Board

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

Budapest, 11 May 2020