



## CORDIA INTERNATIONAL ZRT.

*(incorporated with limited liability in Hungary)*

### Tap Issue Public Offering of "CORDIA2030/I HUF" Bonds

**HUF 4,000,000,000**

**due 2030**

This document constitutes a public offering memorandum (the "**Information Memorandum**") prepared in respect of the Bonds (as defined below) to be issued by CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság (short name: CORDIA International Ingatlanfejlesztő Zrt.; registered seat: 1082 Budapest, Futó utca 47-53. VII. em.; tax number: 25558098-2-42; the "**Issuer**") as a new tranche within the series of CORDIA 2030/I HUF Kötvény (name: CORDIA 2030/I HUF Kötvény; ticker: CORDIA2030; ISIN: HU0000359773; the "**Series**"), in the course of a public offering (in Hungarian: "*nyilvános forgalomba hozatal*") in an amount up to HUF 4,000,000,000, as a tap issuance (in Hungarian: "*rábocsátás*"). The Bonds will be offered to qualified investors (in Hungarian: "*minősített befektetők*"; the "**Investors**") within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Bonds issued after the date of this Information Memorandum are issued subject to the provisions herein. This Information Memorandum comprises neither a prospectus nor a base prospectus for the purposes of Act CXX of 2001 on the Capital Markets (the "**Capital Markets Act**") and the Prospectus Regulation nor an information document (in Hungarian: "*információs dokumentum*") within the meaning of the Capital Markets Act.

The Bonds, issued by way of a tap issuance as a new tranche within the Series, will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and as to the order of their satisfaction and at least *pari passu* with all other existing and future direct, unsecured, unconditional and unsubordinated loans, bonds or any other borrowings of the Issuer. Due to the unsecured nature of the Bonds, if the Issuer defaults on its obligations, Investors in the Bonds may lose some or all of their investments. The Bonds do not constitute deposits or other obligations of a depository institution and are not insured by the National Deposit Insurance Fund (*Országos Betétbiztosítási Alap*), the National Investor Protection Fund (*Befektető-védelmi Alap*), or any other governmental agency.

The Issuer and all senior unsecured debt of the Issuer are rated BB by Scope Ratings GmbH. Scope Ratings GmbH is established in the EU and registered under Regulation (EC) No 1060/2009 as amended on credit rating agencies (the "**CRA Regulation**") and appear on the latest update of the list of registered credit rating agencies (as of 24 May 2011) on the website of the European Securities and Markets Authority (registered seat: 103 rue de Grenelle, F-75345 Paris, France; the "**ESMA**") <http://www.esma.europa.eu>. The ESMA website is not incorporated by reference into, nor does it form part of, this Information Memorandum. Any change in the rating of the Bonds may adversely affect the price that a purchaser may be willing to pay for the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Bonds will be offered by way of a tap issuance (in Hungarian: *rábocsátás*) as a new tranche within the Series, which qualifies a new issuance within the CORDIA 2030/I HUF Bond Series (ISIN: HU0000359773) with the same conditions as set out in the corresponding information document dated 1 October 2020 ("**Previous Information Document**") and as published with respect to the already issued bonds of the same Series ("**Already Issued Bonds**").

The Bonds will be offered and issued solely in Hungary and within the framework of the Bond Funding for Growth Scheme (*Növekedési Kötvényprogram*) launched by the National Bank of Hungary (the "**NBH**") and the Issue (as defined below). Terms and conditions applicable for the Bond Funding for Growth Scheme are prescribed in the Handout for the Bond Funding for Growth Scheme (*Tájékoztató a Növekedési Kötvényprogram feltételeiről*) available in Hungarian language on the website of NBH at <https://www.mnb.hu/letoltes/nkp-termektajekoztato.pdf> (the "**BGS Handout**").

The Bonds will be registered on the XBond multilateral trading facility operated by the Budapest Stock Exchange as set out herein.

The Bonds will be offered and issued in Hungary. The Bonds will not be registered under the U.S. Securities Act of 1933, or any state securities law of the United States, and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person.

An investment in Bonds involves certain risks. Prospective investors should have regard to the factors described under Section 3 (*Risk Factors and Risk Management*) before investing in the Bonds.

**Warning:** Investing into the Bonds qualifies particularly risky from investor perspective, since the Issuer is solely responsible for the information contained herein. This Information Memorandum has not been reviewed or approved by any competent authority in the European Union or by any stock exchange or by any other regulator in any other jurisdiction; nor has any regulatory authority or stock exchange endorsed the accuracy or adequacy of this Information Memorandum or the Bonds being offered pursuant to this document. This means that the document is not a prospectus for the purposes of the Prospectus Regulation, may not be used for an offering requiring such prospectus, and the Issuer will not be responsible for the content of this document in relation to any offering which requires such a prospectus. Further, you should be aware that (i) this Information Memorandum may not include the same level of disclosure required by the Prospectus Regulation or other relevant national or EU legislation and (ii) if you acquire Bonds under this Information Memorandum you will not have any recourse to the Issuer under any Prospectus Regulation related liability regime, and consequently investment into the Bonds may imply higher risk comparing to the investments into securities offered on the basis of an offering document or prospectus approved by the competent authorities.

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**Dealer and Paying Agent:** Raiffeisen Bank Zrt.

The date of this Information Memorandum is 30 November 2020.

## IMPORTANT NOTICES

This Information Memorandum (the “**Information Memorandum**”) is prepared by the Issuer for the purpose of issuing, as tap issuance, by the Issuer (the “**Issue**”) of HUF denominated, fixed interest rate, dematerialised, amortising, rated, registered, unsecured, non-redeemable and non-convertible Bonds up to the amount of HUF 4,000,000,000 as a new tranche within the Series of name: CORDIA 2030/I HUF Kötvény; short name: CORDIA2030; ISIN Code: HU0000359773 (the “**Bonds**”) and contains relevant information and disclosures required for the purpose of issuing of the Bonds. The Bonds will be issued in the course of a public offering (in Hungarian: “*nyilvános forgalomba hozatal*”) under Hungarian law, by way of offer of securities to the public (in Hungarian: “*értékpapírra vonatkozó nyilvános ajánlattétel*”; within the meaning of Article 2(d) of the Prospectus Regulation) limited to qualified investors (in Hungarian: “*minősített befektetők*”; the “**Investors**”) within the meaning of Article 2(e) of the Prospectus Regulation.

The Bonds to be issued with this Issue will be offered by way of a tap issuance (in Hungarian: *rábocsátás*) as a new tranche within the Series, which is a new issuance within the CORDIA 2030/I HUF Bond Series (ISIN: HU0000359773) with the same conditions as set out in the Previous Information Document being dated 1 October 2020 and as issued with respect to the Already Issued Bonds of the Series.

The Already Issued Bonds were issued on 27 July 2020 and the details of the issuance are the followings:

- Number of issued bonds: 720
- Total nominal value: HUF 36.000.000.000

On 25 November 2020, the Issuer has been authorised under Resolution 1/2020 (XI.25.) of the Issuer’s board of directors (the “**Board of Directors**”) to issue the Bonds. The Issuer will comply with all laws, rules and regulations and has obtained all corporate approvals for the Issue.

This Information Memorandum is neither a prospectus (in Hungarian: “*tájékoztató*”) within the meaning of the Prospectus Regulation nor an information document (in Hungarian: “*információs dokumentum*”) within the meaning of the Capital Markets Act.

The Issuer may withdraw the offer to sell the Bonds according to the rules of the MMTS1 Trading System (as defined below). The Issuer accepts no liability or responsibility towards prospective Investors or any third party in relation to the withdrawal of the offering.

Apart from this Information Memorandum, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to the Issuer nor is such a prospectus required to be registered under the applicable laws. Accordingly, this Information Memorandum has neither been delivered for registration nor is it intended to be registered.

This Information Memorandum is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference (see in Section 14 (*Documents Incorporated by Reference or On Display*) below).

This Information Memorandum has been prepared to provide general information about the Issuer to the potential Investors for whom the Bonds are offered and who are willing and eligible to buy the Bonds during the course of the Auction (as defined below).

This Information Memorandum does not purport to contain all the information that any potential Investor may require. Neither this Information Memorandum nor any other document supplied in connection with

the Bonds is intended to provide the basis of any credit or other evaluation nor should any recipient of this Information Memorandum consider such receipt a recommendation to purchase any Bonds.

However, Investors are not to construe the content of this Information Memorandum as investment, legal, regulatory or tax advice. Each Investor contemplating the purchase of any Bonds should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential Investors should consult their own financial, legal, accounting, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment to such Investors' particular circumstance. It is the responsibility of Investors to also ensure that they will sell these Bonds in strict accordance with this Information Memorandum and other applicable laws. The Issuer accepts no liability or responsibility regarding any costs, expenses and/or damages incurred, either directly or indirectly, at any third party in relation to any negotiations, transaction offerings or advisory services with respect to this Information Memorandum, the Issue or the Bonds.

Investment in debt and debt related securities involve a degree of risk and Investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments and only after reading the information stipulated in this Information Memorandum carefully. For making an investment decision, the Investors must rely on their own examination of the Issuer and the Issue including particularly the risks involved. Specific attention of the Investors is invited to the statements of Section 3 (*Risk Factors and Risk Management*) of this Information Memorandum.

The Bonds are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential Investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Information Memorandum or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

All the information contained in this Information Memorandum has not been independently verified by Raiffeisen Bank Zártkörűen Működő Részvénytársaság (registered seat 1133 Budapest Váci út 116-118.; company registration number: Cg.01-10-041042; tax number: 10198014-4-44; the "**Dealer**") as dealer mandated by the Issuer with respect to the Issue. Accordingly the Dealer makes no representation as to



and shall have no liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Issue.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

The contents of this Information Memorandum are intended to be used only by those Investors to whom it is distributed by the Issuer. It is not intended for distribution to any other person and should not be reproduced by the recipient.

This Information Memorandum may only be used for the purposes for which it has been published.

The person to whom a copy of this Information Memorandum is provided, is alone entitled to apply for the Bonds. Any application by a person to whom this Information Memorandum has not been distributed by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without prior written consent of the Issuer. This Information Memorandum is made available to potential Investors on the strict understanding that it is confidential.

The Issuer does not undertake to update this Information Memorandum to reflect subsequent events after the date of this Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, constitute a representation or, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented, or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Bonds will be offered and issued under this Information Memorandum solely in Hungary. This Information Memorandum does not constitute nor may it be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Bonds or the distribution of this Information Memorandum in any jurisdiction where such action is required. The distribution of this Information Memorandum and the offering and sale of the Bonds may be restricted by law in certain jurisdictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions.

The Bonds offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933 or with any securities regulatory authority of any state or other jurisdiction in the United States for offer or sale as part of their distribution and may not be offered or sold in the United States. Neither the

U.S Securities and Exchange Commission (the “**SEC**”) nor any state securities commission nor any non-U.S securities authority has approved or disapproved of the Bonds offered in the Issue or determined that this Information Memorandum is accurate or complete. Any representations to the contrary is a criminal offense. Nothing in this Information Memorandum constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

This Information Memorandum has not been reviewed or approved by any competent authority in the European Union or by any stock exchange or by any other regulator or stock exchange in any other jurisdiction; nor has any regulatory authority or stock exchange endorsed the accuracy or adequacy of this Information Memorandum or the Bonds being offered pursuant to this document. This means that the document is not a prospectus for the purposes of the Prospectus Regulation, may not be used for an offering requiring such prospectus, and the Issuer will not be responsible for the content of this document in relation to any offering which requires such a prospectus. Further, you should be aware that (i) this Information Memorandum may not include the same level of disclosure required by the Prospectus Regulation or other relevant national or EU legislation and (ii) if you acquire Bonds under this Information Memorandum you will not have any recourse to the Issuer under any Prospectus Regulation related liability regime, and consequently investment into the Bonds may imply higher risk comparing to the investments into securities offered on the bases of an offering document or prospectus approved by the competent authorities.

This Information Memorandum is drawn up in the English language. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Information Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **Presentation of Financial Information**

### ***Financial Statements Presented***

The Issuer has incorporated by reference in this Information Memorandum, and primarily discusses herein, the Consolidated Financial Statements as of and for the financial year ended on 31 December 2019 and on 31 December 2018 (together referred to as the “**Consolidated Financial Statements**”), and the Separate Financial Statements as of and for the financial year ended on 31 December 2019, including also the information for the financial year ended on 31 December 2018 (referred to as the “**Separate Financial Statements**”), which were audited by an external, independent Auditor. Unless specified otherwise, the financial information included in this Information Memorandum relates to the Issuer and its subsidiaries (together referred to as the “**Group**” or “**Cordia Group**”). The Consolidated Financial Statements and the Separate Financial Statements of the Issuer included herein and in the accompanying notes thereto have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (the “**IFRS**”). For further information purposes Issuer presents also its non-audited financial statements as of June 30, 2020.

The Issuer also prepares financial statements in accordance with the general accounting standards of Hungary, which it uses for statutory, tax and internal management purposes.

### ***Changed presentation of financial data***

As IFRS 16 replaced IAS 17 Leases for annual periods beginning on or after 1 January 2019, Cordia Group

has adopted IFRS 16 simplified method retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The comparative information for 2018 is reported under IAS 17 and is not comparable to the information for the financial year 2019, presented in this Information Memorandum. More details on the impact of adoption of the IFRS 16 can be read in note 4 (k) to the Consolidated Financial Statements for 31 December 2019.

Moreover, as Cordia Group is rapidly expanding its activities and the management would like to reflect these changes and provide most useful information to the readers of the financial information, Cordia Group has implemented some changes in the presentation of the consolidated statement of the financial position, which can be traced in details in note 23 to the Consolidated Financial Statements for 31 December 2019. The introduced changes impact presentation of the cash deposited by the customers. Cordia's model of operations assumes that instead of using payments received from customers directly to cover the development costs, majority of the cash received is deposited at accounts with restricted use as cash securing construction loans received. These funds were previously presented as other financial assets on the balance sheet. The banks allow however for full or partial use of such funds, (sometimes subject to utilization fees) therefore the control over the use of the deposited sums is always with Cordia and these balances are now presented within restricted cash as a new balance sheet line or restricted cash as within cash equivalents in the Consolidated Financial Statements.

The changes discussed above relate only to the Consolidated Financial Statements of the Cordia Group and do not relate to the Separate Financial Statements of the Issuer.

### **Forward-looking Statements**

This Information Memorandum may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or other similar terms. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. This applies in particular to statements relating to, among other things, the future financial performance, goals, plans, strategy, projected revenues, future financial position and expectations regarding developments in the business and management of the Issuer and the Cordia Group, and the general economic and regulatory conditions and similar factors affecting the Issuer and the Cordia Group.

Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

### **Market Share Information and Statistics**

This Information Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Issuer's and the Cordia Group's business and market. Unless otherwise indicated, such information is based on the Issuer's analysis of multiple sources, including several public regulatory bodies, internal company analysis based on the Issuer's knowledge of its sales and markets and information otherwise obtained from other third-party sources. In many cases, there is no readily available external information (whether from trade associations,

government bodies or other organizations) to validate market-related analysis and estimates, thus requiring the Issuer to rely on internally developed data. Consequently, the Issuer has made its estimates largely based on internal surveys and studies.

The Issuer has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Memorandum that were extracted or derived from external sources. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Internal company analyses, while believed by the Issuer to be reliable, have not been verified by any independent sources, and the Issuer does not make any representation as to the accuracy or completeness of such information and does not take any responsibility in respect of any information and data detailed under this Section (*Market Share Information and Statistics*).

In considering the industry and market data included in this Information Memorandum, prospective Investors should note that this information may be subject to significant uncertainty due to differing definitions of the relevant markets and market segments described.

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## **1 PERSONS RESPONSIBLE – DECLARATION OF RESPONSIBILITY**

**CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság** (seat: 1082 Budapest, Futó utca 47-53. VII. em.; company registration number: Cg.01-10-048844; the „**Issuer**”), as solely responsible person for the content of the Information Memorandum, hereby makes the following declaration.

The Issuer accepts sole responsibility for the content of this Information Memorandum.

The Issuer hereby declares that, to the best of its knowledge as of the date hereof and having made all reasonable care, the Information Memorandum

- (a) consists of information that is consistent with the facts and are true;
- (b) does not omit the disclosure of circumstances that could affect important conclusions to be made from such information;
- (c) does not omit the disclosure of any information that is material for the assessment of the Bonds and the Issuer.

In this declaration all capitalised terms and expressions shall, unless otherwise defined, have the meanings attributed to such terms and expressions in the Information Memorandum (including by reference to any other document).

Budapest, 30 November 2020

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**CORDIA International Ingatlanfejlesztő Zártkörűen  
Működő Részvénytársaság**

Földi Tibor  
president of the Board

## **2 AUDITORS**

The independent auditors of the Issuer are PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (registered seat: 1055 Budapest, Bajcsy-Zsilinszky út 78.) and Pál Tímár (registration number with Chamber of Hungarian Auditors: 002527), and the latter is personally responsible for the Issuer's audit (of the Consolidated Financial Statements of 2019, 2018 as well as of the Separate Financial Statements of 2019). PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság and Pál Tímár are members of the Chamber of Hungarian Auditors (*Magyar Könyvvizsgálói Kamara*).

PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság have audited, without qualification, the Issuer's consolidated financial statements in accordance with the International Standards on Auditing for each of the two financial years ended on 31 December 2018 and 31 December 2019 as well as the Issuer's separate financial statements for the financial year ended on 31 December 2019 (including also the information for the financial year ended on 31 December 2018).

The Issuer's auditors are independent of the Issuer and the Cordia Group in accordance with the applicable laws of Hungary and have been mandated and appointed as auditors from the date of incorporation of the Issuer until 31 May 2021.

## **3 RISK FACTORS AND RISK MANAGEMENT**

Investors should carefully consider all the risk factors and other information contained in this Information Memorandum for evaluating the Issuer, its business and the Bonds before making any investment decision relating to the Bonds. The occurrence of one or more of these risk factors alone or in combination with other circumstances may have a material adverse effect on the Issuer's business, cash flows, financial condition, and results of operations or prospects.

Even though the following risk factors cover all risks the Issuer currently believes to be material, the risks discussed below may, in retrospect, turn out not to be complete or prove not to be exhaustive and therefore may not be the only risks the Issuer is exposed to. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude or significance of the individual risks. Additional risks and uncertainties of which the Issuer is not currently aware or which it does not consider significant at present could likewise have a material adverse effect on the Issuer's business, cash flows, financial condition, results of operations or prospects.

Moreover, it is important to note that the life-cycle of a residential project starts at purchase of a plot of land and usually finishes at handover of the last finished apartments to the customers. Typically such process takes minimum 3-5 years, but may take even much longer especially in case of multi-phased projects. It is important to understand that the Issuer or any Subsidiaries involved in developing such residential projects may be exposed at many risks and at many potential changes in its business environment around particular projects and significantly impacting the profitability of the business as well as the Issuer's ability to repay and service its liabilities. Therefore, the following list of risks presented below shall be read with observation of not only of the expected maturity of the Bonds, but also with observation of the long-term cycle of the residential projects developed by Cordia Group.

Those Investors who have any reservations regarding the content of this Information Memorandum should contact their stockbroker, bank, lawyer, tax advisor or financial advisor. The information in this Information Memorandum is not equivalent to the professional advice from the persons mentioned above. Investors

should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

### **3.1 Risks related to the real estate market**

#### ***Potential effect of economic recession, turn of the credit cycle***

A potential economic recession or negative developments in the credit cycle may cause a drop or even a pause in the sales of residential units as well as activities at the real estate investment and credit markets. This may have a direct effect also on the Issuer's profitability and cash-flows.

#### ***Cyclical residential market***

Despite the fact that the Issuer's risk profile is strengthened by the geographical diversification of the residential development operation currently in 8 major cities/ regions (Budapest, Balaton, Warsaw, Krakow, Poznan, Tri-City (being Gdansk, Gdynia and Sopot), Bucharest, Costa del Sol (being Marbella and Fuengirola), the real estate residential development markets are cyclical historically in all the Cordia Group's countries of operation. The number of new residential units completed each year has varied from year to year, depending on, among other things, general macro-economic factors, changes in the demographics of specific areas, availability of financing (for projects and for customers), housing demands, employment level, availability of land plots and prices of existing and new residential units. Typically, growing demand results in an increase of margins of real estate developers and an increase in the number of new projects. An upturn in the market is typically followed by a downturn as new developers are deterred from commencing new projects due to reduced profit margins. This market cyclicity may have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

COVID-19 pandemic however presented a special situation of having the downturns happen at the same time across all markets of Cordia Group's residential development business that needs to be addressed as a risk factor to be treated separately.

To broaden diversification not only geographically but also by operation, Cordia Group has recently entered the residential leasing market by acquiring a stake in a residential investment company operating in Germany focusing on the residential long-term leasing markets of Dresden, Leipzig and Magdeburg. While residential leasing markets also show signs of cyclicity, these cycles are not or not entirely synchronized with those of the residential development markets thus supporting resilience of Cordia Group's cash flow.

#### ***Political and economic risk***

The Issuer and Cordia Group carries out vast majority of its activities in Hungary, Poland and Romania that are regarded as emerging markets while Spain and the UK are considered as mature markets. Investors purchasing bonds in companies operating in such emerging markets should be aware that political and economic risks are bigger than in developed markets and the CEE region may still be subject to various risks, which may include instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes to business practices or customs, changes to laws and regulations relating to currency repatriation.

The financial condition of the property development sector in the 3 CEE countries as well as in Western and Southern Europe and therefore, the financial condition of the Issuer, is linked with many economic factors, such as changes in GDP, inflation, unemployment, currency rates and interest rates, availability of credit. These risks are very difficult to quantify or predict, however any future adverse changes in one or more of



these factors could result in a fall in the demand for new residential units, which could have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer especially in the unexpected case of having these effects expressed simultaneously at Issuer's all three markets. COVID-19 did have an adverse effect and the appearance of similar pandemic or other healthcare or environmental crisis situations in the future can heavily effect or freeze the economies Cordia Group operates in.

### ***Regulatory risk***

It cannot be excluded that in either of the active markets an unforeseen national and/or governmental decision or legislation will have a negative effect on the permitting process, the construction conditions project and customer financing markets and sales processes, and, consequently, affecting the profitability of the Issuer's business and its liquidity position. In extreme crisis situations governments may implement temporary or long-lasting measures that can adversely affect contractual relationships and civil contracts.

Modifications of the subsidies and other preferential programs, any central or local regulations may also have a positive or negative effect on the Issuer's business, on the sales or rental price levels. In Romania, a significant regulatory risk factor is the lack of proper and reliable databases and thus the market transparency is limited.

### ***Tax related risks***

The activities of Cordia Group are subject to tax at various rates. Action by governments to increase effective tax rates or to impose additional taxes, interpret the taxation of certain arrangements may reduce the profitability of the Cordia Group.

Due to the preferential VAT rates and transfer duties applied to the residential dwellings in Hungary, Poland and Romania, the governmental policy and strategy related to residential housing is a potential significant risk to the local developers as it may significantly affect the affordability of the offered apartments. Cordia Group's overall risk is limited as its development activity is diversified to 5 markets including also Spain and the UK, nevertheless any adverse change in any market may have the adverse impact on the profitability of the Issuer. In addition, the preferential tax treatment of investment funds and the tax treatment of international corporate and funding structures may also change adversely or may be interpreted by the tax authorities differently from the past or from existing tax opinions.

A further uncertainty is that the 5% VAT regime that was applicable to newly built residential units has been changed from 1 January 2020 the 27% VAT regime is restated in Hungary temporarily, however 5% VAT regime has recently been re-introduced for a period ending December 31, 2022. "brown-field developments" may enjoy a 5% VAT regime in Hungary after December 31, 2022 however details of such regulation are not yet published.

On the other hand special government incentives – despite they may be temporary - can massively support housing developments in our CEE markets (see more detailed description later).

### ***Exchange rate risk***

The Issuer invests its free resources in development of the residential real estate business in Hungary, Poland, Romania, Spain and the UK in local currencies, which makes the Issuer's ability to service its corporate debt denominated in Hungarian Forint exposed to the currency exchange rate risk. In case of the potential appreciation of Hungarian Forint versus Polish Zloty, British Pounds, Euro or Romanian Lei, the Issuer (dependent on profitability and liquidity of its Subsidiaries) ability to repay its debt denominated in

Hungarian Forint may be negatively impacted.

***Shortage of properly qualified labour force and materials***

Central European real estate development markets are exposed to the volume and quality of the available professional construction workforce and in more limited cases, supply of materials.

In Hungary the 2008 sub-prime economic crises had a deep impact on the construction industry: cca. 30% of the general contracting companies went bankrupt or ceased operations, while qualified labour force either moved to Western-European markets or changed job further decreasing construction capacities in Hungary. After the reanimation of the demand for professional construction capacities in 2015 by a significant increase in the volume of public and private developments a shortage in qualified labour force has been being to experience especially in Budapest.

Since Poland joined the EU on 1 May 2004, over a million adults left Poland to work abroad (mostly in the UK, Germany and Ireland) (source: Polish Center for Social Studies, 'Centrum Badania Opinii Społecznej'). As a result, there is currently also a shortage in Poland of properly qualified labour workers and the general contractors hired by the Subsidiaries face problems in finding qualified workers.

The lack of a sufficient number of workers and their increased costs in target countries may result in increase of the budget of project and delays in construction and consequently may have a material adverse effect on the business, cash flows, financial condition, and results of operations or prospects of the Issuer.

Safety measures – especially limitations in social distancing, travelling, mandatory and/or self-quarantine, lock-ups - introduced by European countries during the COVID-19 crises led quickly to a situation where workforces operating abroad returned to home countries increasing the supply in the labour markets. Nevertheless the direction of the workflow can change again as situation reverts or approaches to normal. These movements show the sensitivity of Cordia Group's industry to labour markets.

COVID-19 pandemic also clearly brought to light problems due to ceasing material supply chains that were handled by Cordia by finding multiple alternative purchase sources in geographical vicinity.

The Issuer mitigates the risk of fluctuations in capacities of properly qualified labour force by creating long term and reliable relationships with its construction company partners while risks of potential shocks in supply chains are mitigated by maintaining and constantly developing multiple material supply channels

***The real estate market and the Group's business may be negatively affected by the effects of the COVID-19 or other pandemic(s)***

Pandemics, epidemics, outbreaks of infectious diseases or any other serious public health concerns, such as the COVID-19 pandemic, together with any measures aimed at mitigating a further expansion thereof, such as restrictions on travel, imposition of quarantines, prolonged closures of workplaces, or curfews or other social distancing measures, may have a material adverse effect on the global economy and international financial markets in general and on the markets in which the Group operates in particular. The implications of such outbreaks depend on a number of factors, such as the duration and spread of the respective outbreak as well as the timing, suitability and effectiveness of measures imposed by authorities, the availability of resources, including human, material, infrastructure and financial (e.g., governmental stimulus packages and/or measures introduced by central banks) required to implement effective responses to the respective situation at the international, national and regional level as well as the level of civil compliance with such measures. There is no guarantee that such measures, or a combination thereof, are effective means to combat such an outbreak and the implications resulting therefrom, which may result in an increase of credit

risk, liquidity risk and operational risk for the Group.

A number of factors that are important for the Group to successfully conduct its business could be materially affected by the spread of COVID-19 or similar pandemic diseases. The social distancing measures implemented by countries around the world to slow the spread of COVID-19 could potentially result in a severe recession and financial crisis. As economic activity is drastically reduced for several months, many businesses could be forced to close, leading to a dramatic increase in unemployment. As businesses and unemployed workers no longer have the income to pay their outstanding debts, the number of defaults could significantly increase. Such developments could have a number of effects on the Group's business, including, but not limited to, the following:

As regards the Group's properties for sale, lower economic activity could also make it more difficult to sell properties at the price expected by the Group or at all.

In the pandemic situation, as an effect of the general lockdown (as it has been recently experienced) the demand for short term rents may dramatically drop as for instance due to lack of tourism but also long term leases may be negatively affected as less demand for student accommodation, decreasing cross-border and cross-regional migration for jobs etc.

The measures imposed by authorities to mitigate the crisis and the resulting economic implications could have material negative effects on the valuation of real estate properties and therefore on the assets of the Cordia Group.

In a situation of an unhandled shock to be caused by a pandemic, an environmental catastrophe or similar, banks may reduce liquidity, which may cause the Group difficult or impossible to obtain the required construction project financing. Cordia Group mitigates this risk by keeping cash reserves that allow all ongoing projects to be finished. Important to note, that National Bank of Hungary has implemented proper measures including serious financial packages in time to avoid such freezing of banking activities in Hungary. However, the Government of Hungary has announced moratory for several kinds of banking debt services helping borrowers to survive crisis, Cordia opted for not ceasing any of its obligations due towards the financial institutions and not to draw down any governmental crisis-subsidy financing as Cordia's own reserves are sufficient to bridge for a certain period of problematic times. For more details of COVID-19 related government and central bank actions in Cordia Group's countries of operation please see market overviews in Chapter 6.7.

Cordia Group has faced – similarly to all the other major residential developers in the markets of Cordia's operations – significant drop in new sales during March, April and May 2020. The Group has not experienced however any agreements cancelled by its customers, nor even the need nor proposal to cancel the contracts by its existing clients. The Issuer's sales departments recorded very high interest from new customers in late May and in June 2020.

### **3.2 Risks related to the operation of Cordia Group**

#### ***Financing related risk***

Cordia Group's operations are financed through equity and interest-bearing debts and loans as well as from the proceeds of the issuance of CORDIA2026 bonds in November 7, 2019 and bond series issued by Polnord S.A. As a consequence, the Issuer is exposed to the risk of changes in market interest rates, credit availability loan costs and margins, equity and pre-sale requirements except for the bond debt service given the fixed coupon and fixed amortization schedule of CORDIA2026 bonds. Increased interest expenses,

higher equity requirements, lower funding limits, lower credit availability may have a material adverse impact on Cordia Group's operations, financial position and earnings.

Concerning bank financing, Cordia Group's projects are financed by different prominent banking partners. A long-term relationship is maintained with these partners, which has allowed as of now the Issuer to deal with potential financing or liquidity problems. However, the Issuer cannot guarantee that it will always be able to procure funding at all or at commercially attractive rates and with reasonable equity and pre-sale requirements. Furthermore, Cordia Group may need to refinance some or all of its indebtedness on or before maturity. Cordia Group cannot guarantee that it will be able to refinance its indebtedness. Should the Issuer not be in a position to procure additional funds in line with its expectations, it may be forced to change its strategy and to restrict its growth and to refinance such borrowings.

Refinancing of the bonds issued in the past and to be issued by the Issuer may be difficult or hindered if financial markets are frozen by that time or for whatever reasons the Issuer is unable to arrange for such refinancing.

***Access to financing of the Subsidiaries' potential clients may be limited***

The high demand and in the increase in prices of flats and houses in Poland, Hungary and Romania over the last several years is largely facilitated by the low interest rates and the increase in the availability of credit and loans for financing the purchase of flats and houses. An increase in interest rates, reduction in credit availability, increase in equity requirements, deterioration in the economic situation of the Polish, Hungarian and Romanian households, or administrative restrictions on the ability of banks to grant credits and loans may result in a fall in the demand for flats and houses, and as such, interest in the Subsidiaries' projects may decline.

***The Subsidiaries may be unable to sell residential units at budgeted or projected prices***

The Subsidiaries may be unable to sell the residential units that they build at attractive prices. The value of a residential property depends to a large extent on its location, architectural design and standard of construction and demands of housing. If the Subsidiaries misjudge the desirability of a property's location or its design, they may not be able to sell the property at the budgeted price or at all. If any of the Subsidiary is required to reduce the sales price to attract purchasers, the market value of the property could be significantly reduced and the Subsidiaries' margins could decrease below profitable levels. The failure to sell the residential units at attractive prices may have a material adverse effect on the Issuer's business, cash flows, financial condition, results of operations or prospects of the Issuer.

***Any member of the Cordia Group may be unable to acquire further land at competitive prices and to identify profitable development projects***

The successful growth and profitability of the Issuer is dependent, in particular, on the ability of the Subsidiaries to acquire good development sites at competitive prices and their appropriate development. The acquisition of sites for development may be difficult for reasons such as competition in the real estate market, the slow process of obtaining permits, the absence of local zoning plans and the limited availability of land with the appropriate infrastructure. These factors could have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

***Cordia Group faces significant competition from other developers***

Cordia Group faces significant competition from other developers. Competition may lead, among other things, either to an over-supply of residential properties through over-development or to an increase in land

prices. Such competition may have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

Due to relatively high diversification of the activity spread among few residential markets in different countries, the Issuer may mitigate this risk to some extent by directing its resources and investments to the markets less penetrated by its competitors. Moreover, the Issuer is able to take advantage of its financial and other resources, focusing on development of more demanding and challenging projects, which may not be appealing to less experienced developers and having weaker financial position.

***The Issuer's profits are dependent on the conditions of the respective residential markets***

Even though the sales and construction progress of currently on-going projects are promising, a sudden stop in the markets may slow down Cordia Group's profit generation pace and harm Cordia Group's liquidity. Among others, this is a reason why the Issuer decided to expand to neighbouring markets and slowly reallocate centre of gravity towards Bucharest, leading Polish cities and Spain.

Residential leasing market may show cyclicity different from that of the residential-for-sale market and can offer a cash flow buffering-effect after having a portfolio of few hundred units created.

***The Issuer is dependent on key management personnel***

The Issuer is dependent on senior members of the management, especially the members of the management board. The departure of any member of the management board could have an adverse effect on the ability of the Issuer to conduct its activities and, as a result, could have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

***The Subsidiaries are dependent on contractors***

The Subsidiaries use specialist construction companies for most of the construction work on their various projects. Neither the Issuer nor the Subsidiaries can guarantee the correct and timely performance of the contracted works by the contractors. This may cause delays in the completion of individual projects and consequently increase the costs of their completion. Moreover, contractors may develop liquidity problems which may affect the quality and timely completion of the works commissioned by the Subsidiaries. In extreme cases this may lead to the contractor stopping work altogether and the necessity to replace the contractor. Consequently, all the delays and costs associated with a change of contractor may adversely affect the profitability of a given project. Any such event may have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

***Risks related to administrative consents***

The Issuer cannot guarantee that any permits, consents or permissions required from various government or municipality / local / other entities in connection with existing or new development projects will be obtained by the Subsidiaries in a timely manner or, what is less likely, will be obtained at all, or that any current or future permits, consents or permissions will not be withdrawn. A failure to obtain the required consents, or their withdrawal, may have an adverse effect on the value of the property, which could have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer. In order to mitigate the above risks, the Subsidiaries always calculate adequate time in the project phase to obtain the necessary permits, the requests to obtain the permits are always well prepared and grounded and Cordia Group maintains a good, professional relationship with the relevant authorities.

Cordia Group's business is exposed to the risk of non-compliance with building permits and other regulations

as regards the construction of buildings. It is possible, that the required building permits will be issued with delay. If such permits are issued with delay, or are issued only subject to conditions, this can lead to substantial delays of the completion of the properties and may result in higher than projected costs and lower income.

***Risk relating to new zoning plans, building permits and building rights***

There is a risk that zoning plans or building permit plans necessary for Cordia Group's projects will not be adopted by the municipality or that Cordia Group will not receive a final approval of these plans within the prescribed time period or that the permits will contain conditions that Cordia Group must satisfy in order to develop the project. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. If any of the described risks would materialise, it could have a material negative impact on Cordia Group's operations, earnings and financial position.

***Cordia Group may incur environmental liabilities***

Properties owned or acquired by Cordia Group may contain ground contamination, hazardous substances, wartime relics and/or other residual pollution and environmental risks. Cordia Group would bear the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances, wartime relics or other residual pollution. Moreover, even the mere suspicion of the existence of ground contamination, hazardous materials, wartime relics or other residual pollution can negatively affect the value of a property.

***Cordia Group may be faced with archaeological findings on historic sites.***

During the development phase of a project, Cordia Group may be faced with archaeological findings or be faced with building restrictions on historic sites. Such findings and restrictions will in most cases lead to a substantial delay in the development of a project and may have an adverse effect on the costs involved with such project.

***The Issuer may incur material losses in excess of insurance pay-outs***

It is the Subsidiaries' policy to ensure that their projects under construction are adequately insured. However, the buildings on projects developed by the Subsidiaries could suffer physical damage caused by fire or other causes, resulting in losses which may not be fully compensated by insurance. In addition, there are certain types of risks that may be uninsurable.

Should an uninsured loss or a loss in excess of insured limits occur, the Subsidiaries could suffer a loss in the value of an investment in the affected development as well as the anticipated future revenue from that development. The Subsidiaries could also be liable for the repair of the damage caused by the risk which is not covered by the insurance. In addition, the Subsidiaries may be obliged to continue servicing the debt associated with the damaged development project. This may have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

***Cordia Group is exposed to the risk of impairments of its reputation***

The business model of Cordia Group is based on its reliability and good reputation. Cordia Group is subject to laws and regulations relating to several areas such as environment, health and safety, construction, procurement, administrative, accounting, corporate governance, market disclosure, tax, employment and data protection. Such laws and regulations may be subject to change and interpretation. Any failure to comply with applicable laws and regulations that may change over time, may lead to administrative

procedures and may result in negative publicity harming Cordia Group's business and reputation. Such negative publicity may cause business partners and purchasers of Cordia Group to distance themselves from a relationship with Cordia Group. In particular, harm to Cordia Group's reputation could make it more difficult for Cordia Group to sell its residential units. Furthermore, harm to the reputation could impair Cordia Group's ability to raise capital on favourable terms or at all.

#### ***Cordia Group's historical earnings and other historical financial data***

The financial information provided for and discussed in this Information Memorandum relate to the past performance of the Issuer and Cordia Group. The future development of Cordia Group could deviate significantly from past results due to a large number of internal and external factors. The historical earnings, historical dividends and other historical financial data of the Issuer and Cordia Group are therefore not necessarily predictive of future earnings or other key financial figures for Cordia Group going forward.

#### ***The fair value of Cordia Group's real estate assets may be harmed by certain factors***

Certain circumstances may affect the fair value of Cordia Group's real estate assets, including, among other things, (i) the absence of, or modifications to, permits or approvals required for the construction and/or operation of any real estate asset; (ii) the residential properties may be exposed to a risk of sale prices being significantly lower than otherwise might be the case; (iii) delays in completion of works beyond the anticipated target, may adversely affect Cordia Group's results of operations and cash flows; and (iv) lawsuits that are pending, whether or not Cordia Group is a party thereto, may have a significant impact on its real estate assets.

#### ***Specific risks related to specific projects***

In the case of the „Universo“; „Vaskapu 32-34“ and „Vaskapu 47-49“ projects, the respective municipality ensured the on-time completion of the below projects by establishing a repurchase option for five years from the handover of the affected properties. This means that the municipality will have the right to repurchase the respective project properties at the market value if the deadlines were not met. This would trigger the developers' breach of the sale and purchase agreements and the developers' penalty payment obligations to the purchasers.

#### ***Acquisition / expansion risks***

The Issuer expands its activity by purchases of not only of the plots dedicated for further development but also of the other developers. Takeovers of the other companies shall bring potentially higher returns than straightforward land purchases however simultaneously require more efforts on side of the Issuer that relate to integration of the operations as well as require that all corporate and other risks relating to the acquired company are properly addressed in the transaction parameters. Acquisitions may involve unforeseeable reputational risks due to the past of such target companies.

#### ***The Subsidiaries' operating and other costs may increase***

Factors which could increase operating and other costs include: inflation (of construction costs, land prices, wages); increases in taxes and other statutory charges; changes in the law, regulations or government policies (including those relating to health and safety at work and environmental protection) which increase the costs of compliance with such laws, regulations or policies; and increases in the cost of borrowing. In light of the growing competition on the real estate markets of the Issuer's operation and considering that the Issuer wishes to increase its market share in Bucharest and in the Polish cities, the Issuer could also be faced with increased marketing costs. Any material increase in the Issuer's operating costs may have a

material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

The Subsidiaries have entered into, and will enter into, construction agreements with general contractors to build the Subsidiaries' development projects. The costs of these projects – despite the Issuer and its Subsidiaries' practice assumes execution of the fixed-price contracts – can still vary due to: changes in the scope of a given project and in its architectural design; substantial increases in the cost of building materials and of labour costs which are not properly expected / budgeted by the contractors; the contractors not completing the works within the agreed term and to a standard which is acceptable to the Subsidiaries. Any material increase in the Subsidiaries' project costs may have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Issuer.

***The Subsidiaries may be liable in connection with post-construction obligations***

The respective Subsidiaries are liable under the statutory warranty for defects of the residential units and the building and must provide the required repairs. Warranties and guarantees obtained by such Subsidiaries from general contractors and other subcontractors that render the construction works or particular construction elements, allow such Subsidiaries to recover costs of such repairs or to transfer an obligation to provide repairs to such entities. As the general contractor guarantee commences upon handover of the construction and the guarantee of the Subsidiaries commences upon handover of the residential unit, there may be (and usually is) a period in which the general contract guarantee has already run out but the liability of the Subsidiaries under their statutory guarantee remains in effect. Claims made during such interim period, if not fully covered under the respective Subsidiaries' insurance policy, may have a material adverse effect on the business, cash flows, financial condition, results of operation or prospects of the Issuer.

***Business disruptions, operational shortcomings, system failures and internal deficiencies may expose Cordia Group to operating risk and cause it to incur losses***

The term operating risk refers mainly to the risk of financial consequences and consequences related to the loss of trust which may ensue from shortcomings in internal routines and systems, including IT systems. The risk also includes legal risks and risks within regulatory compliance. The handling of operating risks is aimed at identifying, assessing, monitoring and reducing those risks. The risks are handled based on the expected consequences and the degree of probability that they could occur. Internal directives and guidelines form the basis of risk management within Cordia Group. Corporate culture is critical in ensuring that internal controls are a normal and necessary operating prerequisite.

All operational activities are associated with the risk of incurring losses due to deficient routines and/or the business being detrimentally affected by disruptions caused by shortcomings or internal or external events. Operational certainty, achieved through sound internal control, appropriate administrative systems and access to reliable valuation and risk models, is required to mitigate such risks and reduce the risk to Cordia Group's administrative security and control. However, business disruptions and shortcomings in operational security may have a material adverse impact on Cordia Group's operations, financial position and earnings.

***Changes in the accounting policies***

Changes in accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations or could result in non-comparability of the historical financial information.

From time to time, the IASB, the EU and other regulatory bodies change the international financial accounting and reporting standards that govern the preparation of Cordia Group financial statements. These



changes can be difficult to predict and can materially impact how Cordia Group records and reports its results of operations and financial condition. In some cases, Cordia Group could be required to apply a new or revised standard retrospectively, resulting in restating prior period financial statements or adjusting the opening balances. In other cases, no restatement of comparative period financial statements will be required and therefore the historical financial information for such prior periods may become non-comparable to the financial information prepared in accordance with new accounting policies or standards.

For example, Cordia Group, for the period beginning on 1 January 2019, has adopted IFRS 16 "Leases", which was issued on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Cordia Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The effects arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The comparative information for 2018 is reported under IAS 17 and will not be comparable to the information presented for 2019. For further information on the impact of transition to IFRS 16 on Cordia Group's financial statements, see Note 5 to Cordia Group's Consolidated Financial Statements for the period ended 31 December 2019.

### **3.3 Risks related to the company structure**

#### ***Business relationships with related parties of the majority shareholders***

The original operation of Cordia Group has historically been within the corporate group of Futureal Property Group Ingatlanforgalmazó Kft. and it has recently been separated to operate as an independent entity focusing on residential developments with separate corporate structure and separate organization.

In the view of the Issuer, the cooperation of the two groups in certain projects (for example in mixed-use projects like Corvin Promenade) and certain functions (like aggregating purchasing, deal sourcing and due diligence) is mutually advantageous. In addition, internationally, Issuer's management companies and Futureal Group's management companies may, from time to time provide certain services to each other on an arm's-length basis in order to optimize costs or use special capabilities. „Futureal Group” is the corporate group owned by the Futó Family engaged in real estate development and of which the Issuer's founder is also a member.

In addition, dr. Futóné Szántó Zsuzsanna (one of the ultimate beneficial owners of the Issuer) owns BrandArt Group, which has been providing creative and design services to Futureal Group and Cordia Group companies for close to two decades on an arm's-length basis.

#### ***Interests of the main shareholders may conflict with the interest of the holders of the Bonds***

The interests of the Issuer's ultimate shareholders may, under certain circumstances, conflict with the interest of the holders of the Bonds. For example, (i) the Issuer's shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to the holders of the Bonds, (ii) the Issuer may pay out Shareholder Distributions (including in the form of dividends, pre-payments of dividends, capital reductions, share buy-back, loans or loan repayments) that decrease the cash or equity

of the Issuer, however, in order to reduce such potential risk, the Conditions contain financial undertakings that limit such Shareholder Distributions.

***Change of control risk***

The occurrence of specific change of control events may result in certain debt to be breached or become immediately payable and the Issuer may not be able to repay or repurchase such debt. The change of control may also result (on the short or longer term) in the unwinding of certain partnerships relations of the Cordia Group described in the relevant section, loss of or less support from the current main shareholders or the arrival of different controlling shareholders with different strategic approach. These potential events or even the forced repayment/repurchase may have a material negative impact on Cordia Group's operations, earnings and financial position.

***The developments are carried out in Subsidiaries***

The Issuer does not directly own real estate projects. Projects are generally carried out in separate limited liability special purpose vehicles (the "SPVs") in order to allow for separate lenders for each project, avoid cross-collateralization and to compartmentalize project level risk. Generally, the Issuer holds these SPVs indirectly through holding vehicles.

The Issuer has currently no significant assets other than the equity interests in and loans given to its Subsidiaries. As a result, the Issuer's ability to make required payments under the Bonds depends on the performance of its subsidiaries and their ability to distribute funds to it. Such cash flows will depend on the business and financial conditions of its Subsidiaries. In addition, the ability of certain Subsidiaries to pay dividends/ loan repayments and distributions may be limited by applicable laws and any indebtedness those subsidiaries have incurred. Equally, if the Issuer's Subsidiaries do not pay any dividends or distributions, or do so irregularly, the Issuer's performance may be adversely affected.

Further, on the liquidation of one of its Subsidiaries, the Issuer's right to receive repayment in respect of finance it has provided to such Subsidiary, and therefore the right of Bondholders to participate in those proceeds are structurally subordinated to the claims of the project financing bank and other creditors of that subsidiary. In addition, even if the Issuer is a creditor of any of its Subsidiaries, its rights as a creditor would be subordinated to any existing security interest in the assets of such Subsidiary.

***The Issuer may have limited control over jointly-owned companies and other investment vehicles***

In addition to Issuer's wholly-owned subsidiaries, the Issuer has and may have in the future ownerships/participations in jointly-owned holding and project entities. In certain cases, the Issuer cannot exercise sole control over these SPVs and their cash flows. Disputes or disagreements with any of the Issuer's joint venture partners could result in significant delays and increased costs associated with the development of Cordia Group's properties.

***The Issuer's Hungarian projects are mostly constructed by Pedrano Group***

Futureal Group and Cordia Group manage most of their construction projects in Hungary through Pedrano Group (Pedrano Construction Kft. and Pedrano Homes Kft.) as general contractors on a fully transparent basis on cost plus fixed margin contracts, generally ensuring 6% margin for Pedrano Group. Pedrano acts as general contractor, manages the construction process and ensures Cordia Group's access to its wide subcontractor network, in addition it protects Cordia Group's project entities from several project level constructions related liabilities. On the other hand, Pedrano Group derives the vast majority of its revenues

from Futureal Group and Cordia Group and grants it absolute priority.

Any negative change in this relationship may have a negative impact on Cordia Group and would require it to build a specific construction management team or find a similar relationship.

### **3.4 Risks related to the Bonds**

#### ***Risk of non-performance of bond related payments resulting in event of default***

The Issuer may not be able to pay coupon, amortization of principal or to repay the Bonds at their maturity. The Issuer may also be required to repay all or part of the Bonds (and/or CORDIA2026 bonds) in the event of a default as set out in the Conditions. If the Bondholders were to ask the Issuer to repay their Bonds following an event of default, the Issuer cannot be certain that it will be able to pay the required amount in full.

#### ***An investment in the Bonds may be subject to inflation risks***

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Bonds. If the inflation rate were to increase and match or exceed the nominal yield, the real yield of the Bonds would be zero or even negative.

#### ***The Conditions do not contain a tax gross up clause***

Investment in the Bonds may entail the necessity of the Bondholders paying taxes.

The Conditions do not contain a tax gross up clause related to payments to the Bondholders. If any payment on account of Bonds entails the obligation to collect and pay any tax, charge or other public imposts, the Issuer shall not be obliged to pay to the Bondholders any amounts compensating the collected taxes, charges or other public imposts, or to make any other payments.

The obligation to pay any taxes connected with acquiring, holding (in terms of any payments under the Bonds), or selling the Bonds may result in a lower than expected rate of return on the investment in the Bonds.

#### ***Changes in interest rates and credit spreads may affect the price of the Bonds***

All securities such as in the present Issue, are subject to price risk. The price of such securities offering a fixed rate of interest will vary inversely with changes in prevailing interest rates (base rate plus applicable credit spread), when interest rates rise, prices of fixed income securities fall and when interest rates drop, the price increase. The extent of fall or rise in the prices is a function of the duration, existing coupon, amortization schedule, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or growing economy, but also widening of credit spreads are likely to have a negative effect on the pricing of the Bonds.

#### ***The Bonds involve high levels of risk and may not be a suitable investment for all investors***

Each Investor in any Bonds must determine the suitability of that investment in light of its own circumstance. In particular, each Investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of the investing in the Bonds and the information contained in this Information Memorandum;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, and investment in the Bonds and the impact such investment will have

- on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
  - (d) understand thoroughly the terms of the Bonds; and
  - (e) be able to evaluate (either alone or with the help of financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An Investor should not invest in the Bonds, unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the Investor's overall investment portfolio.

***The Issuer may be unable to admit the Bonds to the XBond***

The admission of the Bonds to trading on the XBond requires that the BSE approves the information document to be prepared and published by the Issuer. Pursuant to the terms of the BGS, the Issuer is obliged to admit the Bonds to the XBond no later than ninety (90) days from the Issue. The Issuer intends to take all the necessary steps to ensure that the Bonds are admitted to the XBond as soon as possible. However, there is no guarantee that all of the aforementioned conditions will be met and that the Bonds will be admitted to trading on the XBond on the date expected or at all.

Cordia has successfully managed to admit CORDIA2026 bonds to trading on XBond on January 31, 2020. ([https://www.bet.hu/oldalaz/azonnali\\_piac#vallalati\\_kotveny](https://www.bet.hu/oldalaz/azonnali_piac#vallalati_kotveny))

Cordia has successfully managed to admit the Already Issued Bonds to trading on Xbond on October 16, 2020. ([https://www.bet.hu/oldalaz/azonnali\\_piac#vallalati\\_kotveny](https://www.bet.hu/oldalaz/azonnali_piac#vallalati_kotveny))

***Trading in the Bonds on the XBond may be suspended***

The BSE has the right to suspend trading of the Bonds if the Issuer fails to comply with the obligations under the Applicable Laws, regulations and XBond Business Rules (specified currently in Section 12 of Chapter II and Section 17 of Chapter V of the Second Book of the XBond Business Rules). There can be no assurance that trading in the Bonds will not be suspended. However, currently the Issuer has no reasons to believe that such a suspension may occur. During the period of suspension of trading in the Bonds, investors would have no possibility to buy or sell such securities on XBond, which would have a negative impact on liquidity. Sale of the Bonds outside of XBond may be effected at substantially lower prices as compared to the most recent prices obtained in transactions carried out on the XBond, thus any suspension of trading would adversely affect the Bonds' price.

***The Bonds may be deleted from the security list of the XBond***

The BSE has the right to delete the Bonds from the security list of XBond if the Issuer fails to comply with the obligations under the Applicable Laws, regulations and XBond Business Rules. At the date of this Information Memorandum, such rules are set out in Section 13 of Chapter IV of the Second Book and Section 17 of Chapter V of the Second Book of the XBond Business Rules. There can be no assurance that such a situation will not occur in relation to the Bonds.

Once the Bonds are deleted from the security list of XBond the investors lose the possibility of trading in the Bonds on the XBond, which may adversely affect their liquidity. The sale of the Bonds outside the Xbond platform may be effected at substantially lower prices compared to the most recent prices obtained in

transactions carried out on the XBond.

There can be no assurance that such a situation will not occur in relation to the Bonds, however, currently there is no reason to believe that such a situation will occur in the future.

***The market price of the Bonds may be volatile***

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of the Issuer's competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors, including the credit rating (if any) of the Issuer and the trading market (supply, demand, liquidity) for the Bonds and other bonds, including the bonds issued by or on behalf of Hungary as a sovereign borrower. Any change in supply and demand for and limited liquidity of the Bonds may increase its price volatility. In addition, in recent year, the global financial markets have experienced significant crisis-driven price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's operating results or financial condition or any credit rating of the Issuer.

***There is no prior market for the Bonds and therefore no assurance can be given regarding the future development of such market***

The lack of a prior public market for the Bonds similar to XBond may have a negative effect on the ability of Bondholders to sell their Bonds. Therefore, there can be no assurance as to the liquidity of any trading in the Bonds or that an active market for the Bonds will develop.

***The secondary market for the Bonds may be illiquid***

The Bonds may be very illiquid, and so no secondary market may develop in respect thereof. Pursuant to the BGS Handout, a Market Maker will make sell and buy offers on the secondary market as a solution for the possible liquidity problems of the Bonds. However, the operation of the Market Maker does not guarantee to sell or buy the Bonds on an intended price (with the intended margin) and Investors may have to hold the Bonds until redemption to realize any value. For more information for the operation of and regulations applicable to the Market Maker please see the BGS Handout from the following link: <https://www.mnb.hu/letoltes/nkp-termektajekoztato.pdf>.

***Credit risk and rating downgrade risk***

The Credit Rating Agency has assigned a credit rating of BB to the Bonds on 26 June 2020 that has been re-confirmed by a monitoring note issued by the Credit Rating Agency on November 20, 2020. According to the provisions of BGS the Credit Rating Agency will review its credit rating annually in connection with the Bonds held by NBH until the maturity of the Bonds.

In the event of deterioration in the financial health of the Issuer, there is a possibility that the Credit Rating Agency may downgrade the rating of the Bonds or the market assessment of the credit quality of the Issuer may deteriorate. In such cases, Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the Credit Rating Agency at any time.

***The Bonds are not secured by collateral***

The Bonds will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer and

rank and will rank *pari passu* without any preference among themselves and as to the order of their satisfaction and at least *pari passu* with all other existing and future direct, unsecured, unconditional and unsubordinated loans, bonds or any other borrowings of the Issuer.

The Bonds do not entitle the Bondholder to security interest in any collateral. Due to the unsecured nature of the Bonds, if the Issuer defaults on its obligations, Investors in the Bonds may lose some or all of their investments. The Bonds do not constitute deposits or other obligations of a depository institution and are not insured by the National Deposit Insurance Fund (*Országos Betétbiztosítási Alap*), the National Investor Protection Fund (*Befektető-védelmi Alap*), or any other governmental agency.

Also, in the future the Issuer / Cordia Group may also grant other security interests, whether collateralised or not, in connection with existing or future debt. This means that if creditors seek to collect from assets, assets that serve as collateral will be used to satisfy claims of the creditors who have collateralised claims first. It cannot be ruled out that in such a situation the value of the remaining assets intended to satisfy other creditors, including the Bondholders, may prove insufficient to satisfy their claims and hence the Bondholders may not recover the amount they invested in the Bonds, or they recover amounts lower than invested.

However, the ability of the Issuer to spend its funds from its cash, or existing or future debt on New Acquisitions is limited by certain financial covenants detailed in the Conditions.

***The Bondholders' Meeting may fail to pass some resolutions, or may pass resolutions which are contradictory to the interest of the Bondholders voting against such resolutions or not present at the Bondholders' Meeting***

Decisions related to the Bonds are passed by the Bondholders' Meeting. Convening a Bondholders' Meeting requires specific actions to be taken with the support of HUF 500 million Face Value or 2.5% of all outstanding Bonds (whichever is smaller), while the decisions are carried by certain majority of the votes (for example 20% support from all outstanding Bonds is needed for the notification of the Issuer on the possibility to remedy a breach under Condition 3 (*Status and Ranking of the Bonds*) or Condition 11(a), and 85% support from all outstanding Bonds is needed for agreeing to the Issuer's proposal on changing the Conditions). The Bondholders' Meeting may be unable to be called or even if called in may not pass certain resolutions if the resolution is backed by Bondholders representing less than the required number of Bonds. There is a risk that actions taken as a result of resolutions passed by the Bondholders' Meetings may conflict with the interest of the Bondholders voting against these resolutions, or those who do not attend the Bondholders' Meeting. In addition, there is a risk that Bondholders seeking adoption of a specific resolution, in particular a resolution changing the Conditions of the Bonds, may not gain the required majority of votes or there may be no quorum as required for passing such a resolution.

***Accounting considerations***

Special accounting considerations may apply to certain types of taxpayers. Investors are urged to consult with their own accounting advisors to determine implications of this investment.

***Tap issuance***

The Bonds will be offered by way of a tap issuance (in Hungarian: *rábocsátás*) as a new tranche within the Series, which is a new issuance within the CORDIA 2030/I HUF Bond Series (ISIN: HU0000359773) with the same conditions as set out in the corresponding information document being effective as of 1 October 2020 ("**Previous Information Document**") and as issued with respect to the Already Issued Bonds.

Bondholders of the Current Issue will be able to exercise their bondholder's rights together with the Bondholders of the Already Issued Bonds.

### 3.5 Risk Management

The Issuer, the Subsidiaries and the management of Cordia Group – including the business, finance, technical, marketing and legal corporate bodies – are fully aware of the risks mentioned in this Information Memorandum, and are reviewing, analysing and following every circumstances connected to these risks and develop and put in place appropriate internal procedures.

In order to manage and eliminate these risks, Cordia Group has a risk management system which has developed risk management strategies and processes tailored to the business of the Cordia Group. Such risk management strategies and processes are continuously updated and are particularly designed to monitor all potential risks which may damage Cordia Group.

Cordia Group manages specific risks in particular (but not limited to) as follows:

RISK	RISK MITIGATION
<b><i>Cyclical residential market</i></b>	deepening and extending the diversification both geographically and operationally (resi-for-lease)
<b><i>Unable to acquire further land</i></b>	developing, maintaining and motivating the agency network, proactive search and mapping activity, searching for acquisition and other special opportunities
<b><i>Zoning risk</i></b>	limiting the share of lands without proper zoning, closing of land acquisitions conditioned on zoning
<b><i>Building permit risk</i></b>	selecting experienced and locally well reputed architects, concept always in line with the prevailing regulation, proper management of interest of the stakeholders (authorities, neighbours, city architects, media providers, etc.)
<b><i>Market risk</i></b>	<ul style="list-style-type: none"> <li>• deep understanding of the markets with monthly competitor analysis of the projects, regular market research, other indicators having effect on the market</li> <li>• active price and sales speed management</li> <li>• proper and efficient marketing activities with active advertisement management</li> </ul>
<b><i>Construction risk</i></b>	well prepared project with good quality of construction design, close monitoring of the subcontractor payments and performances under the General Contractor, strong performance/quality/contract management of the contractors, selecting contractors with proper references and in good financial status
<b><i>Bank financing risk</i></b>	full-cover financing for projects, non-recourse loans, limited number of construction starts without bank financing offer/agreement available; keeping enhanced cash reserves for

	freezing banking liquidity situations when and until necessary
<b>Operation risk</b>	well defined, proper processes and people management
<b>Warranty risk</b>	proper security/insurance from contractors, permanent monitoring of the warranty processes, active intervention
<b>Risks of supply chain shocks</b>	Establish and maintain multiple quality material supply sources with geographical diversification; selective and well-designed increase of raw material inventories
<b>COVID-19 (or other) pandemic</b>	regional health protection and social distancing measures including – among others – strict disinfection of headquarter’s offices, home office work, providing equipment for remote work, allocate funds for safe travel if travel is inevitable, disinfection gels, masks, gloves are provided to the on-site personnel, restrictive measures relating to on-site meetings.

## 4 TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions (the “**Conditions**”) of the HUF denominated, fixed interest rate, registered, unsecured, dematerialised, amortising bonds due 27 July 2030 (name: CORDIA 2030/I HUF Kötvény; short name: CORDIA2030; ISIN Code: HU0000359773; the “**Series**”) originally issued on 27 July 2020 (“**Original Issue**” and the Bonds (as defined below) that was issued during the course of the Original Issue are hereinafter together the “**Tranche 1 Bonds**”), and the bonds to be issued under the ISIN Code of the Series as a new tranche (in Hungarian: *sorozatrészeslet*) within the Series and with the same terms and conditions of the Series (“**Tranche 2 Bonds**”). The Conditions will form part of the Document (as defined below). For the avoidance of any doubt, the Conditions set forth in this Section 4 (*Terms and Conditions of the Bonds*) are the conditions of and apply to the Tranche 2 Bonds and the whole Series (including the Tranche 1 Bonds) as well. Tranche 2 Bonds are issued by CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság (short name: CORDIA International Ingatlanfejlesztő Zrt.; registered seat: 1082 Budapest, Futó utca 47-53. VII. em.; tax number: 25558098-2-42; the “**Issuer**”) by way of a public offering (in Hungarian: *nyilvános forgalomba hozatal*) addressed to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation (the “**Current Issue**”) (the Tranche 1 Bonds are together “**Tranche 1**” and the Tranche 2 Bonds to be issued under the Current Issue are together “**Tranche 2**”, and for the purpose of this Section 4 (*Terms and Conditions of the Bonds*) Tranche 1 Bonds and Tranche 2 Bonds are separately or together (as the case may be) the “**Bonds**”).

### 1 Type, Form, Kind, Title, Records and Authorisation

#### (a) Type

The Bonds are issued in accordance with Section 12/B of Act CXX of 2001 on the Capital Markets (the “**Capital Markets Act**”), 285/2001 (XII. 26.) Government Decree on bonds and Act V of 2013 on the Civil Code (the “**Civil Code**”) as registered debt securities.

#### (b) Form

The Bonds are in dematerialized and registered form. The Bonds are not issuable in bearer form.

The Issuer will, in accordance with Sections 7(2) and 9(1) of the Capital Markets Act, issue and deposit with



KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (English name: KELER Ltd.; registered seat: 1074 Budapest, Rákóczi út 70-72.; company registration number: Cg.01-10-042346; tax number: 10873151-2-44; "**KELER**") a document (the "**Document**"), which does not qualify as a security, with the particulars of the Bonds. The Document will remain to be deposited with KELER, or (if applicable) KELER's successor, as long as all claims of the Bondholders under the Bonds will be satisfied.

Should any Bonds be cancelled or further Bonds to be issued prior to the Maturity Date by the Issuer in accordance with these Conditions, the Document will be cancelled and a new Document (the "**new Document**") with the particulars of the outstanding number of Bonds will be issued and deposited with KELER in order to reflect the change in the number of outstanding Bonds which arises due to such cancellation or tap-issuance. These Conditions form a part of the Bonds and, accordingly, also the Document or new Document, as the case may be. This procedure shall apply accordingly in the case of amendment of Conditions pursuant to Condition 21 (*Meeting of Bondholders and Amendment of the Conditions of the Bond*).

(c) *Kind*

Each Bond is a fixed rate bond.

(d) *Title*

In accordance with Section 6:566(6) of the Civil Code and Section 138(2) of the Capital Markets Act, any reference to a "Bondholder" or the "Bondholders" in relation to any Bonds shall mean the person or persons to whose securities account the Bonds are credited until the opposite is proven (the "**Bondholder**").

The holder of any Bond who acquired the Bonds in accordance with the paragraph above will (except as otherwise required by law) be deemed and treated as its absolute owner for all purposes (whether or not any amounts payable under the Bonds has become due) and no person will be liable for so treating the holder.

Pursuant to Section 6(5) of the Capital Markets Act, the Bondholders will not be entitled to exchange the dematerialized Bonds for printed bonds (in Hungarian: "*nyomdai úton előállított kötvények*").

(e) *Records of KELER*

The records of KELER shall be evidence of the identity of the securities account managers who have Bonds credited to their securities account with KELER (the "**Securities Account Managers**") and the number of Bonds credited to the securities account of each Securities Account Manager.

(f) *Authorisation*

Issue of Tranche 1 has been authorised under Resolution No. 1/2020 (VII. 14.) of the board of directors of the Issuer on 14 July 2020.

Issue of Tranche 2 has been authorised under Resolution No. 1/2020 (XI.25.) of the board of directors of the Issuer on 25 November 2020.

## **2 Denomination, Issue, Maturity and Rating**

(a) *Number of Bonds and denomination*

Tranche 1, the Original Issue consists of 720 Already Issued Bonds.

Tranche 2, the Current Issue, consists of up to 80 Bonds.

Each Bond is issued in Hungarian forint and with a face value of HUF 50,000,000 (fifty million Hungarian forint) (the "**Face Value**").

Total Face Value of:

- (i) Tranche 1 of the Bonds is HUF 36,000,000,000 (i.e. thirtysix billion Hungarian forint); and
- (ii) Tranche 2 of the Bonds is maximum HUF 4,000,000,000 (i.e. four billion Hungarian forint).

The Issuer does not accept over-allotment.

(b) *Place and date of the issue, offering and creation of the Bonds*

The place of the issue, the place of offering (in Hungarian: "*forgalomba hozatal*") and the place of creation of the Bonds (in Hungarian: "*kiállítás és keletkeztetés*") are in each case: Budapest, Hungary.

The Bonds are issued within the framework of a public offering through auction process.

The Original Issue took place on 27 July 2020 (the "**Issue Date**").

The Current Issue of the Bonds will take place on 10 December 2020 (the "**Current Issue Date**").

(c) *Term of the Bonds*

The term of the Bonds is a ten-year period commencing on the Issue Date and ending on 27 July 2030 (the "**Maturity Date**").

(d) *Rating*

The Bonds were rated BB by Scope Ratings GmbH (registered seat: Lennéstraße 5., 10785 Berlin, Germany) as published on 26 June 2020 and endorsed on 15 July 2020 while due to this tap issuance the rating has been reviewed by Scope Ratings GmbH in a monitoring note issued on 20 November 2020 and has been confirmed that both Issuer (BB/Stable) and the Instrument's rating (BB) are unchanged.

### **3 Status and Ranking of the Bonds**

The obligations under the Bonds will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer.

The Bonds will rank *pari passu* without any preference among themselves and as to the order of their satisfaction and at least *pari passu* to all other direct, unsecured, unconditional and unsubordinated loans, bonds or any other borrowings of the Issuer, present and future, unless otherwise provided for under the mandatory provisions of statutory law in the case of insolvency procedure.

### **4 Transferability**

The Bonds will be transferable by debiting the seller's securities account and crediting the buyer's securities account in accordance with the rules and procedures for the time being of KELER.

The Issuer does not restrict the transfer of the Bonds other than as set out in this Condition.

The rules and procedures for the time being of KELER may specify limitations and closed periods in relation to the transfer of the Bonds between the respective securities accounts of the relevant Securities Account Managers which shall apply to, and be binding on, the Bondholders.

No rights of exchange or pre-emption rights (in Hungarian: "*elővásárlási jog*") are attached to the Bonds.

### **5 Coupon**

(a) *Coupon*

Each Bond bears a coupon of 3.00 % per annum, with semi-annual coupon payments on the Amortized Face Value and payable on the Coupon Payment Date using actual/actual day count convention. **Amortized Face**

**Value** means the amount of the Face Value decreased with the aggregate amount of all Amortisation Amounts already paid by the Issuer before the respective Coupon Payment Date.

The Issuer shall be entitled to unilaterally (permanently, temporarily and/or conditionally) increase the above rate of the coupon without the consent of the Bondholders, in each case subject to and in accordance with applicable laws and regulations.

(b) *Coupon Payment Date*

The first coupon payment date shall be the date falling 6 months calculated from the Issue Date, being 27 January 2021, and then any subsequent coupon payment date shall be the date falling six months calculated from the preceding coupon payment date during the term of the Bonds, except for the last coupon payment date which shall be the Maturity Date (the "**Coupon Payment Date**").

Hence, Coupon Payment Dates in each respective year are 27 July, 27 January.

Schedule of Coupon Payment Dates:

<b>Coupon Payment Dates:</b>	<b>Interest amount (per Bond):</b>
27 January 2021	HUF 750,000
27 July 2021	HUF 750,000
27 January 2022	HUF 750,000
27 July 2022	HUF 750,000
27 January 2023	HUF 750,000
27 July 2023	HUF 750,000
27 January 2024	HUF 750,000
27 July 2024	HUF 750,000
27 January 2025	HUF 750,000
27 July 2025	HUF 750,000
27 January 2026	HUF 750,000
27 July 2026	HUF 750,000
27 January 2027	HUF 750,000
27 July 2027	HUF 750,000
27 January 2028	HUF 675,000
27 July 2028	HUF 600,000
27 January 2029	HUF 525,000
27 July 2029	HUF 450,000
27 January 2030	HUF 375,000
27 July 2030	HUF 300,000

Where the interest is to be calculated in respect of a period which is equal to or shorter than a coupon period interest is calculated as follows:

(i) in case this period falls into the first coupon period

3,00% p.a. divided by two, multiplied by the actual number of days elapsed between the Issue Date (inclusive) and the relevant payment date (exclusive) (Accrual Period), multiplied by the Amortized Face Value during the coupon period, and divided by the number of days between the first Coupon Payment Date (exclusive) and Issue Date (inclusive)

(ii) in case this period falls into any subsequent coupon period

3,00% p.a. divided by two, multiplied by the actual number of days elapsed between the previous Coupon Payment Date (inclusive) and the relevant payment date (exclusive)

(Accrual Period), multiplied by the Amortized Face Value during the coupon period, and divided by the number of days between the relevant Coupon Payment Date (exclusive) and the previous Coupon Payment Date (inclusive)

To the extent the above calculation of the amount of the Coupon payable per Bond results in a fractional number, such fractional number shall be rounded upwards in a manner that HUF 0.5 shall be rounded upwards.

(c) *Delay in payment*

If the Issuer fails to pay any amount payable by it under any of the Bonds on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is 6% p.a. higher than the coupon which would have been payable on the overdue amount (the "**Late Payment Interest**").

No Bondholder will be entitled to any Late Payment Interest, coupon or other payment for any payment delay by the Issuer if the Bondholder fails to provide the Issuer with the relevant Ownership Certificate (where and as required under the Conditions) in a timely manner.

(d) *Business Day convention*

For the payment of any coupon provisions of Condition 6 (*Payments*) shall apply, including particularly but not limited to Condition 6(b) (*Payment Day*).

## **6 Payments**

(a) *Method of payment*

Payments of principal and coupon in respect of the Bonds shall be made via bank transfer through the Paying Agent in accordance with the rules and regulations of KELER as effective from time to time, and taking into consideration the relevant laws on taxation, to those Securities Account Managers to whose securities account at KELER such Bonds are credited at close of business on the Reference Date (as defined below) for that payment, as designated in the regulations of KELER effective from time to time. Pursuant to the currently effective rules and regulations of KELER, the Reference Date is the day falling two (2) Business Days immediately prior to the relevant Payment Date (the "**Reference Date**"). Payment shall be due to that person who is deemed to be the Bondholder on the Reference Date.

(b) *Payment Day*

If the date for payment of any amount in respect of any Bond does not fall on a Payment Day (as defined below), the Bondholder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further coupon or other payment in respect of such delay. For these purposes,

**Payment Day** means any day which is:

- (i) a day which is a Business Day; and
- (ii) a day on which KELER is effecting money and securities transfers.

(c) *General provisions applicable to payments*

Bondholders shall be the only persons entitled to receive payments in respect of the Bonds. Each of the persons shown in the records of KELER as the beneficial holder of a particular Face Value of Bonds must look

solely to KELER, as the case may be, for his share of each payment so made by the Issuer or to the order of, the Bondholders.

For the purpose of the Conditions, **Business Day** means a day on which commercial banks (including the Paying Agent) are open for general business in Budapest.

## **7 Amortisation, Redemption and Purchases**

### **(a) Scheduled amortisation during the term of the Bonds and redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Bond will be amortised by the Issuer:

- (i) at HUF 5,000,000 (per Bond) as amortisation amount (the "**Amortisation Amount**") of the Bond due and payable semi-annually from the 14<sup>th</sup> to the 19<sup>th</sup> Coupon Payment Dates, being 27 July 2027, 27 January 2028, 27 July 2028, 27 January 2029, 27 July 2029 and 27 January 2030.
- (ii) at HUF 20,000,000 as the final amortisation amount (the "**Final Redemption Amount**"), due and payable on 27 July 2030, being the last Coupon Payment Date, which is also the Maturity Date. For the avoidance of doubt, the result of rounding under paragraph (i) above is corrected by the Final Redemption Amount. Upon the payment of all coupons and Amortisation Amounts and the Final Redemption Amount the Bonds shall be redeemed and cancelled by the Issuer.

**Principal Amount** means, with respect to each Bond, all Amortisation Amounts and the Final Redemption Amount; thus all Principal Amounts in aggregate are equal to the Face Value of the Bonds.

Notwithstanding the above, for the payment of any Amortisation Amount and the Final Redemption Amount provisions of Condition 6 (*Payments*) shall apply, including particularly but not limited to Condition 6(b) (*Payment Day*).

### **(b) Other redemption**

None of the Bonds may be redeemed other than as set out under Condition 7(a) (*Scheduled amortisation during the term of the Bonds and redemption at maturity*) above and Condition 10 (*Events of Default*).

### **(c) Purchases**

The Issuer may at any time purchase Bonds at any price in the open market or otherwise. Bonds purchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled.

### **(d) Cancellation**

All Bonds which are redeemed by the Issuer may forthwith be cancelled in accordance with the rules and procedures for the time being of KELER. All Bonds so cancelled cannot thereafter be held, reissued or resold.

### **(e) Tap-issuance**

The Issuer is entitled to perform tap-issuance (in Hungarian: *rábocsátás*) of bonds within the series of the Bonds. Such tap-issuance necessarily and automatically amends the technical parameters (e.g., authorisation for the tap-issuance, number of bonds within the series, total face value, total amount issued) of the Bonds as set forth in these Conditions. Such amendment of the Conditions shall not be subject to the approval or consent of the Bondholders' Meeting or the bondholders as the Bondholders hereby approve the right of the Issuer to perform tap-issuance in the future.

## **8 Taxation**

All payments of principal and coupon in respect of the Bonds by or on behalf of the Issuer will be made in compliance with the applicable financial and tax legislation. In the event that any charges or tax related deductions on the interest or principal payments are applicable, the Issuer will fulfil its withholding obligation, so that the Bondholders would receive the net amount of the principal and coupon payments. Neither the Issuer, the Dealer, nor the Paying Agent shall have any obligation to pay any additional amounts to compensate any Bondholder for such charges or deductions. None of the Issuer, the Dealer and the Paying Agent, in line with the applicable law, can be held responsible to the Bondholders for any kind of fee, expense or loss related to the payment of principal and coupon.

## **9 Prescription**

Pursuant to Governmental Decree No. 285/2001 (XII.26.) on bonds, claims against the Issuer for payment under the Bonds may not be prescribed unless otherwise permitted by Hungarian law.

## **10 Events of Default**

### **(a) Notification of potential default**

The Issuer shall, in accordance with Condition 18 (*Notices*), notify the Bondholders of any circumstance(s) that may hinder or threaten the due performance of the Conditions by the Issuer (specifying the circumstance(s), event(s) giving rise to such circumstance(s), the steps being taken to mitigate it and the expected time of mitigation) promptly, but not later than three (3) Business Days from becoming aware of its occurrence.

### **(b) Events of Default**

If any of the following events shall occur and be continuing:

- (i) a default is made in the payment of any Principal Amount or any coupon due in respect of the Bonds or any of them and the applicable Remedy Period expired without appropriate remedy in accordance with Condition 12 (*Remedy*); or
- (ii) the Issuer fails to comply with any of the undertakings set out under Condition 3 (*Status and Ranking of the Bonds*) or Condition 11(a) (*Undertaking of the Issuer*) and the applicable Remedy Period expired without appropriate remedy in accordance with Condition 12 (*Remedy*),

(the “**Events of Default**” and each an “**Event of Default**”),

all Bonds shall become forthwith due and payable at the Early Redemption Amount, without any penalty, on the ninetieth (90<sup>th</sup>) day from the date of the occurrence of the Event of Default.

For the purpose of this Condition,

**Early Redemption Amount** means, with respect to a Bond, its Face Value minus its Principal Amount already paid plus all outstanding coupon and Late Payment Interest payments and pro-rated coupon accumulated since the last Coupon Payment Date (the days calculated from the last Coupon Payment Date until the Early Redemption Amount’s Payment Date) divided by the actual number of days of the respective half year.

## **11 Issuer Undertakings**

(a) *Undertakings of the Issuer*

1. **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/or
- (ii) **the Issuer Net Debt to Equity Ratio does not exceed 1.**

Such limitation shall be applied after the date of publishing the financial statements under which any of the above two conditions are not met until the date of the publishing of the financial statements under which both conditions are met.

2. In addition, even when the conditions in paragraph 1.(i) and 1.(ii) above are met, a further limitation shall also apply:

**No Shareholder Distribution** shall be made in a way that as a result of such Shareholder Distribution, the cumulative amount of all the Shareholder Distributions made after the date of the most recent financial statements **would exceed the maximum amount that could have been distributed** on the date of the most recent financial statements **without resulting in any of the Consolidated Leverage Ratio or the Issuer Net Debt to Equity Ratio exceeding their respective limits** set out in paragraphs (i) and (ii) above and calculated on the basis of the figures of such latest financial statements and considering the amount of the contemplated distribution.

Such limitation shall be applied after the date of publishing the latest financial statements until the date of the publishing of the new financial statements, at which point a new such limit is calculated and be applicable.

Each of the Consolidated Leverage Ratio and the Issuer Net Debt to Equity Ratio shall be calculated on the basis of the most recent financial statement (using, in case of the Consolidated Leverage Ratio, the consolidated financial statements and in case of the Issuer Net Debt to Equity Ratio, the stand-alone/individual financial statements of the Issuer) published by the Issuer.

Disclosure and calculation of the above undertakings shall be an integral part of the financial statements of the Issuer.

The following definitions shall be used with respect to this Condition 11(a):

**Shareholder Distribution** means

- (i) any payment of dividend or advance dividend, share buy-back, capital decrease or similar transaction to the Shareholders; and/or
- (ii) granting of loans or repayment of loans (including interest and principal) to the Controlling Shareholders or their Related Parties that are not part of Cordia Group,

but in each case other than any compensation, dividend, profit sharing, option or share scheme made in the normal course of business to or for the benefit of employees and officers of the Cordia Group that are not ultimate beneficial owners of the Controlling Shareholder or their close relatives (in Hungarian: "*közeli hozzátartozó*") within the meaning of Para. 1 of Section 8:1(1) of the Civil Code.

**New Acquisition** means any newly made commitment by any member of the Cordia Group which result in cash outlays to third parties outside of the Cordia Group above EUR 1,000,000 for the acquisition of real property, shares or quotas, made since the publication of the relevant financial statement of the Issuer,

except for (i) internal transaction, i.e. transactions with other members of Cordia Group and (ii) transactions which are necessary for the daily operations, finalization or development of existing projects/lands and (iii) transactions specifically approved by the Bondholders' Meeting.

**Controlling Shareholder** means a Shareholder who owns more than 50 % of the shares issued by the Issuer or has the ability and/or power to direct the affairs, assets, management and/or policies of the Issuer and/or to control the composition of the Issuer's board of directors, whether through the ownership of voting equity capital, the possession of voting power, by contract law or otherwise.

**Cordia Group** means together the Issuer and its Subsidiaries.

**Related Party** means any company in which a Controlling Shareholder holds, directly or indirectly, more than 50% of the share capital or the voting rights in respect of such company.

**Shareholder(s)** means the shareholder(s) of the Issuer, being Cordia Holding B.V (seat: Prins Hendriklaan 26, 1075BD Amsterdam, the Netherlands; CCI number: 75022923) and Finext Consultants Limited (seat: Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Cyprus, CCI number: HE 187038) at the Issue Date.

**Subsidiaries** means the entities controlled (directly or indirectly) and owned (directly or indirectly, fully or partially) by the Issuer, where "**control**" means (i) the acquisition or control of more than 50 per cent. of the voting rights of an entity, (ii) the right to appoint and/or remove all or the majority of the members of an entity's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

(b) *Consolidated Leverage Ratio*

Consolidated Leverage Ratio means the result obtained by applying the following formula:

**Consolidated Leverage Ratio = (Net Consolidated Debt) / (Total Consolidated Assets net of Cash & Customer Advances)**

where

**Net Consolidated Debt = CD - C - RC**

and

**Total Consolidated Assets net of Cash & Customer Advances = TA - CA - C - RC**

where

**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.

(c) *Issuer Net Debt to Equity Ratio*

Issuer Net Debt to Equity Ratio the result obtained by applying the following formula:

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

where

**Net Issuer 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;

**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 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.

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

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

**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.

## **12 Remedy**

(a) *Methods of remedy*

The Issuer shall be entitled to remedy

- (i) any payment default by paying the overdue amount in favour of the Bondholders; and
- (ii) any default under Condition 11(a) in the following manner:
  - (A) in the case of Shareholder Distributions, by way of a payment of a capital increase or a Subordinated Shareholder Loan to the Issuer at least in the amount that such Shareholder Distribution was not compliant with Condition 11(a) (*Undertaking of the Issuer*).
  - (B) in the case of New Acquisitions, by reinstating the original condition, or by the resale of such acquired asset that was acquired not in compliance with Condition 11(a) (*Undertaking of the Issuer*) to a third party outside of Cordia Group at a sale price not less than the original purchase price plus the related costs incurred and receiving such sale price, or by the receipt of the Issuer of a capital increase or a Subordinated Shareholder Loan at least in the value of such purchase price.

(b) *Remedy period*

The Issuer shall be entitled to remedy

- (i) any payment default within the period starting on the day of such default and ending thirty (30) days thereafter, and
- (ii) any default under Condition 3 (*Status and Ranking of the Bonds*) or Condition 11(a) within the period starting on the day on which the Bondholders' Meeting passes a resolution on the occurrence of a default in accordance with Paragraph (b)(ii) of Clause 7 of the By-Laws and ending ninety (90) days from the date of the above Bondholders' Meeting,

(the "**Remedy Period**").

### **13 Listing**

Each Tranche 2 Bond to be issued under the Current Issue will be registered on the **XBond multilateral trading platform** operated by the Budapest Stock Exchange within ninety (90) days following the Current Issue Date. Each Tranche 1 Bond has already been registered on the XBond multilateral trading platform operated by the Budapest Stock Exchange. The Issuer shall decide, at its sole discretion, on the admission of the Bonds to any other regulated market or multilateral trading facility, provided that the Bonds will remain traded on the XBond multilateral trading platform until their maturity.

### **14 Security Interest**

Not applicable. The Bonds constitute **unsecured** obligations of the Issuer.

### **15 Purpose of the Issue of the Bonds**

The net proceeds of the issue of the Bonds will be applied by the Issuer for the financing of investments into real estate projects and real estate developments, various acquisitions (including – among others – lands, portfolios of lands, business shares and immaterial goods), working capital as well as for the potential refinancing of outstanding loans used for the financing of the aforementioned purposes (including, but not limited to senior loans and shareholder loans as well).

### **16 Paying Agent**

The Bonds are issued subject to and with the benefit of a paying agency agreement (such agreement as amended and/or supplemented and/or restated from time to time, the "**Paying Agent Agreement**") made between the Issuer and Raiffeisen Bank Zártkörűen Működő Részvénytársaság (registered seat: 1133 Budapest Váci út 116-118.; company registration number: Cg.01-10-041042; tax number: 10198014-4-44; the "**Paying Agent**") as paying agent. Pursuant to the Paying Agent Agreement, the Paying Agent agrees to provide coupon and principal paying agent services set out therein.

The Paying Agent Agreement will be available free of charge for inspection by physical means, during the Issuer's regular business hours on any Business Day at the Issuer's registered seat, for any Bondholder who has evidenced its ownership title by an Ownership Certificate with a record date as of the day of inspection.

The Issuer is entitled to vary or terminate the appointment of the Paying Agent and/or appoint additional or other Paying Agents, provided that there will at all times be a paying agent in relation to the Bonds in Hungary.

In acting under the Paying Agent Agreement, the Paying Agent acts solely as agent of the Issuer and does not assume any obligation to, or relationship of agent or trust with, any Bondholders.

## **17 Market Making**

The Bonds are issued subject to and with the benefit of a market making agreement (such agreement as amended and/or supplemented and/or restated from time to time, the "**Market Making Agreement**") made between the Issuer and Raiffeisen Bank Zártkörűen Működő Részvénytársaság (registered seat: 1133 Budapest Váci út 116-118.; company registration number: Cg.01-10-041042; tax number: 10198014-4-44; the "**Market Maker**") as market maker.

The Issuer is entitled to vary or terminate the appointment of the Market Maker and/or appoint additional or other Market Makers, provided that there will at all times be a market maker in relation to the Bonds in Hungary.

The Market Maker is entitled to terminate the Market Making Agreement with normal and extraordinary termination.

## **18 Notices**

All notices relating to the Bonds will be deemed to be validly given and delivered if published on the website of the Issuer (<https://cordiahomes.com/>). Notwithstanding the foregoing, the Issuer shall, solely until the date of registration of the Bonds in the XBond multilateral trading platform, make all reasonable efforts to inform the Bondholders for the time being via e-mail of any notice published on the Issuer's website in relation to any payment or non-payment under the Bonds or circumstances directly relating to it. The Issuer shall ensure that notices are published in accordance with applicable law and in the manner prescribed by the competent supervisory authority. Such notices shall be deemed to have been published on the date of their first publication.

Notices and/or declarations from the Bondholders shall be duly signed ("*cégszerűen aláírva*"), in written form, in Hungarian and/or English language and, unless otherwise stated, shall be sent to the Issuer, by way of registered post or personal delivery, at its registered seat at – unless otherwise notified to the Bondholders by the Issuer in accordance with this Condition – 1082 Budapest, Futó utca 47-53. VII. em., and shall be accompanied with an ownership certificate issued by KELER or the relevant Securities Account Manager which document certifies at least the title of the Bondholder (the "**Ownership Certificate**").

Any regulated information will be published on the Issuer's website, the website of BSE (<https://www.bet.hu/>) and NBH (<https://kozvetelekt.mnb.hu/>). Any relevant regulated information (if any) is disclosed by the Issuer in accordance with the applicable laws and rules imposed by the Budapest Stock Exchange.

## **19 Governing Law and Submission to Jurisdiction**

### **(a) Governing Law**

The Bonds and any matters relating to them shall be governed by, and construed in accordance with, the laws of Hungary.

### **(b) Submission to jurisdiction**

Any claim against the Issuer in connection with the Bonds shall be submitted to the exclusive jurisdiction of the ordinary courts of Hungary.

## **20 Language**

These Conditions of the Bonds are originally in the governing language of English. A Hungarian language translation of the Conditions has been deposited with KELER in accordance with its rules and regulations. The English language version of the Conditions of the Bonds shall be legally binding and, in the case of any discrepancy between the English and the Hungarian version, the English version shall prevail.

## **21 Meeting of Bondholders and Amendment of the Conditions of the Bond**

The Bondholders' Meeting is to be held in accordance with the provisions set out in Annex 2 (*Provisions on Meetings of Bondholders*) of the Information Memorandum (the "**By-Laws**"). Bondholders' Meeting may be convened to consider – among other things –

- (a) the amendment of the Conditions (if and as permitted under applicable law); or
- (b) any actions to be taken in relation to an Event of Default.

The amendment of the Conditions may result in the replacement (in Hungarian: "*kicserélés*") of the Document deposited with KELER and shall be subject to the fulfilment of the requirements set out under applicable law. This Condition 21 shall be interpreted in accordance with the By-Laws.

## **5 INFORMATION ABOUT THE ISSUER**

### **5.1 Introduction**

<b>Name of the Issuer:</b>	CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság
<b>Short form:</b>	CORDIA International Zrt.
<b>Registered seat:</b>	1082 Budapest, Futó utca 47-53. VII. em.
<b>E-mail:</b>	<a href="mailto:cordia.international@cordia.hu">cordia.international@cordia.hu</a>
<b>Place and Date of incorporation:</b>	Hungary, 10 May 2016
<b>Tel.:</b>	+36 1 688 52 18
<b>Issuer registration number:</b>	Cg.01-10-048844
<b>Tax number:</b>	25558098-2-42
<b>Legislation under which the Issuer operates:</b>	Hungarian
<b>Legal form:</b>	Private company limited by shares
<b>Main activity:</b>	68.10 Buying and selling of own real estate
<b>Registered capital:</b>	HUF 9,897,494,000 (as of December 31, 2019) HUF 18,013,760,000 (as of June 30, 2020)
<b>Total Equity:</b>	HUF 52,935,492,000 (pursuant to Cordia International Zrt.'s separate financial statements as of December 31, 2019; i.e. before all events that took place during 2020, which included,

	among the others, capital increase by HUF 12,001,129,600).  HUF 84,185,204,000 (pursuant to Cordia International Zrt.'s Condensed Interim Separate Financial Information as of June 30, 2020).
<b>Type:</b>	Dematerialised shares
<b>Members and ownership structure:</b>	Cordia Holding B.V (seat: Prins Hendriklaan 26, 1075BD Amsterdam, the Netherlands; CCI number: 75022923)  Finext Consultants Limited (seat: Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Ciprus; CCI number: HE 187038)
<b>Ultimate beneficial owner:</b>	Gábor András Futó (majority), together with close relatives: Dr. Péter György Futó and Dr. Zsuzsanna Edit Futóné Szántó (minority)
<b>Auditor:</b>	PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (Tímár Pál) (01 June 2020 – 31 May 2021)  PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (Tímár Pál) (30 June 2017 – 31 May 2020)  PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (Mészáros Balázs) (10 May 2016 – 30 June 2017)
<b>Management:</b>	Board of Directors (1 January 2019 - )
<b>Members of the management:</b>	Tibor Földi (1 January 2019 - )  Pál János Darida (1 January 2019 - )  Tomasz Łapiński (1 January 2019 – 31 July 2020)  Péter Bódis (1 August 2020 - )

## 5.2 Date of incorporation and corporate history

The Issuer was founded by Futureal Property Group Ingatlanforgalmazó Kft. on 27 April 2016 and was incorporated on 10 May 2016 as a private limited company ("Zrt.") with the view of creating a company and separate corporate structure for the residential projects of Futureal Group.

The Issuer was incorporated with an initial capital of EUR 120,000 consisting entirely of cash contribution. The initial capital was made up of 1,200,000 pieces of ordinary dematerialized shares with a nominal value of EUR 0.1. On 23 May 2016 Futureal Property Group Ingatlanforgalmazó Kft. resolved to reorganize the capital structure of the Issuer and increased the nominal value of the ordinary shares from EUR 0.1 to EUR 1 and decreased the number of the ordinary shares from 1,200,000 pieces to 120,000 pieces. As result of such reorganization of shares, the registered capital of the Issuer remained EUR 120,000. On 30 June 2017, Futureal Property Group Ingatlanforgalmazó Kft., as the sole shareholder resolved the combined de-merger and merger (please see below) by issuing an additional 29,880,000 pieces of ordinary shares with a nominal value of EUR 1 for the new shareholders of the Issuer. On 20 September 2017, a combined de-merger and merger was executed involving (i) the Issuer, (ii) FutInvest Hungary Kft., (iii) Sparks Limited and (iv)

Futureal Real Estate Holding Limited in order to merge also the Polish operation into the Issuer. As a result the combined de-merger and merger the shareholders of the Issuer held the following number of shares in the Issuer:

<b>RATIO OF PREVIOUS SHAREHOLDERS</b>	
<b>Shareholder</b>	<b>Pieces of shares</b>
<b>Futureal Property Group Ingatlanforgalmazó Kft.</b>	120,000
<b>Futureal Real Estate Holding Limited</b>	1,800,000
<b>FutInvest Hungary Kft.</b>	9,360,000
<b>Sparks Limited</b>	18,720,000
<b>Total</b>	30,000,000

On 26 September 2018 Sparks Limited has acquired the remaining 37.6 % of the shares issued from the other shareholders by way of share sale and purchase. As a result of such transactions, Sparks Limited became the sole shareholder of the Issuer holding 100 % of the shares of the Issuer.

On 15 May 2019 QED Investments Limited (CY 3030 Limassol, Chrysanthou Mylona 3) acquired 100 % of the shares of the Issuer from Sparks Limited by way of a share sale and purchase agreement.

On 28 May 2019, the registered capital of the Issuer was increased for the second time by QED Investments Limited with an additional amount of EUR 2,000,000 to EUR 32,000,000 by issuing new ordinary shares with a nominal value of EUR 1 and an issue price of EUR 13.5. The EUR 25,000,000 difference between the amount of the capital increase and the total issue price of the new shares was paid into the capital reserves of the Issuer.

On 5 September 2019, Cordia Holding B.V. (Prins Hendriklaan 26, 1075BD Amsterdam, the Netherlands) acquired 100 % of the shares issued by the Issuer from QED Investments Limited by way of a share sale and purchase.

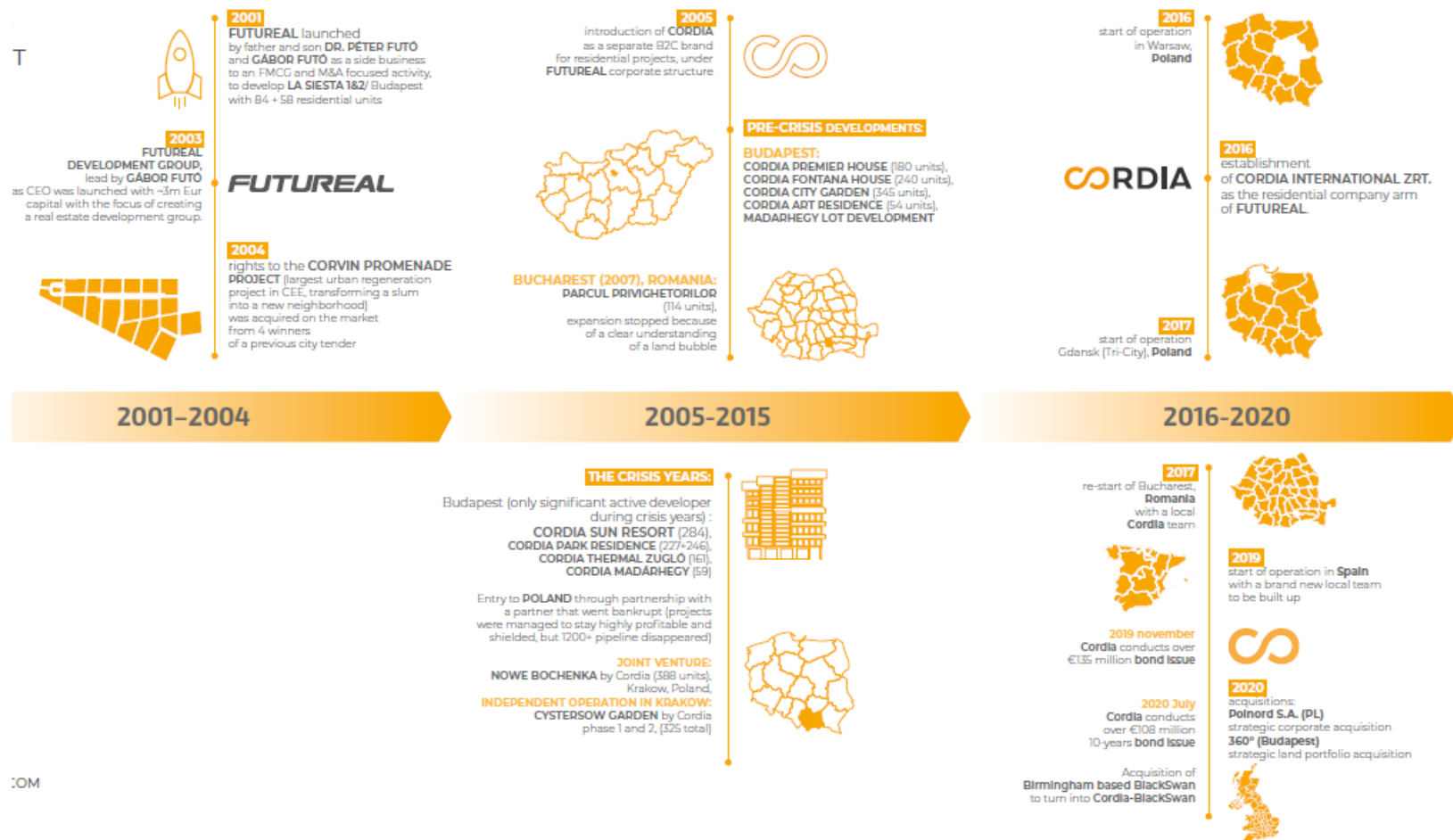
On 30 December 2019, Finext Consultants Limited (Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Cyprus) acquired 2 % of the shares issued by the Issuer from Cordia Holding B.V. by way of a share sale and purchase.

Effective from 1<sup>st</sup> January, 2020, the nomination of the registered capital of the Issuer was converted to HUF, thereby the Issuer's registered capital was established in the amount of HUF 10.582.720.000 with ordinary shares with a nominal value of HUF 1.000.

On 25 March 2020, the registered capital of the Issuer was increased by Cordia Holding B.V. and Finext Consultants Limited with an additional amount of HUF 7.431.040.000 to HUF 18.013.760.000 by issuing new ordinary shares with a nominal value HUF 1,000 per share and with share premium of HUF 1,615 per share. As a result of the capital increase the shareholders of the Issuer currently hold the following number of shares in the Issuer:

<b>Shareholder</b>	<b>Pieces of shares</b>
<b>Cordia Holding B.V.</b>	17,653,485
<b>Finext Consultants Limited</b>	360,275
<b>Total</b>	18,013,760

**Chart 1 History of the Issuer**



### ***Well positioned***

Futureal Group was co-founded by Gábor Futó and his father, Dr. Péter Futó in 2001. Since its foundation, Futureal Group's portfolio has encompassed more than 100 projects, with a total value of EUR 3 billion across 2 million square meters. Currently, Futureal Group and Cordia Group are in the construction phase with close to 30 projects simultaneously, with a total value of EUR 1 billion and a gross area of around 700,000 square meters gross.

### ***Pioneers in introducing urban regeneration projects***

Beyond residential developments that are developed by Cordia Group, Futureal Group is involved in large-scale mixed-use urban renewal projects, office and retail developments, redevelopment projects and commercial property investments. With the 22-hectare Corvin Promenade urban re-development project, Cordia Group together with Futureal Group has managed to revive a prominent section of Józsefváros in the heart of Budapest in terms of architecture, culture and economy.

### ***Strong brand name***

Cordia Group has been developed historically from Futureal Group and after several years of separation procedures it is today an organization operating and structured independently from Futureal Group. Over almost 16 years Cordia Group has built 4,027 residential and commercial units in Hungary, Romania and Poland. Additional 3,828 units in 20 projects are currently under construction and sales in Hungary, Romania, Poland, while 46 more projects are under preparation or acquisition with another 13,234 units.

Cordia Group is proud bearer of multiple international awards, including: "ULI Global Awards for Excellence" from ULI, "Best Mixed-Use Project in Europe" International Property Awards, Bloomberg TV, The New York Times, "Best Purpose Built Project Worldwide" by International Real Estate Federation (FIABCI).

The apartment brand „Cordia” means more than just harmonious homes: they are also outstanding investments, providing long-term value and secure rental yields. Cordia offers security, convenience, quality of life and well-designed living spaces that fit the location and the community.

### ***Diversification & Focus***

Cordia Group has currently real estate development projects in 5 countries (Hungary, Poland, Romania, Spain and the UK) and 9 cities/regions (Budapest, Balaton, Warsaw, Krakow, Poznan Tri-City, Bucharest, Costa del Sol, Birmingham / West Midlands region – this latter both developments for sale and also for rental) and a residential-for-lease investment in Germany focusing on Dresden, Leipzig and Magdeburg.

Cordia has expanded its operation in Poland by the acquisition of Polnord S.A. and intends to further expand in other European countries Cordia prefers organic, step-by-step expansion manner but also looking for exceptional or anti-cyclical acquisition opportunities as it was done in Poland and Germany. Thanks to extensive land banks and active acquisition management, the project vintage can also be flexibly diversified.

Cordia Group has been a real estate development company so far, constructing and selling apartments. The company has a currently growing team in Budapest to provide comprehensive property and facility management services like furnishing, rental, tenant management, maintenance and condominium management services (partly to Cordia's own residential-for-lease schemes and for buyers of the flats developed by Cordia) and targets to further develop this service line in Warsaw and further cities if rental demand fuels markets to do so.

### ***Highly skilled management team***

In its almost two decades of operation, Cordia Group's highly qualified real estate professionals (currently



>200) and local management teams have accumulated extensive knowledge of local markets and demonstrated a proven ability to source strategic development sites, design attractive and innovative projects that meet the demands of the local market and obtain planning and building permissions expeditiously.

### **5.3 Strategy**

#### *5.3.1 General strategy*

##### *Integrated, full-service operation, best-in-class team, efficiencies of scale*

Cordia Group is one of the leading residential developer with a strong and well-known brand, active in the mid- and mid-to-high segments of the for-sale market in Hungary, in Poland, Romania, Spain and since August 2020 in Birmingham targeting annual output of ~2-3,000 units in the medium term. Cordia Group has a long track record and industry leading management team with extremely long tenure and limited turnover. The corporate culture of Cordia Group focuses on operational excellence to continuously improve all aspects of the residential development process from land acquisition, project planning, and procurement, sales and marketing to benefiting from scale.

##### *Cycle-conscious, geographic and operational diversification, value investor's approach to acquisitions*

Cordia Group focuses on step-by step geographic diversification accompanied with precisely selected opportunistic acquisitions with a value-investor's approach. One of the aims of Cordia Group to achieve a top 10 position in the Polish market targeting annual output in excess of 1,500 units. The geographic diversification of Cordia Group enables optimal and opportunistic allocation of capital across countries whose residential market cycles are non-synchronized.

The expansion strategy is based mostly on organic expansion by establishing local teams supported by the Competence Center. At the same time Cordia screens its current and targeted markets for special portfolio and/or acquisition deals like it was undertaken in the case of POLNORD S.A. acquisition and acquiring stake in ARGO Properties N.V. The latter transaction has also opened Cordia's new business line of residential leasing making the first step in the operational diversification. This business line shall be strengthened by the for-rent developments contemplated in some projects in Birmingham thanks for the promising market demands there.

Furthermore, land acquisition is based on strict underwriting with volumes and duration differentiated by geography depending on stage in cycle. In addition, Cordia Group provides full-scale letting property- and facility management services to investor clients which services will be developed into an in-house tool to asset manage residential leasing projects initially in Budapest and Warsaw and later other cities where market demand supports such activities. There is a long-term potential to expand rentals as a strategic business line to create an income yielding residential portfolio.

##### *Strong financing position*

Cordia Group has a long-term partnership with the leading local banks in its countries of operation (e.g. OTP, K&H/KBC, Takarékbank, UniCredit, Raiffeisen, Santander, PKO Bank Polski, Alior Bank, etc.).

##### *Strong brand*

Cordia Group is focusing in building out a string "CORDIA" brand in all its markets, similar to Hungary where Cordia Group is already a very strong real estate brand. Multiple successful and award-winning developments are creating a strong background for this business to customer exercise.

##### *Capital market access*

The Issuer has attracted institutional capital to invest in its residential development projects in joint ventures structures while maintaining full project control.

The Issuer is proud to refer to the successful bond issuance of CORDIA2026 bonds of November 7, 2019 where 17 qualified investors have participated at the auction representing some 50 different investment entities such as the National Bank of Hungary, investment and mutual funds, pension funds, insurance portfolios, banks etc. purchasing bonds in excess of HUF 44.4 billion of total issue value.

Also, the Issuer is proud to refer to the successful bond issuance of CORDIA2030 bonds beyond the National Bank of Hungary 13 qualified investors (banks, asset-, investment, and portfolio managers, mutual funds, pension funds, and insurance companies) have participated at the auction representing different investment entities have participated at the auction purchasing bonds in excess of HUF 37.5 billion of total issue value.

*Strong and supportive ownership with very long-term view*

Cordia Group is supported by family owners that have demonstrated a highly responsible and supportive long-term approach by:

- having engaged in long term, complex projects up to a decade-long;
- having supported Cordia Group for almost 2 decades;
- having injected capital during the financial crisis to make whole other stakeholders, including repayment of non-recourse land loans in contrast to the market norm at the time; and
- having supported a loyal team of key employees who have been with the company for over a decade with almost no fluctuation.

*5.3.2 Land acquisition strategy*

*Target land acquisition in diversified and liquid markets of CEE capitals and major regional university cities*

Cordia Group uses strict underwriting criteria based on location, land cost, demand and supply dynamics, and project profitability. According to the above Cordia Group can be portrayed as a real estate development group with a strategic approach to cyclicity-, adjusting land duration- and acquisition intensity, with an extended investment opportunity set. Cordia Group has an outstanding cycle consciousness and is taking advantage of divergences in the local residential and financial market conditions to opportunistically allocate capital among its markets of operation. Cordia Group focuses on markets with at least 5,000 sales of new build units per year with appropriate micro locations for midmarket segment assets and avoid overpaying for land in overheated markets. Further focus on areas with master plan and zoning in place. Cordia Group has a significant opportunity to grow the local platforms in already established cities. Cordia Group has an excellent track record of project completions with no “stuck projects”.

*Decision-making driven by profitability and internal rate of return (IRR), not volume or market share*

Cordia Group has no pressure to focus on volumes as can be the case for listed residential developers, and prefer profitability over volumes. The underwriting of Cordia Group currently includes minimum 25 % gross margin requirement, minimum 20 % post tax internal rate of return (IRR) and 1.8x multiple on invested capital. Employee incentive structures are shaped and aligned with a focus on execution and profitability.

*5.3.3 Financing strategy*

All projects are developed in separate SPVs, either limited liability project companies, partnerships or private real estate development funds. The land acquisitions were typically financed from the equity provided by one of Cordia Group member until launch of development. All projects are financed by local banks in separate,

SPVs by construction financing facilities, with project equity provided by a Cordia Group member and by co-investors of Cordia Group. All loans are at the Project Entities' level, non-recourse – except cost overrun and completion guarantees – and are typically not cross-collateralized, however may contain certain cross-default provisions. The project-equity and pre-sales requirements vary from country to country and project to project, but contracted at usually between 20-30 % equity of total development costs and between 20-40 % pre-sales requirements. Peak net leverage at project level usually did not exceed 65 % thanks to customer advances and some cost payable after delivery. Corporate level leverage is lower due to an unleveraged land bank and a portfolio of projects in different development and lower leverage phases. Cordia Group maintains good relationship with multiple senior lenders, currently engaging 8 leading banks for development and construction loans. Furthermore, Cordia Group benefits from favourable margins and loan conditions due to a strong corporate credit track record and never defaulted on a single loan.

#### 5.4 Corporate structure

The ultimate beneficial owners of the Issuer is Gábor András Futó (majority) and Dr. Péter György Futó, Dr. Zsuzsanna Edit Futóné Szántó, indirectly, through Cordia Holding B.V. and Finext Consultants Limited, the shareholders of the Issuer.

The Issuer controls (directly or indirectly) and owns (directly or indirectly, fully or partially) several Subsidiaries. (the "**Subsidiaries**").

The Subsidiaries are mainly used as:

- (i) project vehicles (generally each real estate development is carried out in separate limited liability legal entity or real estate fund, real estate sub fund, land bank may be grouped) (the "**Project Entities**"),
- (ii) holding entities (including country holdings) (the "**Holding Companies**"), including a special holding entity POLNORD S.A. listed at the Warsaw Stock Exchange and acquired on 10<sup>th</sup> of April 2020, Cordia's ownership stake is 92.92%. (Due to its acquisition date POLNORD S.A. is not listed among the subsidiaries as of March 31, 2020, please see facts and data in Section 6.12 for Cordia's recent strategic acquisitions.)
- (iii) service provider entities (management companies providing development services in each countries, and leasing and property management service provider in Budapest) (the "**Service Companies**").

The legal forms of the Subsidiaries are currently:

- (i) limited liability companies and private limited companies,
- (ii) partnerships (with general and limited partners), and
- (iii) privately placed real estate development funds and sub-funds of umbrella funds.

The Issuer's main assets currently are the equity interests in and loans – as receivables – provided to its Subsidiaries.

#### 5.5 Details of the Subsidiaries

For the details of the main Subsidiaries at the end of March 2020, please see Annex 3 (*Details of the Subsidiaries*) of this Information Memorandum. For the avoidance of doubt, the list of Subsidiaries will change from time to time.

## 5.6 Operation and main activities of the Issuer

The Issuer is a classic holding company, which holds Subsidiaries (Holding Companies, Project Entities and Service Companies). Most project Subsidiaries develop condominium units for sale to end-users and investors offering under its brand: "Cordia". Cordia Group is a pan-regional residential developer focused on Central Eastern Europe with a diversification to 8 major cities and regions: Budapest, Balaton, Bucharest, Poznan, Warsaw, Krakow, Tri-City (Gdańsk, Gdynia, Sopot), Costa-del-Sol at the moment. Further expansion in Poland is also targeted (Wroclaw for example) with a view of focusing only on strong, growing and liquid markets with over 5,000 new units sold per annum. Cordia may establish presence in other European markets also in the future. First two projects in Spain has been acquired as a market seeding / test development.

### **New business line: residential rentals**

Even though residential development shall remain also in the future the main business, Cordia Group has started launching its new business line of residential rentals in certain growing European cities. This has strong strategic fit, provides a permanent operating income, enjoys long term secular demand from tenants and offers Cordia Group downside protection. The rapidly changing customer attitudes (millennials) accelerate the demand for rentals and for professional management.

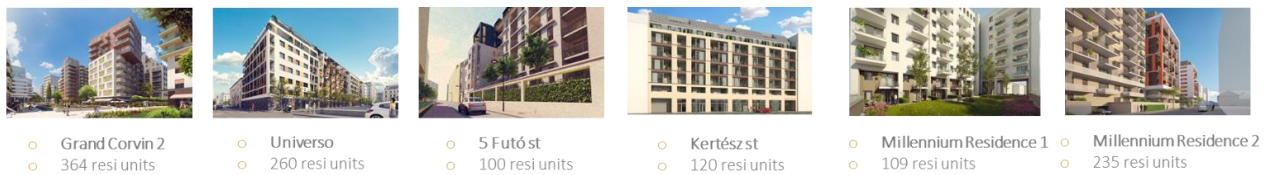
By the acquisition of 20.6% stake (which – despite the Issuer has increased its investment by EUR 3m - has been decreased to 18% due to a massive EUR 42m capital increase in July/August 2020) in ARGO Properties N.V. Cordia has established its presence in Germany, Europe's strongest resi-for-lease market. Focus is on growing cities of Dresden, Leipzig and Magdeburg. By the acquisition of this strategic stake the Issuer launches new rental residential investment business line and takes its first steps in the German market. Efficient scale, experienced local management and institutional co-investor partners provide hands-on risk mitigation for Cordia Group.

The residential rental business line will be further expanded in Birmingham thanks to the recent (August 2020) acquisition of BlackSwan LTD and the establishment of Cordia's arm and local platform in the UK Cordia BlackSwan which, beyond the residential-for-sale developments will supply built-to-rent (BTR) projects and targets to become a best-in-class BTR developer and operator in the region.

Residential rental is one of the largest asset classes in the most developed Western property markets. Cordia Group's potential long-term benefits are the followings:

- Introduction of a long-term growth business supports group value increase;
- Diversification through long-term secure cash flows increases financial sustainability;
- Anti-cyclical acquisition opportunities due to cash needs of certain players may result in accelerated growth at relatively low investment outlay;
- Focus on Resi-for-Rent schemes suitable for conversion to Resi-for-Sale to maintain ability to benefit from value increase opportunities;
- (temporary) reinstatement of favorable VAT (5%) regulation for new build residential in Hungary and planned future favorable 5% VAT for brownfield developments (legislation under elaboration, however temporarily postponed) may provide for competitive advantage;
- MNB's reloaded Funding for Growth Scheme offers long-term (max. 20 y) financing for rental schemes to be kept on balance sheet.

6 Budapest projects are being reviewed to be optimized for potential rental use: business model to be launched in the near future as economic clarity emerges (final decision is still pending). Projects are:



### **Core business: residenatial developments for sale**

The number of condominium units in one development phase is typically between 50-300 residential units. Most projects are in central or near central locations with good public transportation access. The typical customers of Cordia Group are medium and upper medium class urban individuals, couples, young families with children as well as individual investors.

High customer quality is indicated by material non-refundable deposit of 25 % (and also stage payments sometimes) in Hungary, 15-25 % in Romania and stage payments – according to technical progress - in Poland and Spain.

Projects are typically financed by local banks by providing non-recourse construction facilities on local currency basis (except Romania where EUR-based loans are typical thanks to EUR based price agreements with the purchasers).

The Issuer is in constant search for new development opportunities using on a value-investment focused selection methodology. Cordia Group makes selective acquisitions with strict underwriting criteria for land (including neighbourhood quality and esteem, access to public transportation, public infrastructure, competitive landscape, identifying competitive advantage for the project concept). The main focus of Cordia Group is mid- and mid to high market products.

Different markets and different market cycles support different land bank tenure periods and optimization of project launching.

Within Cordia Group, management companies provide transactional, due diligence, development management, technical project management, financial and administration, sales and marketing, and other related services to the Project Entities in each countries of operation.

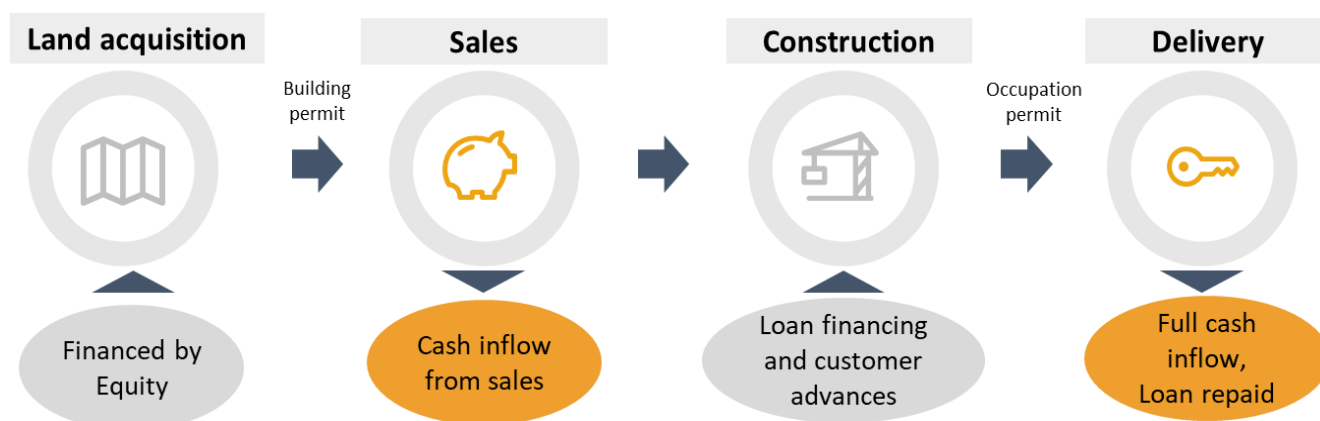
Cordia Management Kft. also supports the Project Entities in cross-country cooperation, process developments, brand- and knowledge management and concept development of each project and operates as a centre of knowledge and connection for the support of the Subsidiaries (other than the Holding Companies) (the “**Competence Center**”). In-house competencies include: acquisition, legal, due diligence, debt origination, equity origination, architectural concept planning, value engineering, purchasing, marketing, HR and other support.

Architects are selected for each project and managed by Cordia Group’s in-house architect team to optimize concept and implement best practices according to the standards of Cordia Group. Construction works are carried out by general contractors selected at tender with the exception of Hungary, where – due to the lack of proper-sized general contractors being experienced in residential construction- Cordia Group’s long-term

strategic partner, Pedrano Construction Kft. and Pedrano Homes Kft. (as parts of Pedrano Group) are the main and general contractors of the residential buildings developed by Cordia Group. Cordia Group maintains its own sales and customer relations management systems. Sales and marketing are managed by Cordia Group's own sales force in Hungary and Poland and with outsourced agencies in Romania and Spain. Centralized treasury, cash and cash flow management is provided also as a service to the Subsidiaries.

Standardized – but tailored to local legal framework – contract templates of Cordia Group provide very strong legal positions for the Issuer and its Subsidiaries vis-à-vis the customers. Furthermore, computerized document and invoice approval system as well as sales support application are connected to the enterprise resource planning (ERP) system.

The following chart shows a typical circle of development of a residential project (length of this process stretches typically 4-5 years):



## 5.7 Markets, market position

### 5.7.1 Market Overview

Cordia Group is currently active as residential developer in Poland, Hungary, Romania (CEE), Spain and the UK. Chart below presents basic economy parameters for these markets.

*(All information contained in the charts below are the most updated data based on various statistical offices and on other research sources available to the Issuer by the date of October 31, 2020.)*

Basic Macroeconomic Data for 2019					
	Poland	Hungary	Romania	Spain	United Kingdom
Population	38,0 million	9,8 million	19,4 million	46,9 million	66,6 million
Nominal GDP in EUR	529 billion	144 billion	222 billion	1 245 billion	2 522 billion
GDP per capita	13 780 EUR	14 720 EUR	11 500 EUR	26 440 EUR	37 770 EUR
GDP growth rate	4,1%	4,9%	4,1%	2,0%	1,3%
Inflation (HICP)	2,1%	3,4%	3,9%	0,8%	1,3%
Base Interest Rates (Dec. 2019)	1,5%	0,9%	2,5%	-0,5%	0,75%
Unemployment rate (Dec. 2019)	2,90%	3,40%	4,00%	13,70%	3,60%
Growth of salaries	6,50%	11,40%	13%	2,10%	3,60%
Net average yearly salary	10 404 EUR	8 880 EUR	8 400 EUR	27 540 EUR	41 730 EUR
Number of households	14,5 million	4 million	7,5 million	18,4 million	27,8 million
Households indebtedness to GDP	35%	19%	15%	57%	84%

Demand for real estate is related to macroeconomic performance of the country, and structural factors in specific region.

In 2019, on all Cordia Group activity markets GDP grew faster than 1.5% average for EU-27 countries, with CEE region significantly higher than that. Strong economy supported labour market with falling unemployment comparing to 2018, which in all countries except Spain was lower than 6,5% EU-27 benchmark. Better labour market resulted in significant salaries growth and improving disposable income in all 5 countries. This also improved indebtedness of households in Poland, Romania and Spain. In United Kingdom indebtedness of households was stable on 84% level.

Another observed trend supporting real estate market were negative real interest rates, in 2019 in Poland and Hungary the phenomenon has deepened due to increasing inflation. In UK, Romania and Spain negative spread narrowed due to falling inflation.

In 2Q 2020 European economy suffered from negative impact of COVID-19. One of the hardest hit regions was Spain and Italy. Chart with 2Q 2020 basic macroeconomic data is presented below:

*(All information contained in the charts below are the most updated data based on various statistical offices and on other research sources available to the Issuer by the date of October 31, 2020.)*

Macroeconomic update 2Q 2020					
	Poland	Hungary	Romania	Spain	United Kingdom
GDP growth 2Q 2020 yoy	-7,9%	-13,5%	-10,5%	-22,1%	-21,7%
Inflation HICP (June 2020)	3,8%	2,9%	2,2%	-0,3%	0,6%
Base Interest Rates (June 2020)	0,1%	0,75%	1,75%	-0,5%	0,1%
Unemployment rate (June 2020)	3,1%	4,8%	5,5%	15,5%	3,9%
IMF GDP growth forecast for 2020*	-3,6%	-6,1%	-4,8%	-12,8%	-9,8%

\* IMF GDP growth forecast based on October World Economic Outlook

Despite unprecedented GDP slowdown CEE region countries were stronger in relation to EU-27 average that decreased -13,9% in 2Q2020. Labour market also behaved stronger than in Eurozone countries.

Unprecedented situation triggered unprecedented Governments and Central Banks stimulus packages globally, as well as in CEE region and Spain and UK. For example total stimulus package in Poland worth 15% of GDP was introduced in period March to May 2020. Hungarian Government announced measures intended to provide support for affected businesses and general public worth 9 000 – 10 000 billion HUF (18% - 20% of GDP). In Spain total support introduced until end of May reached 2,3% of GDP immediate fiscal impulse, 0,9% of GDP in tax deferrals and 9,2% in liquidity instruments for business and people affected by the crisis. Romania Government responded in many measures directed to support labour market and financial stability of the private sector.

Chart below represents key national statistics and research data for real estate market on each country Cordia Group is present. *(All information contained in the charts below are the most updated data based on various statistical offices and on other research sources available to the Issuer by the date of October 31, 2020.)*

Real Estate Market Overview in 2019					
	Poland	Hungary	Romania	Spain	United Kingdom
Total existing stock	14,4 million apartments	4,5 million apartments	9,1 million apartments	25,7 million apartments	24,4 million (England)
Average household size	2,66 persons	2,3 persons	2,76 persons	2,5 persons	2,3 persons
Total transactions of housing (primary market)	65 400 apartments (in 6-biggest cities)	6 670 in Budapest	28 056 apartments of which 7 746 in Bucharest	56 286 apartments	156 756 new apartments registered
Total transactions of housing (primary and secondary market)	312 786 apartments (year 2018)	154 500 apartments, of which 28 100 in Budapest	113 752 apartments of which 34 478 in Bucharest	569 993 apartments	585 853 apartments
Foreign buyers of housing	2-3% (estimation)	4%	N/A	12,50%	N/A
Building permits	268 483 apartments	35 123 apartments	102 351 apartments	26 644 residential buildings	423 400 apartments and houses
Number of new mortgage loans origination	225 073 loans	111 340 loans	57 000 loans of which 20 000 "Prima Casa" loans	492 594 loans	788 645 loans (dwelling purchase)
Average mortgage loans	63 183 EUR	23 940 EUR	19 700 EUR average "Prima Casa"	129 237 EUR	221 345 EUR
VAT on residential units	8% (max. 150 sqm) / 23% (above 150 sqm)	27% green-field / 5% brown-field	5% (max. 92,7k euro, max 120 sqm net) / 19% (above 92,7k Euro)	10%	0% for new dwellings, 0% or 5% on conversions to dwellings



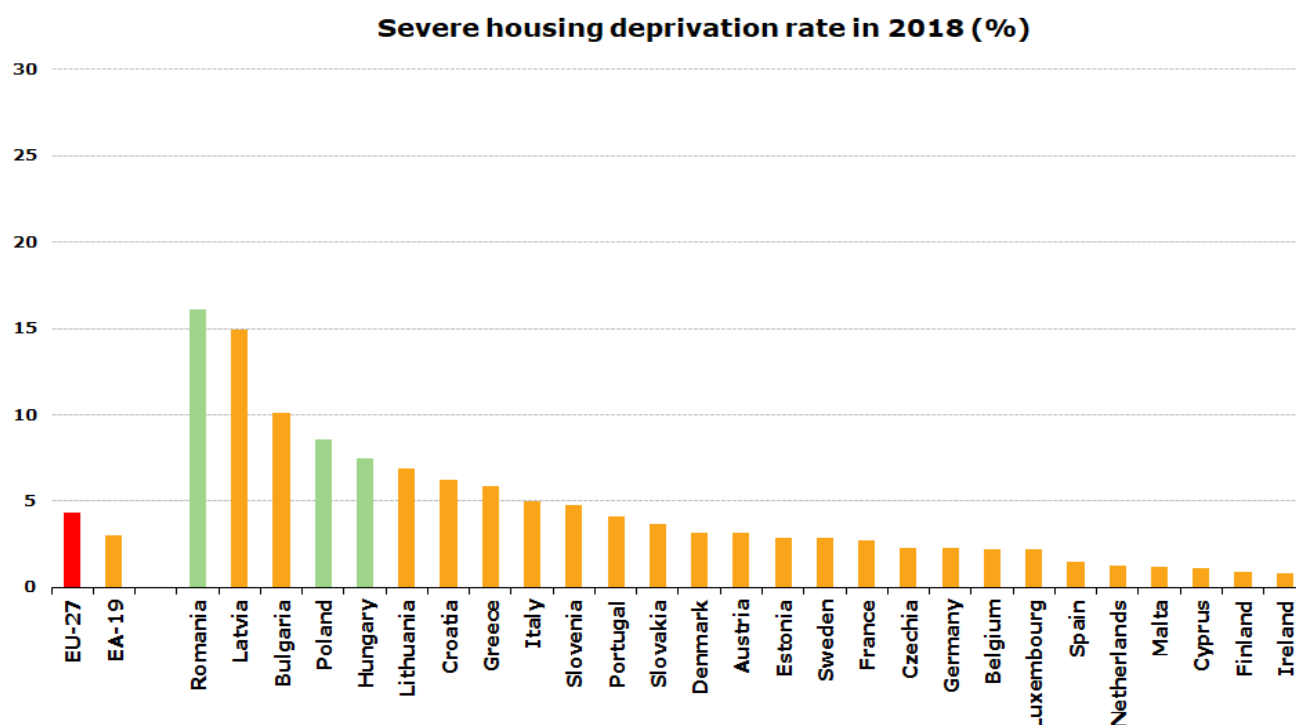
Real Estate Market Overview in 1H 2020					
	Poland	Hungary	Romania	Spain	United Kingdom
Total transactions of housing (primary market)	25 749 apartments (in 6-biggest cities)	1 626 in Budapest	7 992 (individual cadastral units) Bucharest	20 157 apartments	92 652 (all types of dwellings/houses, last 4Q ending March 2020)
Building permits	122 330 apartments	12 475 apartments	n/a	11 020 residential buildings	n/a
Number of new mortgage loans origination	101 615 loans	19 100 loans (only 2Q)	n/a	177 872 loans	109 894 million GBP

### 5.7.2 Market overview - CEE (Hungary, Romania, Poland) for-sale-residential real estate market

#### Structural demand

The main driver in the CEE residential market is driven by the structural demand rather than cyclical factors. Low quality and aging communist era housing stock dominates the housing landscape. 84 % of dwelling stock in Hungary, 75 % in Poland and 90 % in Romania was built before 1990, most of which are low quality, prefabricated communist era housing. Based on EU statistics, the CEE region countries have the highest "severe housing deprivation rate" meaning the percentage of population living in the dwelling which is considered as overcrowded, while also exhibiting at least one of the housing deprivation measures.

Chart below represents the ratio for 2018 based on EU statistics



Source: Eurostat

Annual renewal rates of the housing stock (of 0.3 % in Hungary, 0.6 % in Romania and 1.2 % in Poland) imply many years of visibility to upgrade the existing stock. Urbanization and inward migration to Warsaw,

Budapest, Bucharest and key university cities drives increasing demand in the Issuer's target urban areas despite weaker countrywide demographics.

A reduction in the average household size is the main factor in demographics, leading to an increase of 14 % in the number of households in Poland and 8 % in Hungary since 2005.

### Government housing policies

Government measures may help to stimulate the demand for residential flats, which measures became a key political intention. Examples of measures include home purchase subsidy program, VAT relief, real estate loans guaranteed by government, supporting program for family housing, subsidized mortgage loans, grant, etc. CEE countries feature the following key incentives by the central governments and national banks:

#### **Hungary**

- Reintroduction of general 5% VAT on new developments (that obtain building permit before December 31, 2022) shall accelerate Budapest new-built resi market
- Expected extensions of government subsidies to follow as general elections approaching (Q2 2022)
- CSOK (Family Home Creation subsidy) – non-refundable government subsidy: volume dependent on the number of children in the family (also prenatal babies) maximum HUF 10m.
- CSOK-loans: Bank loans of max. HUF 15m with subsidized interest rate (fixed at 3.00% p.a., term max. 25 years) schemes available
- Baby Loan (max. HUF 10m, max. term: 20 years, interest-free (if baby is born within 5 years), limited repayment schedule, after 3 babies Baby Loan principal cancels
- CSOK and Baby Loan can combine. CSOK and baby support loan together accounted for more than 30% of total new household loans since the middle of 2019
- 5% VAT can be refunded (max. HUF 5m) by the flat buyers if CSOK has been applied for the purchase (contracts signed after January 1, 2021)
- CSOK buyers are exempted for the 4% transfer tax obligation (for contracts signed after January 1, 2021)
- National Bank of Hungary is considering to launch a special loan program supporting buyers (or developers) of „green residential” (New Home Program): interest-free loans for 10-years term
- In longer term, there is still room for broadening the residential mortgage lending, due to the fact that credit penetration is still low by international standards, housing credit-to-GDP is 8% compared to 42% EU average. (source: MNB) Besides, the average interest rate of new housing loans was still 4.1% in August.

#### **Poland**

- Preferential VAT rate of 8% (instead of standard 23%) apply for flats under 150 sqm. Flat rentals are VAT exempt.
- Central government is planning to introduce Housing Package (>10 acts to be legislated) which is a part of ant-crisis shield. This entails:
  - Housing tax relief for the Young (<35 years) – a proposed new tax relief to the personal income tax, the so-called settlement relief available for flat buyers on the primary market or builders of a single-family home. (Capped) Income tax deductions to be adjusted to social/demographic (number of children!) family conditions.
  - Community dwelling pool: Municipality lands to be offered for development in return of flats to the

community. Central pricing shall be available.

- Application-based subsidies for housing allowances for tenants affected by the pandemic conditions pegged to income and other terms) (max. 1,500 PLN per month and 75% of the rent, for a max. of 6 months).

## Romania

- Government measures stimulate the demand for residential flats also in Romania: Prima Casa (First House) program has recently been upgraded to Noua Casa (The New Home Program) One of the major changes is raising the ceiling on loans used to buy new, larger resi units / houses. State guaranteed loans are available for the purchase of new residential units with prices above 70,000 Euro (60% state guarantee limited to 140,000 Euro, 15% down payment).
- According to a draft act currently under debate the threshold for applying the reduced VAT rate of 5% (standard rate 19%) could be increased from RON 450,000 (~ €93,000) to RON 750,000 (~ €155,000) - a fiscal measure supporting the middle-upper segment sales.

### Structural broadening credit access

Mortgage penetration is low all across CEE - household mortgage loans to GDP ratio is less than 20 % in Hungary and Romania. Especially in Romania the residential market still has very significant potential. The average mortgage debt ratio for the adult population was EUR 895 at the end of last year, compared with EUR 2,991 in Poland and EUR 1,683 in Hungary, while the share of mortgage credit in GDP is only 7.6 % (compared ~15 % in Hungary), according to Hypostat 2018 (source: A Review of Europe's Mortgage and Housing Markets) and is around 34 % in Poland, that is well below Eurozone's average of ~50 %.

Supportive and stable banking system with strong capital base (core capital ratios of a 17 % on average in CEE) exceed the EU average of 13 % and allow for stable long-term credit supply, so as low-to-mid-teen return on equity (ROE) for the CEE banking sector which is higher than 9 % EU average.

#### 5.7.3 For-sale-residential market overview - Hungary: Budapest

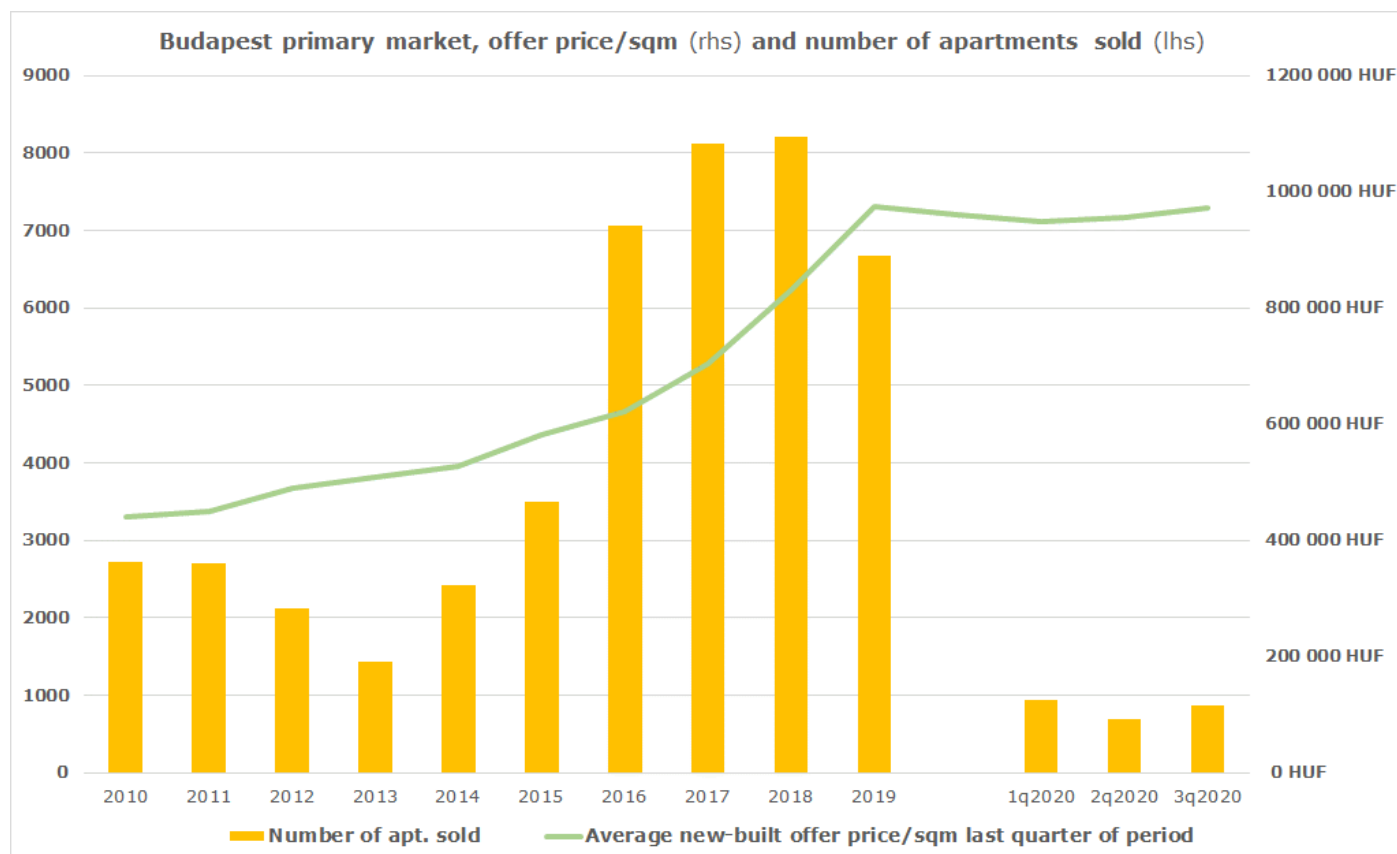
Currently near 3,000 apartments are under construction by Cordia Group, with a total net sellable area of ~170,000 square meters in Budapest. In addition, 18 more projects are in the pipeline in different stages of preparation, representing over 5000 units with a total area of approximately 300,000 square meter for future development in Budapest.

Residential prices showed a dynamic increase over the last years, well above the regional and the EU average. The average new home price rose by 17 % year-over-year to HUF 974,000 (EUR 2,900) per square meter in Budapest last year.

The increase of household income, the permanently low interest rates along with consumer-friendly loan constructions and government's Home Purchase Subsidy Scheme for Families all strengthened the demand in 2019. At the same time, however, the abolition of the VAT reduction for newly built dwellings began to restructure the market resulting in decline in the number of newly launched projects (-15% compared to 2018) and more complex pricing due to VAT differences.

In Budapest, in the first three quarters of 2020 the smooth and steady increase of the prices of newly built flats seemed to have halted, yet new apartment prices were still 4,8% higher when compared to the end of third quarter of 2019. After many years of expansion, the newly built market showed stabilisation due VAT change and COVID-19. The number of transactions fell more than 40 % compared to the quarterly average in 2019, and the supply was still shrinking by almost -20% in Q3 2020 comparing to end of 2019 . This was actually supporting the prices.

Chart below presents long term data for number of apartments sold and average offer prices in years 2010-2020.



Source: Cordia Group

In 3Q2020 new-built average offer prices/sqm remained at the same level comparing to 4Q2019 in Budapest reaching 971 000 HUF/sqm. The prices recovered after slight decline in 1Q2020. It is worth to mention that due to changes in a VAT schedule, we believe that the mix of dwelling offered in 2020 is incomparable to the mix offered at the end of 2019.

The domestic housing credit-to-GDP and loan penetration can be still considered low internationally, according to the National Bank of Hungary (NBH). According to NBH, the recently extended Home Purchase Subsidy Scheme for Families (*Családi Otthontermelési Kedvezmény*) continues to support demand for housing loans.

The number of households is increasing, mostly in the capital city. Budapest is attracting population in hope of finding jobs, resulting in mass movement from the country to the capital.

#### Effect of the COVID-19 pandemic on Hungary's new housing markets with special focus on Budapest

A decrease on both the demand and supply sides of residential market was observed in March and April, however signs of returning interests can be detected by increasing registration numbers in mid/late May 2020.

Key developers of residential industry were able to switch quickly to virtual presentations and fully digital closings. Uncertainty about the future condition of the market, might decrease number of new development projects to be launched. Most of the on-going projects on the market are in advanced development stage and more than two-third of the marketed flats have already been sold.

Strong balance sheet position of most of the developers should support stabilisation of the offered prices.

Announced by government in October 2020 changes in VAT schedule, and return to 5% VAT rate will, probably have an impact on prices however for now it is too difficult to forecast the behaviour of the market.

In longer term, price might decrease due to the decline in construction costs. Less newly launched development projects can reduce the construction capacity shortage and might lead to lower building costs.

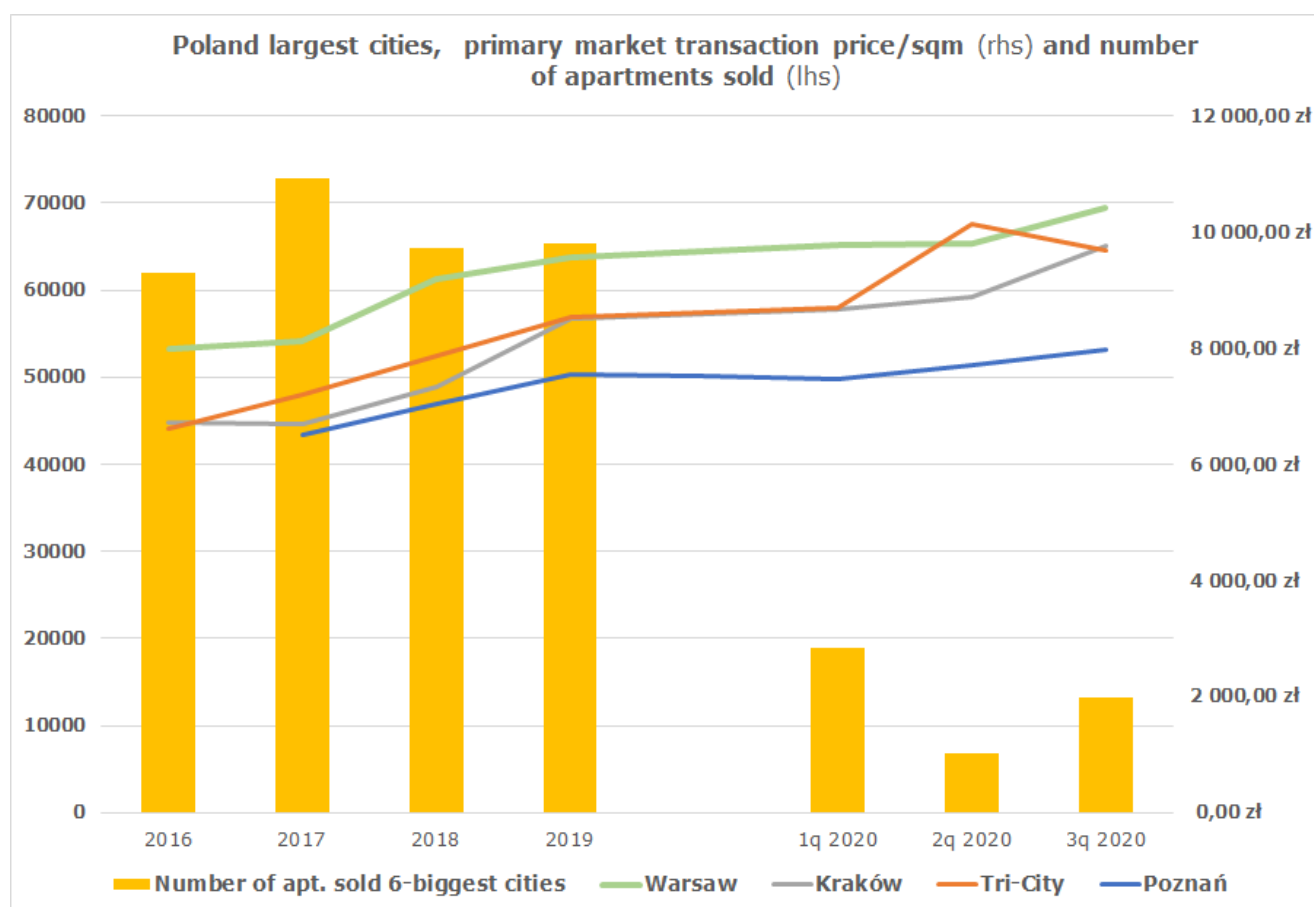
The collapse of tourism affected short-term rental in the capital. Moratorium on repaying mortgages until the end of the year give landlords ability to adjust to new environment. In short term, it resulted the expansion of the supply of apartments for long term rent at lower rental fees, but the number of apartments offered for sale have not increased yet on the secondary market.

#### 5.7.4 For-sale-residential market overview - Poland: Warsaw, Krakow, Tri-City

Cordia Group has sold in Poland (Warsaw and Krakow) almost 1,000 residential units.

Almost 728 apartments are in construction with a total area of approximately 45,800 square meters that was or is expected to be completed during 2020 and 2021. After acquisition of Polnord, Cordia Group has project in different stages of preparation, with approximately 5,800 units for future development in Warsaw, Krakow, Tri-City and Poznań, and development lands are sought for purchase also in Wrocław.

In 2019 average new-home transaction prices rose by 4 % to EUR 2230 per square meter in Warsaw and by 15% to EUR 1980 per square meter in Krakow. Comparing to 2017 price growth was 18% and 27% respectively. On average 6% gross rental yield was achievable in both cities in 2019.



Source: JLL

According to the market research of the Issuer the highest offer prices of residential apartments in Poland are

in Warsaw, with an average square meter price of new homes amounting to PLN 10 500 (EUR 2450) in the 4Q of 2019. Year on year 4<sup>th</sup> quarter prices increased by almost 9%.

Also transaction prices in other Polish cities increased significantly in 2019 as well. In TriCity (Gdańsk, Gdynia, Sopot) it was +8,6% and in Poznań it was +7,1%, reaching PLN 8 528 and PLN 7 542 respectively.

In 2019 number of transactions for newly build houses increased slightly by 0,7% to 65,6 thousand in six observed cities. Despite it was still 10% down comparing to record 2017, the value of overall market reached new high.

The rise of the prices was driven by strong first/larger apartment demand, supply shortages, and higher construction costs, as well as a declining share of low-cost MDM programme ('Housing the Young') scheme units, after the programme was closed in January 2018. Another driver was investment demand due to attractive rental yields comparing to banks deposit offer.

Q1-Q3 of 2020 turned out to be very good period for developers taking into account COVID-19 pandemic. With total, almost 40,000 apartments sold on the six largest markets, it was only 16% down vs. first three quarters of 2019. Additionally, average transaction prices for newly-built apartments in Warsaw, Kraków, Tri-City and Poznań increased vs 4Q of 2019. The largest increases are observed in Kraków and Tri-City (+14% YTD)

The highest level of sales in projects planned to be completed in the next 12–24 months was recorded in Warsaw where 53% of units were sold. More than half of the units from the corresponding pool were also sold by developers in the Tri-City, and almost half in Kraków. Developers entered 2020 year with record low offer of 13 thousand apartments in six biggest cities, the lowest level since 5 years.

#### Effect of the COVID-19 pandemic on Poland's new housing markets with special focus on Cordia's cities of development

##### a) The weaker results of the new supply

Since the beginning of 2020, around 13,000 new units have been put up for sale, i.e. 26% less than in Q4 2019 and 23% less than a year ago. The weaker results of the new supply could be partly caused by administrative problems related to the extension of the procedure for obtaining building permits.

##### b) Mood changes of consumers

In mid-April, the Statistics Poland published a monthly consumer confidence indicator study, which was the first to take into account mood changes caused by the epidemic. The indicator for the question "currently making important purchases", closest to the survey of real estate purchases, decreased from +12 in March to -47 in April. In September the indicator returned to -10 points, still negative but in the more neutral territory.

##### c) Change of lending policies

According to JLL Poland, lending to individuals might decrease due to both the reduction in loan supply and the reduced demand caused by the outflow of investment buyers but also by lower propensity for borrowing among clients who want to satisfy their own housing needs. Loan supply might tighten due to :

- increased down payment requirements and total departure from high LTV loans (down payment of less than 20%), even those with mortgage insurance,
- stricter loan underwriting rules (in practice, this will mean restricted lending to employees with work contracts in sectors unthreatened by group layoffs, freeze on lending to the self-employed, contract

workers), raising the average interest margin to at least 2.5%,

- Raising loan origination fees.

#### 5.7.5 For-sale-residential market overview - Romania: Bucharest

Cordia Group is developing its second residential project in Romania, in Bucharest. Parcului20, a 485-apartment condominium is located in the Expozitiei area, North Bucharest. The condominium is the only smart residential project in Romania, and the fact that over 50 % of the apartments in Parcului20 qualify for the 5% VAT which is another strong selling proposition.

In Romania, the national total number\_of real estate transactions (land, apartments, houses) concluded was 540 180 during in 2019, which represents a 4% decline compared to the similar period of 2018 (when almost 563 501 properties were traded). The highest transaction number was in Bucharest (95 557) and Ilfov (47 555), followed by Timis (31 328), Cluj (29 818), Braşov (29 351), Iaşi (18 206) şi Constanţa (17 372).

In Bucharest, in 4Q 2019, the average asking price for both secondary and primary market was EUR 1 390 per sqm, up 8,5% compared to the same period in 2018. Compared to 2017 end, the average price for new buildings increased almost 18%.



Source: Cordia Group, Analizelmobiliare.ro

In 1Q-3Q 2020 in Bucharest, total number of real estate transactions (land, apartments, houses) concluded was 70 552, that was 6% higher comparing to 1Q-3Q of 2019, After 20% decline in 2Q 2020 due to pandemic

restrictions, in 3Q 2020 activity on the market returned to its prepandemic level of around 25 000 transactions per quarter.

In Bucharest, in Q3 2020 the average asking price (old and new apartments) was at EUR 1 440 , up 3,5% comparing with Q4 2019. Price development and number of transactions in Romanian capital in recent years is represented on the chart. The most important observation is that despite of COVID – 19, demand was still robust, with stable prices..

The beginning of 2020 was a promising one for the residential market. According to data published by the NIS, 67 512 homes were completed nationwide in 2019, the highest number of homes completed in a single year in the last 30 years.

According to National Agency for Real Estate Advertising and Cadaster (ANCPPI) in3Q 2020 total number of sold properties in Romania was over 133 000, an annual increase of 2%comparing to 3Q of 2019

The shortage of available properties for sale existed before the COVID crisis broke out. This deficit might to increase further, so it is important that developers of residential projects and lending banks continue to invest in new construction. Demand has not completely disappeared, and buyers and investors in advanced stages of purchase still have confidence in the market. However, the reduction in the volume of transactions in the coming months will make it difficult to measure price developments and estimate the market value of real estate.

#### 5.7.6 *For-sale-residential market overview - Spain*

Cordia Group started its Spanish operation in 2019 with the acquisition of a plot of land for approximately 100 units town-houses residential development with a gross saleable area of 14,000 square meters at Costa del Sol, Marbella. The plot is located in the area called La Montúa, at the feet of the mountain, with sea views. In December 2019 Cordia Group acquired the second asset in the Costa del Sol, a plot of land in Fuengirola urban area, some 150 meters from the beach, for a project of 116 apartments focusing in the high segment of the market called Jade Tower ([www.jadetower.es](http://www.jadetower.es)). Both land plots are located in Malaga Province.

Housing demand in Spain is concentrated in metro areas and Mediterranean markets, 26 % of transactions are in the metropolitan area of Madrid and Barcelona, other 25 % are in Mediterranean markets like Malaga Province.

According to the [Instituto Nacional de Estadística](http://inec.es) (INE) number of transactions on residential real estates in Spain fell by 2.2% in 2019 to almost 570 000 of units, after increasing by 9,5% in 2018 and 16,3% in 2017. However value of the market increased to EUR 86,4 billion up by 2,9% compared to 2018. The number of transactions for second-hand houses dropped 4% but increased slightly by 1.3% for newly built houses.

The activity and prices in recent years was driven by foreigners buying homes on the coast and in cities like Barcelona. It was strengthened by improving Spanish economy and increasing internal demand supported by falling unemployment and increasing wages.

Costa del sol is an international market, where the main drivers are the foreign secondary home buyers from each part of the world. It is estimated, that they represented about 30% of demand in 2019. Large part of demand was driven by North Europeans who want to settle down in the region. The developments of the past decade of the City Malaga made the whole Costa del Sol region much more attractive for local and international buyers and investors.

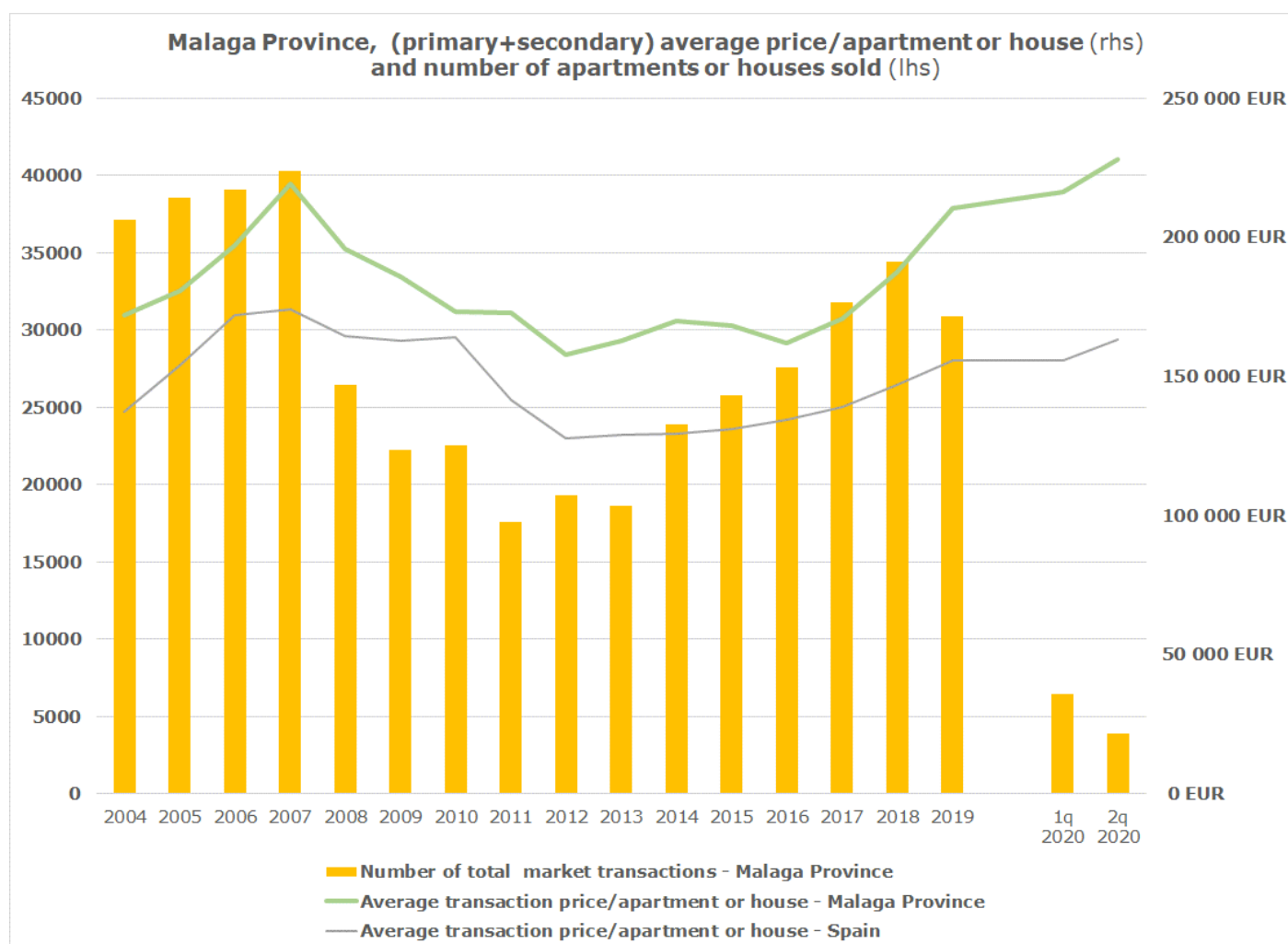


In 2019 Malaga Province had the most sales in proportion to the size of its market, according to the Ministry of Development: 34 homes per 1,000 existing (the national average was 22.1).

Development activity also set record last year, as this province achieved the highest number of new-building permits in Spain in proportion to the volume of its market: 10.7 building permits per 1,000 homes. Navarre and Madrid followed with 7.9 and 7.4 building permits, respectively (the national average reached 4.1).

Most of the residential development businesses in the region are small and medium sized companies.

Chart below presents average historical apartments/houses transaction prices in last quarter of each year, and the number of transactions in last 17 years in Malaga Province, where Spanish activity of Issuer is based. In 2019 average price increased by 12,1% yoy to EUR 210 000, and 23,2% since bottom in 2016. Average price was almost EUR 55 000 higher than average for Spain. Value of all residential real estate transactions in Malaga Province reached EUR 6,3 billion, and was up 3% in line with growth in Spanish market. Average prices increased above 14% in a region, way stronger than 5,2% on whole Spanish market.



Source: INE, Cordia Group

In 2Q2020 in Malaga Province number of transactions and value of them decreased by -40% and -36%, respectively comparing to 1Q2020. The average price for apartment/house was up 5,5%. However comparing to 4Q 2019 average where up by 8,4% (number of transactions decreased by 53%). Residential market has

been in hibernation since mid-March 2020 after introducing state of emergency in Spain. It is estimated, that sales activity decreased by 90% in last 2 weeks of the quarter.

Any forecasts of the real estate market behavior in upcoming quarters in the region is biased with high level of uncertainty, and will depend on: Spanish economy performance, lifting travel ban to Spain from foreign countries, access to loans both by internal and foreign investors etc.

#### *5.7.7 Birmingham / West Midlands region*

Birmingham is a much more resistant market compared to other parts of the UK, since January 2016 (EU referendum) average values are 16% higher (regional average: 12%, national average: 9%). Even with the growth rate, Birmingham average price of GBP 187,000 is still a lot more affordable than the UK average. Birmingham and the West Midlands region features strong local economy, infrastructure developments (HS2 high speed train for example), good universities with high retention rate. Birmingham's 1.16m population in 2020 expected to be 1.24m by 2030 partly thanks to being the number 1 city in UK for internal migration (for those leaving London). This young city (60% of population in the city center under 35) supports also the build-to-rent (BTR or PRS) industry.

- rents across the city up 28% since 2009
- sales forecast 2020-2024: up 13%
- rental forecast 2020-2024: up 10%

PRS (Private Rental Sector) investments:

- less investment in 2020 than 2019 due to COVID but return to growth in 2021 and will outperform other sectors over the next 5 years (CBRE)
- Q1 investment was over GBP 1bn suggesting strong investor demand pre-COVID
- GBP 1.4bn worth of deals currently under offer - rebound already felt, 2021 back to growth trajectory
- CBRE forecasts total returns of 5% p.a. for PRS over the next five years (nationwide figure), compared to 3% for office and 2% for retail
- prime net yields in the range from 3.25% to 4.25%
- European investor confidence: ECE acquisition of GBP 400m portfolio in Birmingham, Manchester and Leeds.

#### *5.7.8 Build-to-rent market overview - United Kingdom*

According to Savills, over GBP 1.8 billion of capital has been deployed in BtR sector in 3Q of 2020, which was the highest quarterly number ever. After three quarters of 2020 total amount of investments reached 2.7 billion, and matched full 2019 amount. It is estimated that over GBP 4 billion will be invested in the BtR market this year across the UK

As of 3Q2020 BtR stock includes 50 800 dwellings with further 36 700 under construction. Future pipeline stands over 84 000, including those in pre-application stage.

There are around 172 000 of planned, under construction or operational BtR units across UK. But they represent only 3% of the private rented sector by volume.

The percentage of households in privately rented accommodation in the UK has increased from 13% to 20% over the past decade according to ONS data, while the percentage of owner occupiers has declined. More accommodation is needed to meet the demand for homes to rent in such a places like London, Manchester or Birmingham, the places that have relatively higher population of people aged 25 to 34 , and have sizable economy.

The typical features of build-to-rent developments – modern living spaces, luxury amenities and central locations – are incredibly desirable to the UK’s rising number of lifestyle renters.

## 5.8 Information on turnover

The following tables are presenting the revenues of the Issuer with a breakdown of commercial activity and countries of operation:

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Revenues, including:*</b>	<b>34,478,395</b>	<b>19,854,006</b>
Revenue from sale of real estate**	33,631,034	16,885,450
Other revenue***	847,361	2,968,556

\* source: management analysis based on internal records

\*\* Revenue from sale of real estate, include also proceeds received from sale of garage and parking places, storages, as well as of other properties (also commercial units), that are offered within the residential projects developed by the Issuer.

\*\*\* Other revenues, include income from rental charges, various management-type services as well as assignment fees for the purchase right of land plots.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Revenues, per country of operation:*</b>	<b>34,478,395</b>	<b>19,854,006</b>
Hungary	25,532,234	14,110,947
Poland	8,941,993	5,740,388
Romania	4,168	2,671

\*source: management analysis based on internal records

Additionally following tables are presenting the revenues of the Issuer with a breakdown of commercial activity and countries of operation in the period of the first half of 2020 and 2019:

<i>In thousands of Hungarian Forints (THUF)</i>	<b>30.06.2020</b>	<b>30.06.2019</b>
<b>Revenues, including:*</b>	<b>28,449,193</b>	<b>7,831,397</b>
Revenue from sale of real estate**	27,664,926	7,190,775
Other revenue***	784,267	640,622

\* source: management analysis based on internal records

\*\* Revenue from sale of real estate, include also proceeds received from sale of garage and parking places, storages, as well as of other properties (also commercial units), that are offered within the residential projects developed by the Issuer.

\*\*\* Other revenues, include income from rental charges, various management-type services as well as assignment fees for the purchase right of land plots.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>30.06.2020</b>	<b>30.06.2019</b>
<b>Revenues, per country of operation:*</b>	<b>28,449,193</b>	<b>7,831,397</b>
Hungary	17,889,577	7,726,822
Poland	10,530,494	104,202
Romania	16,605	0
Spain	12,517	0

\*source: management analysis based on internal records

## 5.9 Competitive positioning

### 5.9.1 Market positioning at the for-sale-residential markets

#### Market share

#### **Hungary**

Cordia Group has maintained a strong, sustained market leadership in Hungary in the past 13 years.

The market share of Cordia Group exceeds 10 % on the whole newly build residential market in Budapest. The total market supply in last 4 years was 6-8,000 units per annum. Cordia Homes are mid-market products representing 60-70 % of the total market. The market share of Cordia Group is 20-25 % in the target markets (segment and geography), where the Issuer is operating. 20% of the supply which can apply 5% VAT is offered by Cordia Group in Budapest.

With the February acquisition of 360°/Marina City land complex Cordia secured its next urban regeneration project with a size allowing residential developments for the following 10 years minimum.

## **Poland**

Cordia Group has built the infrastructure to support growth to become a top 10 player in the Polish market. With the recent acquisition of ~ 93% of Polnord S.A., the purchase of major development land complexes in Poznan (Modena) and Warsaw (Perun) Cordia has made a significant size leap to reach this target.

Strategy has focused on developing selective projects that meet Cordia Group's profitability and quality requirements.

Market is more fragmented than in Hungary and current market share is modest, but management experience and parent support provide access to leading deal flow.

Total market contains in recent years: Warsaw: 24-28,000; Krakow: 10,000; Tri-City: 8-9,000 units per annum.

Mid markets representation in the total markets approximately: Warsaw: 70 %, Krakow: 60-70 %, Tri-City: 60 %.

Estimated effect of Polnord acquisition: with the acquisition of Polnord S.A. Cordia has increased its land bank by a cca. 7,500-8,000 residential units potentially to be developed. The most important elements of this massive and bank are Old and New Wilanow in Warsaw and Stogi in Tri-City (Gdansk).

## **Romania**

Cordia Group built infrastructure to become a significant player in the Bucharest market. Mid-market is cca. 50-60 % of the total market of 5-6,000 units per annum (excluding Ilfov- metropolitan area). Cordia Group uses cautious and selective approach to land acquisition and project development. Under proper acquisition management Cordia Romania has secured options for the following projects: Coralilor Plot/ Coral Residence, Petricani, Navigatorilor, Laminorului

## **Spain**

Besides the actual situation with Covid-19, Spain will remain as a destination for foreign buyers. These projects in the Costa del Sol are considered to be a seeding or test projects and will be organically continued by further projects if project proceeds according to the plan. Jade Tower is set to be the first project to be launched by Cordia Group in Costa del Sol. Located in Fuengirola urban area, some 150 meters from the beach, the project is focusing in the high segment of the market, consisting of 116 apartments with underground parking spaces and storages, and splendid common areas including exterior infinity swimming pool, SPA, gym, social area, co-working space and a cinema room.

The second project in the pipeline is a plot of land for approximately 100 units town-houses residential development with a gross saleable area of 14,000 square meters at Costa del Sol, Marbella. The plot is located

in the area called La Montúa, at the feet of the mountain, with sea views.

Cordia Group remains actively looking for opportunities in the Spanish market, with focus in the main capital cities in Spain, Madrid and the surroundings, Barcelona and the surroundings, Málaga and Costa del Sol being the main focus.

## **5.10 Strategic partners and cooperation**

### *5.10.1 Futureal Group*

Both Futureal Group and Cordia Group is ultimately owned by the Futó family. Residential developments (with the exception of one location) are developed by Cordia Group, while Futureal Group is involved in large-scale mixed-use urban renewal projects, office and retail developments, redevelopment projects and commercial property investments.

The original operation of Cordia Group has historically been within Futureal Group and it has recently been separated to operate as an independent entity focusing on residential developments with separate corporate structure and separate organization.

The two groups cooperate in certain projects (for example in mixed-use projects like Corvin Promenade) and certain functions (like aggregating purchasing, deal sourcing and due diligence). In addition, internationally, Cordia Group's management companies and Futureal Group's management companies may, from time to time provide certain services to each other on an arm's-length basis in order to optimize costs or use special capabilities.

### *5.10.2 Pedrano Group*

One of the main strategic partners of Cordia Group is the Pedrano Group (Pedrano Construction Kft., Pedrano Homes Kft. and their subsidiaries) with the cooperation existing for over a decade now. Pedrano Group has been a stable, dependable participant in the private client market of the Hungarian construction business for more than 10 years. Futureal Group and Cordia Group manage most of their construction projects in Hungary through Pedrano Group (Pedrano Construction Kft. and Pedrano Homes Kft.) as general contractors on a fully transparent basis on cost plus fixed margin contracts, generally ensuring 6% margin for Pedrano Group.

Pedrano acts as general contractor, manages the construction process and ensures Cordia Group's access to its wide subcontractor network, in addition it protects Cordia Group's project entities from several project level constructions related liabilities. On the other hand, Pedrano Group derives the vast majority of its revenues from Futureal Group and grants it absolute priority. Having regard to the close co-operation between Pedrano and Cordia Group, the Issuer has provided short term framework loan for the financing of Cordia Projects in order to support the ontime completion of the projects. The loan shall be repaid until the completion and handover of the relevant Cordia Project.

### *5.10.3 Finext Investment Fund Management Co. Ltd.*

Finext Befektetési Alapkezelő Zrt. (seat: 1082 Budapest, Futó utca 43-45. VI. em.; company registration number: Cg.01-10-044934; tax number: 13052502-2-42; the "**Fund Manager**") acts as the fund manager of the investment funds belonging to Cordia Group and acts in accordance with the fund management rules (in Hungarian: "*kezelési szabályzat*") of these funds. In Hungary investment funds (including umbrella funds and sub-funds) are recognized as legal entities and authorized and registered by the NBH. The investment fund and their managers are regulated by the Act No. XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations, (the "**Finext Befektetési Alapkezelő Zrt.**") and Government Decree no. 78/2014 on the Investment and Borrowing Regulations for collective investment

forms.

#### *5.10.4 Institutional co-investors*

Cordia Group has long-term strategic partnership with several institutional investors that have invested capital in Cordia projects through privately issued and closed ended investment funds controlled by Cordia Group, namely Finext Real Estate Opportunities One SICAV-SIF Sub-Fund and Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund. The funds issued two classes of investment units: Class C is owned by the Cordia Group, Class P is purchased by the non-controlling investors. Based on the funds' management rules (in Hungarian: "kezelési szabályzat"), repayment of the original investments and distributions of profits and losses are to be made as follows:

- First, the amount of the original invested capital shall be returned to both Class C and Class P shareholders pro-rata to their invested capital. Potential losses are therefore suffered pro-rata, based on invested capital, neither Class P or Class C is given priority.
- After pro rata distributions equal to the invested capital to all shareholders, potential profits are not distributed on pro-rata basis but in different proportions changing based on the internal rate of return achieved by the Class P unitholders versus pre-agreed hurdles.

Cordia Group does not provide any guarantee on the return of the capital invested by the investors. Based on industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated financial statements.

### **5.11 Material Contracts in the ordinary course of business**

#### *5.11.1 Land sale and purchase agreements*

Contracts for the sale and purchase of the land plots are agreed on a case-by-case basis. In each case the documents contain terms and conditions standard for the respective market. In case of tenders or actions organised by State Agencies of Municipalities, the contracts are also negotiated by the parties, sometimes within less flexible but still market standard conditions. In Poland, Romania and Spain, in preparatory phase of the projects developers may also conclude preliminary sale and purchase agreements or option agreements which are capable to ensure the developers' title to obtain the land at a later stage of the development. These solutions are standard and well-functioning solutions on these markets of operation.

#### *5.11.2 General construction contracts*

General construction contracts (the "**GC Contract**") used in the countries of operation contain market standard provisions. The GC Contracts limit the developer's liability to the amount of the contractor's fee (which may be fixed or variable) and, in certain cases, to the delivery of the plans and drawings/building permit as well as lay down market standard performance guarantee undertakings for the on time performance of the general contractor. Also, the developers in certain cases (e.g. unacceptable delay in the construction due to the general contractor's fault) would be entitled to terminate the agreements which would also trigger the general contractors' penalty payment obligation. Nonetheless, penalty payment obligations of the general contractors are capped.

In Hungary, the guarantee obligation of the general contractors derives from mandatory provisions of law and is binding on the general contractors without separate guarantee undertaking. The general contractor shall maintain all-risk construction and installation (CAR) insurance for the whole construction period.

#### *5.11.3 Sale and Purchase Agreements*

Cordia Group's standardized contract templates, which are tailored to local legal and regulatory framework,

provide very strong legal positions for the Issuer and its Subsidiaries. Sale and purchase agreement (the “SPA”) templates are well elaborated documents providing strong legal position to the projects / the developer.

Accordingly, customer advances being part of the purchase price of the residential properties are key elements in cash flow planning: (i) high non-refundable deposit regime in Hungary and Romania (with limited exception as mentioned below) and (ii) continuous staged-payment system in Poland where the preliminary SPAs supported by the legislation protects the Subsidiaries from the unilateral termination of the agreements.

The above payment mechanism ensures that no material collection losses occurred in the sales history of Cordia Group.

#### *5.11.4 Joint venture agreement*

##### **5.10.4.1 Marina Life 1. and Marina Life 2.**

Marina Life 1. and Marina Life 2. projects are developed by the Cordia Global Real Estate Development Umbrella Fund - Cordia Global 6. Subfund. The owners of the investment units issued by the Cordia Global 6. Subfund are Cordia Lands Ltd. (50 %) and Termina Kft. (50 %), member of Ofer Investment Group, as a joint venture (JV) partner of Cordia Lands Ltd.

In compliance with the provisions of the JVA (joint venture agreement) (i) Cordia Group provides real estate development management services to the projects, therefore the project is managed by Cordia Group however (ii) there are certain major decisions in relation to the development that shall be adopted by Cordia Lands Ltd. and Termina Kft. jointly, with certain voting mechanisms specified in the JVA. Due to the fact that the construction and the development of the projects are in an advanced stage, the main major decisions were already adopted. Based on the JVA the ratio of the investment is 50 – 50 % between the Cordia Lands Ltd. and Termina Kft. and the settlement of the profit is also 50 – 50 %.

##### **5.10.4.2 Fuengirola Joint Venture Agreement**

On 29 November, 2019 Cordia Development Services Company S.L (“**CDSC**”) a wholly owned subsidiary of the Issuer entered into an Investments and Shareholder Agreement (“**Investments and Shareholder Agreement**”) with Otero Patrimonial S.L (“**Otero**”), a Spanish residential real estate developer, regarding the acquisition, implementation and development of a residential project located in Fuengirola, Spain (“**Fuengirola Project**”). CDSC and Otero established a Joint Venture Holding Company (“**JV Hold Co**”) owned 90% by CDSC and 10% by Otero and the JV Hold Co is the exclusive owner of Cordia Fuengirola Development Company S.L. owning exclusively the Fuengirola Project. The development of the Fuengirola Project will be managed by Cordia Group and Otero will provide certain management, marketing, design and development services all in accordance with the provisions of the Investments and Shareholder Agreement.

The Fuengirola Project is currently at permitting phase.

##### **5.11.4.3 Cordia Blackswan**

In October 2020 the Issuer’s wholly owned subsidiary, Cordia UK Holdings Limited – completed the acquisition of Blackswan Property Limited (“*Blackswan*”) together with its existing projects in their respective special purpose vehicles (“*Blackswan Project Companies*”). Through the acquisition and restructuring the Issuer indirectly acquired 97% of a joint holding vehicle (Cordia Blackswan Holdings Limited) holding 100% of Blackswan as well as the Blackswan Project Companies. The remaining 3% of the shares in the joint holding entity is held by Marcus Hawley, the previous sole shareholder in Blackswan. Mr. Hawley also remained as



managing director of the Blackswan Project Companies. The joint venture holding company, as well as the financing thereof, is regulated by the Investment and Shareholders' Agreement signed by Cordia UK Holdings Limited and Marcus Hawley.

#### *5.11.5 Co-investment agreements*

Sub-Fund particulars (fund policies) of the sub-funds of Finext Reals Estate Funds and their by-laws (side letters) and related service contracts which are referred to in Section 6.9.4 (*Institutional co-investors*) above.

#### *5.11.6 Credit Facility Agreements*

In Hungary Poland and Romania, certain Subsidiaries have entered into various credit facility agreements with prominent banking partners primarily for the purpose of financing its projects. A long-term relationship is maintained with most of these financing partners allowing. List and details of certain terms of the credit facility agreements are included in the consolidated financial statement of the Issuer for the financial year ended on 31 December 2019.

Credit facility agreements contain market standard provisions, such as restrictions on the redemption of investment units, restrictions on dividend payment or other type of distributions until the full repayment of the loans, with the exception of those credit facility agreements where certain limited amount of invested project equity may be refinanced by the lender and paid back to the owners of the respective Subsidiaries if and when the conditions set for such refinancing are met by the project, potential cross-default clauses related to other liabilities on the project entity level or, in some cases, on the group level. In most of the cases, financed projects themselves serve as collateral for the repayment of the debt borrowed and, accordingly, credit facility agreements are typically secured by land charges, real estate mortgages and, occasionally, backed with payment guarantee by the Issuer, for example completion or cost overrun guarantees.

## 5.12 List of the Projects of Cordia Group

For the details of Cordia Group's projects as of 30 June 2020 please see Annex 3 (*Details of the Subsidiaries*) of this Information Memorandum.

List and main details of Cordia Group's projects as of 30 June 2020 are outlined in the tables (charts) below.

Chart 1: Projects completed (before end of June 2020)

Project name	Place of operation	Status	Completion	NSA TOTAL	Number of units (apartments + commercial units)	Contracted units @ end of 1H 2020	Units Handed Over end of 1H 2020
			year	sqm			
Corvin Atrium 1 (122A 1)	Hungary - Budapest	completed	2018	14 414	266	258	258
Kapás 21	Hungary - Budapest	completed	2018	6 952	100	100	99
Rózsa 55	Hungary - Budapest	completed	2019	9 537	157	157	157
Corvin Atrium 2 (122A 2)	Hungary - Budapest	completed	2019	14 784	273	273	272
Young City 1	Hungary - Budapest	completed	2020	8 033	147	147	132
Sasad Resort 1 HILL & SUN	Hungary - Budapest	completed	2020	14 277	206	197	75
Marina Garden	Hungary - Budapest	completed	2020	16 056	277	275	172
Zielone Bemowo 1 / Lazurowa	Poland - Warsaw	completed	2019	7 446	118	116	116
Cordia Supernowa / Lema	Poland - Kraków	completed	2019	8 659	185	184	184
Polnord - Neptun II (phase 1A) *	Poland - Warsaw	completed	2017	7 500	150	148	148
Polnord - Neptun II (phase 2) *	Poland - Warsaw	completed	2019	11 094	209	208	206
Polnord - Studio Morena *	Poland - TriCity	completed	2020	19 965	382	363	325
Polnord - Fotopalsztyn II *	Poland - TriCity	completed	2020	8 128	161	134	0
Polnord - Fotopalsztyn III *	Poland - TriCity	completed	2020	3 325	66	61	0
Polnord - Osiedle Tęczowy Las II (building 8) *	Poland - Olsztyn	completed	2018	5 251	87	83	83
Polnord - Osiedle Tęczowy Las II (building 7) *	Poland - Olsztyn	completed	2019	6 039	96	90	90
Polnord - Ku Słońcu I *	Poland - Szczecin	completed	2011	12 284	222	221	221
Polnord - Ku Słońcu III *	Poland - Szczecin	completed	2018	7 341	154	151	151
Polnord - Citi Park II *	Poland - Łódź	completed	2011	5 832	87	85	85
<b>TOTAL COMPLETED</b>				<b>186 918</b>	<b>3 343</b>	<b>3 251</b>	<b>2 774</b>

\* Polnord's contracted units include reservation contracts, Cordia holds 92.92% stake in Polnord since April 9, 2020

Chart 2: Projects under construction (as of end of June 2020):

Project name	Place of operation	Status	Planned completion	NSA TOTAL	number of units (apartments + commercial units)	Contracted units @ end of 1H 2020
			year	sqm		
Thermal Zugló 3	Hungary - Budapest	construction	2020	14 485	202	182
Grand Corvin 1 (Corvin 122B 1)	Hungary - Budapest	construction	2021	10 738	196	156
Grand Corvin 2 (Corvin 122B 2)	Hungary - Budapest	construction	2023	19 010	365	140
Young City 2	Hungary - Budapest	construction	2020	11 658	218	206
Young City 3	Hungary - Budapest	construction	2021	11 968	215	88
Grand'OR	Hungary - Budapest	construction	2021	5 567	115	89
Centropolitain (Bacsó B)	Hungary - Budapest	construction	2021	6 577	142	85
Univerzo	Hungary - Budapest	construction	2022	13 307	260	89
Akadémia Garden	Hungary - Budapest	construction	2021	16 238	306	151
Sasad Resort 2 HILLTOP	Hungary - Budapest	construction	2021	9 199	112	70
Marina Portside	Hungary - Budapest	construction	2021	19 668	290	121
Marina Life 1**	Hungary - Budapest	construction	2020	13 246	207	160
Marina Life 2**	Hungary - Budapest	construction	2021	13 374	207	84
Zielone Bemowo 2 / Lazurowa	Poland - Warsaw	construction	2020	10 972	200	117
Horyzont Praga	Poland - Warsaw	construction	2021	10 236	168	49
Życzkowskiego / Lotniczkówka	Poland - Kraków	construction	2020	4 083	70	44
Polnord - Wilania *	Poland - Warsaw	construction	2020	8 207	120	109
Polnord - Wiktoria *	Poland - Warsaw	construction	2020	6 164	87	38
Polnord - Wioletta *	Poland - Warsaw	construction	2021	6 181	83	12
Parcului 20 phase 1	Romania - Bucharest	construction	2021	16 957	265	142
<b>TOTAL UNDER CONSTRUCTION</b>				<b>227 835</b>	<b>3 828</b>	<b>2 132</b>
* Polnord's contracted units include reservation contracts, Cordia holds 92.92% stake in Polnord since April 9, 2020						
** Cordia holds 50% stake in the project						

Chart 3: Projects in preparation (planning phase):

Project name	Place of operation	Status	Planned completion	NSA TOTAL	number of units (apartments + commercial units)
			year	sqm	
Thermal Zugló 4	Hungary - Budapest	under preparation	2023	7 547	112
Thermal Zugló 5	Hungary - Budapest	under preparation	2024	13 653	199
Kertész 21	Hungary - Budapest	under preparation	2024	7 008	120
Vaskapu 32-34	Hungary - Budapest	under preparation	2026	5 859	101
Vaskapu 47-49	Hungary - Budapest	under preparation	2024	12 343	225
Vaskapu 43-45 (Hunilux)	Hungary - Budapest	under preparation	2025	12 343	225
Fonyód	Hungary - Budapest	under preparation	2026	9 500	145
Sasad Resort 2 SUNRISE (SR7)	Hungary - Budapest	under preparation	2026	11 060	153
Sasad Resort 3 PANORAMA	Hungary - Budapest	under preparation	2024	10 690	136
Sasad Resort 4 SKY (SR8)	Hungary - Budapest	under preparation	2028	10 761	148
Sasad Resort 5 SUNLIGHT or SUNSET (SR3)	Hungary - Budapest	under preparation	2025	4 870	70
Sasad Resort 5 PARK (SR4)	Hungary - Budapest	under preparation	2027	6 063	82
Bimbó 155****	Hungary - Budapest	under preparation	N/A	1 242	8
Gellérthegy u (Naphegy 12)	Hungary - Budapest	under preparation	2024	3 522	42
Illés st.	Hungary - Budapest	under preparation	2024	7 607	162
Futo Street 5	Hungary - Budapest	under preparation	2024	5 122	100
Marina City (360 / Meder) residential units only	Hungary - Budapest	under preparation	2024 and later	165 000	3000
Fantazja 1 & 2 (Kopalniana)	Poland - Warsaw	under preparation	2022	10 657	180
Jaškowa Dolina 1	Poland - Gdańsk	under preparation	2022	5 988	97
Jaškowa Dolina 2	Poland - Gdańsk	under preparation	2023	7 558	118
Rogozińskiego 1	Poland - Kraków	under preparation	2023	8 773	167
Rogozińskiego 2	Poland - Kraków	under preparation	2023	2 727	45
Wielicka / Jerozolimska	Poland - Kraków	under preparation	2022	8 891	163
Bokszerska	Poland - Warsaw	under preparation	2023	12 854	248
23 Marca / Sopot	Poland - Sopot	under preparation	2023	7 503	113
Krokusowa	Poland - Kraków	under preparation	2022	5 305	101
Modena 1	Poland - Poznań	under preparation	2023	13924	266
Modena 2	Poland - Poznań	under preparation	2024	7 967	163
Modena 3	Poland - Poznań	under preparation	2025	10 209	210
Modena 4	Poland - Poznań	under preparation	2027	7 137	146
Polnord - Stacja Kazimierz V *	Poland - Warsaw	under preparation	N/A	6 139	100
Polnord - core residential landbank **	Poland - Warsaw & Gdańsk	under preparation	2024 and later	175 600	3 440
Parcului 20 phase 2	Romania - Bucharest	under preparation	2023	12 138	220
Lami norul 2	Romania - Bucharest	under preparation	2025	17 040	268
Lami norul 1	Romania - Bucharest	under preparation	2024	19 163	272
Marbella - La Montua	Spain - Marbella	under preparation	2024	13 630	93
Jade Tower***	Spain - Fuengirola	under preparation	2023	13 515	116
<b>TOTAL PROJECTS UNDER PREPARATION</b>				<b>660 908</b>	<b>11 554</b>

\* Polnord holds 50% stake in the project

\*\*\* Cordia holds 90% stake in the project

\*\* Cordia holds 92.92% stake in Polnord since April 9, 2020

\*\*\*\* Project intended for sale

Chart 4: Projects in preparation (acquisition phase):

Project name	Place of operation	Status	Completion	NSA TOTAL	Number of units (apartments + commercial units)
Konkoly Thege	Hungary - Budapest	under acquisition	2024	7 565	64
Perun	Poland - Warsaw	under acquisition	2023	16 070	299
Navigator Ilor	Romania - Bucharest	under acquisition	2024	9 277	124
Coral Residence 1	Romania - Bucharest	under acquisition	2023	9 305	166
Coral Residence 2	Romania - Bucharest	under acquisition	2024	10 996	197
Coral Residence 3	Romania - Bucharest	under acquisition	2025	10 996	197
Coral Residence 4	Romania - Bucharest	under acquisition	2026	10 996	197
Romsilva / Petricani 1	Romania - Bucharest	under acquisition	2023	14 179	218
Romsilva / Petricani 2	Romania - Bucharest	under acquisition	2024	14 179	218
<b>TOTAL PROJECTS UNDER ACQUISITION</b>				<b>103 563</b>	<b>1 680</b>

### 5.13 Overview of the Issuer's new strategic acquisitions carried out since July 27, 2020

Cordia Group's strategic acquisitions until end of June 2020 are summarized in the below table (EUR figures were calculated at exchange rates valid on the day of closing of the respective transaction)

<i>(in brackets: transaction timing)</i>	<i>figures in EUR million</i>	TOTAL EXPOSURE	CURRENT EXPOSURE
Acquisition of „BlackSwan“ Cordia's development platform in the UK (August-October 2020) – purchase price fully paid		dependant on projects	2.4
Increasing participation in ARGO Properties N.V. by an investment of an additional €3 m equity. Due to ARGO's capital increase of €42m Cordia's (European Residential Investments KFT's) stake dropped to 18.0% from earlier 20.66% ( July / August 2020, stake fully paid ) ARGO is a residential investment and residential rental company with activity in Dresden, Leipzig, Magdeburg and Berlin (March 2020).		37.4 including original investment	3.0
<b>TOTAL</b>			<b>5.4</b>

The individual introduction to the above transaction follows in the below chapters.

### 5.13.1 BLACKSWAN PROPERTY (UNITED KINGDOM)

Blackswan Property Limited can be considered a pioneer among the Private Rented Sector (PRS) developers in the UK, focusing heavily on residential rental projects in the West Midlands region, more specifically in Birmingham. Founded by Marcus Hawley initially as a PRS advisory, the company is one of the first developers in Birmingham to have a proven track record of delivering build-to-rent projects for some of the largest institutional investors active in this segment in the UK, such as Grainger plc. and L&G.

Blackswan currently has three live projects in the historic Jewellery Quarter of Birmingham, all within the micro-location of Great Hampton Street, an integral part of Blackswan's "placemaking" strategy. Through the "placemaking" approach the intention is to develop multiple projects in a rapidly gentrifying area and capitalising on the value uplifts over the coming years. In order to make the greatest impact on the micro-location, as well as get the most benefit from this urban transformation, these developments will be a mix of build-to-sell and build-to-rent schemes, with an emphasis on PRS, and will range in size from small 30-unit boutique developments to large 150-200+ unit projects. The Blackswan pipeline also has further sites with higher unit yields under exclusivity in Birmingham's Jewellery Quarter, Chinese Quarter, as well as Sandwell, bringing the total number of units to be developed over the next 5 years to over 2,000 with a combined GDV in excess of GBP 500m.

Over a series of transactions in late 2020 Cordia took control of Blackswan, as well as its current and pipeline projects. A joint venture vehicle was set up to hold the management company as well as all project SPVs, with a 97% Cordia majority and Marcus Hawley retaining 3%. Cordia bought the stakes of all previous project financiers and shareholders, while keeping the management company staff – under the continued leadership of Marcus Hawley as managing director – in place for the entity now operating under the Cordia Blackswan brand.

<b>ACQUISITION CLOSING</b>	October, 2020 (final transaction closing)
<b>ACQUIRED PROJECTS</b>	Lampworks (124 units), Gothic (30 units), Bradford Works (30 units)
<b>KEY PIPELINE PROJECTS</b>	Thorp (380 units), Soho (650 units)
<b>CORDIA INVESTMENT TO DATE</b>	GBP 2,215,000
<b>HOLDING ENTITY/STRUCTURE</b>	Cordia Blackswan Holdings Limited (97% Cordia UK Holdings Limited and 3% Marcus Hawley)
<b>ACTIVITY</b>	Build-to-rent and build-to-sell residential development, mixed-use development, asset management
<b>GEOGRAPHY</b>	Birmingham and West Midlands region, United Kingdom

*Data source: Cordia non-audited business plan calculations, all estimated project figures may significantly vary*

*Data source: Cordia non-audited illustration calculations, all estimated project figures may significantly vary*

#### 5.13.2 ARGO PROPERTIES N.V. (Germany)

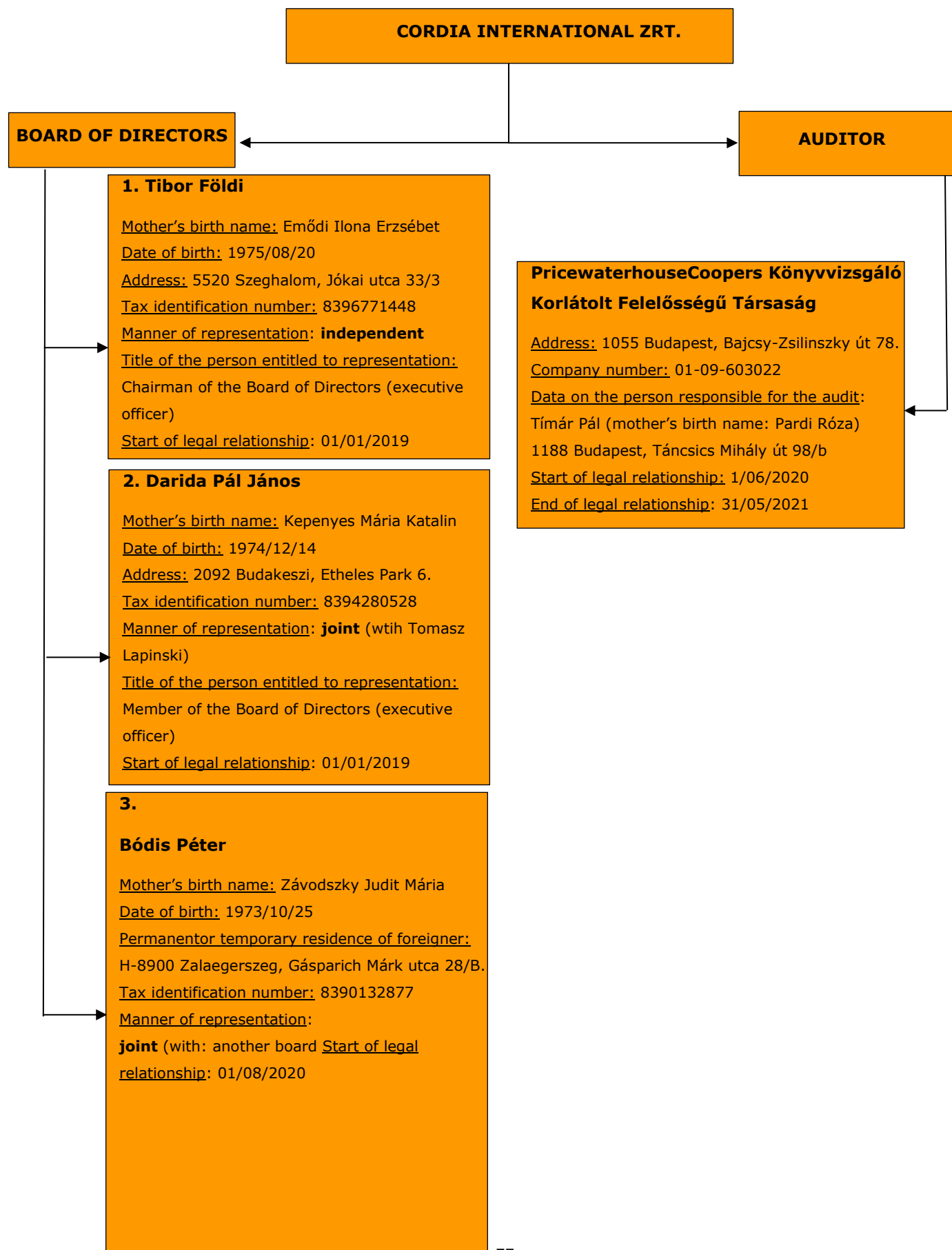
The Company, which started operations in 2018, purchases, manages and appreciates residential buildings in the towns of Leipzig, Dresden and Magdeburg and develops and converts office properties in Berlin. These cities are benefiting from positive long-term economic and demographic trends and consequently from surplus demand for buildings and a stable pattern of price increases in its sectors of activity.

On 5th August 2020 ARGO Properties N.V. has raised an additional €42 Million equity in which capital call Erupean Residential Investments Kft. has participated with a sum of € 3 Million equity. As a result of the private placement European Residential Investments Kft holds 2,703,291 ordinary shares representing 18% stake in ARGO Properties N.V.



## 5.14 Summary of the Issuer's corporate details

### 5.14.1 Corporate details of the Issuer



#### 5.14.2 Board of Directors

The Issuer is managed by the Board of Directors as of 1 January 2019. The members of the Board of Directors are (i) Tibor Földi (chairman and former CEO), (ii) Pál János Darida and (iii) Péter Bódis. Formerly the Issuer was managed by Tibor Földi as CEO whose mandate as CEO has been revoked with the effect of 1 January 2019 due to the appointment of the Board of Directors.

The members of the Board of Directors are appointed for an indefinite period of time. Tibor Földi as chairman of the Board of Directors is entitled to individually represent and sign on behalf of the Issuer. Pál János Darida and Péter Bódis are entitled to represent and sign on behalf of the Issuer jointly. The mandate of the members of Board cannot fulfilled under an employment agreement.

The Board of Directors represents the Issuer before third parties, courts and other authorities. The Board specifies and manages the daily operation of the Issuer. The employer's rights over the employees of the Issuer is exercised by the Chairman of the Board of Directors. The employer's rights over the Chairman of the Board of Directors is exercised by the Issuer's general meeting or a person appointed by the Issuer's general meeting for such purposes.

The members of the Board of Directors qualify as executive officers under the Civil Code, therefore they must comply with the relevant provisions of the Civil Code pertaining to executive officers. The members of the Board of Directors shall manage the Issuer with such due diligence as it is required from persons in such positions. They are liable towards the Issuer for any damage caused to the Issuer as a result of negligently breaching the law, the articles of association of the Issuer or the resolutions of the sole shareholder or their management duties under.

NAME	POSITION	MANDATE
<b>Tibor Földi</b>	CEO	27 April 2016 - 1 January 2019
<b>Tibor Földi</b>	Chairman and Member of the Board of Directors	1 January 2019 -
<b>Pál János Darida</b>	Member of the Board of Directors	1 January 2019 -
<b>Péter Bódis</b>	Member of the Board of Directors	1 August 2020 -

#### **Tibor Földi**

Tibor Földi is the member of the Board of Directors, dealing with residential real estate development. He started at Futureal Group in 2000 as the director of the residential property department, and became the CEO of the residential development part of the Futureal Group. He participated in the preparation and development of all "Cordia" projects, building up the whole Cordia structure and brand in cooperation with the owners. Cordia Group participated in the development of over 3,000+ flats while currently 4,000+ units are in sales and construction and a further 5,000+ residential units are in preparation phase. Cordia Group became during his management the number one residential real estate developer in Hungary and expanded to 3 other countries. Before Futureal Group, he held the position of the finance director at a smaller property developer company. Tibor Földi finished his studies in the Budapest University of Economics, Economics department, financial studies.

#### **Pál János Darida**

Pál Darida has been financial director of Futureal Group since 2005. Mr. Darida is responsible for the

financing, treasury and asset management strategies of the Futureal Group and for their realisation, also as a member of the investment committee of the Futureal Group for the investment decisions of the group. Mr. Darida has been chief executive officer of Futureal Fund management Co. since 2005. He has been managing successfully the funding of Cordia Group and Futureal Group development projects over the last 15 years. He has 20 years of industry experience, prior to joined Cordia Group, he served as Head of RE Financing at CIB Bank Zrt. Mr. Darida studied at University of Economics of Budapest (today Corvinus University of Budapest) Faculty of Economics & Finance Department from 1993 to 1998.

### **Péter Bódis**

Mr Péter Bódis has spent over 20 years in the investment fund management industry. In most of his career, he worked at UniCredit's investment management arm, Pioneer Investments and its preceding companies under Bank Austria. Between 2011 and 2018, he was Chief Investment Officer and Vice President of the Management Board at Pioneer Investments' Polish unit in Warsaw. Prior to that, he spent 8 years at Pioneer Investments' Vienna office, managing investment funds dedicated to Eastern Europe. He started his career in 1997 at Creditanstalt Securities' asset management department in Budapest. Mr Bódis earned his master's degree in Finance from the Budapest University of Economic Sciences in 1998, holds the Chartered Financial Analyst title and speaks 5 languages (English, German, Polish, Russian, Hungarian).

#### *5.14.3 Supervisory Board*

No supervisory board has been established at the Issuer. The Issuer is not obliged to appoint a supervisory board in accordance with the applicable legal regulations.

#### *5.14.4 Shareholder Information*

The current shareholders of the Issuer are Cordia Holding B.V. and Finext Consultants Limited. Cordia Holding B.V. acquired 98 % of the shares of the Issuer on 30 December 2019. Finext Consultants Limited acquired 2 % of the shares of the Issuer on 30 December 2019 by way of a share sale and purchase agreement from Cordia Holding B.V., the former sole shareholder of the Issuer.

The Issuer did not issue preference shares with prior voting rights, therefore there is no preferred/prior voting rights in connection with the shares of the Issuer.

#### *5.14.5 Employees*

The Issuer runs its operations via multiple of subsidiary companies, which include, among the others, the management companies employing employees in particular countries of their operations and providing services to all other companies belonging to the Issuer's Group. The Issuer employs directly only one person based on the employment contract.

#### *5.14.6 Trademark*

The Issuer is the owner/beneficiary of well established brands trademarked as indicated in Annex 5.

## 6 CREDIT RATING AND RATING RATIONALE

Scope Ratings GmbH as Credit Rating Agency has assigned a rating of BB to the Issuer and a BB instrument (senior unsecured debt) rating to the Bonds having confirmed again in a monitoring note as of 20 November 2020.

The latest information on the rating above, including rating reports and related methodologies applied, are published by the Credit Rating Agency and are also available on NBH's website through the following link: <https://www.mnb.hu/monetaris-politika/novekedesi-kotvenyprogram-nkp> and Cordia's website [www.cordiahomes.com/investor-relations](http://www.cordiahomes.com/investor-relations).

The rating shall, pursuant to the terms of the BGS, be subject to regular revision by the Credit Rating Agency and may be revised anytime during the term of the Bonds. The Credit Rating Agency may also be replaced during the term of the Bonds with another entity as Credit Rating Agency.

Further details of the credit rating requirement prescribed by the BGS may be found in the BGS Handout.

## 7 SELECTED FINANCIAL INFORMATION (2018 & 2019)

This Section contains the analysis on the Cordia Group's and Issuer's financial condition and operating result in the financial years ended 31 December 2018 and 2019 based on the Consolidated Financial Statements. The only exception is made in case of presentation of the equity engaged by the leading shareholder, in which case, both consolidated, as well as stand-alone perspective is presented.

### **a) Major Factors Impacting the Business Results**

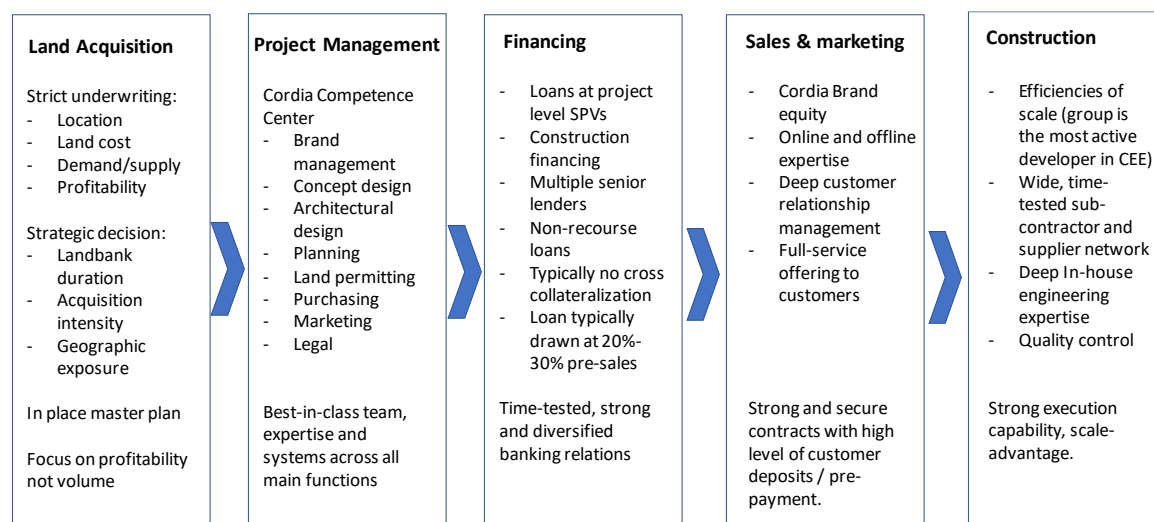
Cordia Group is an experienced residential developer focused on development of residential projects.

Cordia Group operates in Hungary, Poland, Romania as well as acquired its first residential assets in Spain and is present in leading local residential markets, i.e. in Budapest, Warsaw, Krakow, Tri-City (Gdańsk), Poznań and Bucharest.

The residential projects are being developed by individual Subsidiaries established for that purpose, i.e. the Project Entities. Therefore the below analysis of the financial position of the Group is based on the Consolidated Financial Statements. The only exception is made – as mentioned above – in case of presentation of the equity engaged by the leading shareholder (i.e. based both on consolidated and on stand-alone perspective).

Cordia Group has very unique competences and extensive experience in managing each of the stages of development process.

The below chart illustrates particular stages of the entire development process.



Revenue, costs and profits from the sale of residential units are recognized at a point in time when control over the property is transferred to the customer (in accordance with IFRS 15). It means that as long as the respective residential project cannot be handed over to the final customers (even despite all apartments can be pre-sold and the construction process can be nearly finished), the potential benefits and profits are not evidenced in the Profit and Loss accounts yet. Revenue and profit recognition is delayed until the project is finally delivered to the customers.

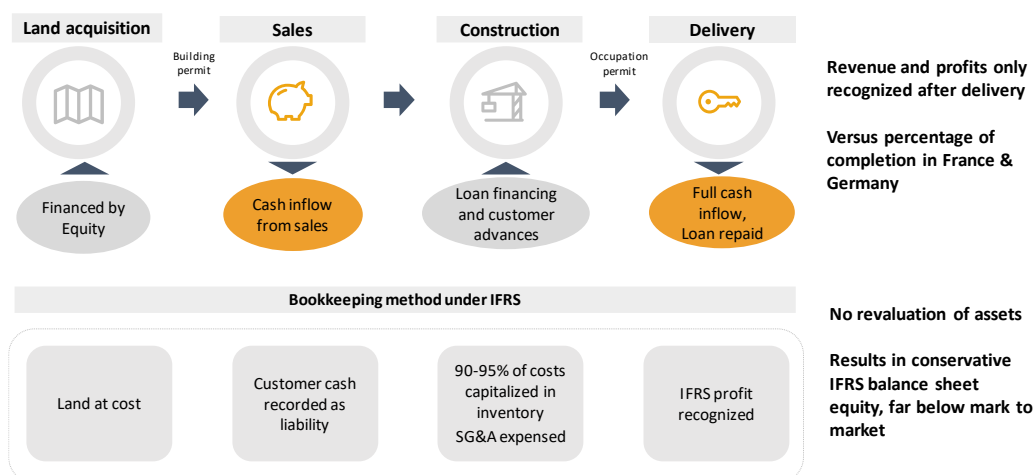
Before recognition of the revenues from sales of apartments, all direct costs associated with development of the residential project (including costs of land, construction costs, costs of preparation like architect design, as well as direct financing costs) are capitalized to the inventories, while advances pre-paid by customers are recognized as liabilities. It is important also that some indirect costs related to preparation of the residential projects (like management, marketing, administration) are not capitalized and are evidenced as current costs decreasing profitability in the current period and translating into lower equity of Cordia Group.

The dynamic expansion of Cordia Group in the past years resulted in the significant increase of the number of projects in Cordia Group's portfolio, including the projects that are under construction as well as number of projects which are still in the preparatory (and planning) phase.

At the end of March 2020 Cordia Group was involved in development of as many as 24 projects (including Polnord) that were under construction, including as many as 4,938 apartments, of which 2,937 were already pre-sold to the customers. Direct expenses which were associated with preparation of those units were capitalized and evidenced in inventories, while all revenues and profits expected from development and sales of these apartments will be recognized by Cordia Group in the next periods.

The revenues and profits recognized by Cordia Group during financial years 2018 and 2019 were driven mainly by revenues from delivery to the end users of 536 and of 843 apartments respectively.

## IFRS profit recognition lags value creation by two to three years



### b) Revenue

*In thousands of Hungarian Forints (THUF)*

	31.12.2019	31.12.2018
Revenue from sale of real estate	33,631,034	16,885,450
Other revenue	847,361	2,968,556
<b>Total revenue</b>	<b>34,478,395</b>	<b>19,854,006</b>

The revenues from sale of real estate of Cordia Group are driven mainly by value of apartments handed over to its clients. Other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot. Revenues from service and rental charges are recognized over time, other fees are recorded at a point in time.

Besides delivering residential units which were completed in the previous period, Cordia Group finished three projects in Hungary (Kapás, Rózsa, Átrium II phase) and two in Poland (Zielone Bemowo 1 and Supernova) during 2019 and started to hand over those apartments to its customers, which allowed for a total delivery of 843 units during 2019, of which 560 were delivered in Budapest and 283 were delivered in Poland. The aggregated revenues from sale of residential assets to the customers amounted to nearly HUF 34 billion during entire 2019. As a comparison Cordia Group has delivered 536 units during 2018 of which 353 were delivered in Budapest and 183 in Poland which resulted an aggregated sales revenue of nearly HUF 17 billion.

### c) Operating Expenditures

Cost of sales represent all direct costs capitalized during development of the apartments and other assets delivered to the customers in the same period. Both Revenues and Cost of Sales increased by 74% during 2019 if compared to 2018. The main reason behind the growth was increasing number of apartments completed and delivered to the customers during 2019. The Company maintained gross profit margin at high level of 39%.

The below table presents the cost of sales in the past periods, as well as the break-down of the other operating costs of Cordia Group, which are not capitalized to inventories and affect the profitability of Cordia Group in particular period, in which they occur.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Cost of Sales	21,186,226	12,149,655
Selling and marketing expenses	2,744,181	1,956,791
Personnel expenses and external services	2,351,515	1,366,235
Materials and energy	58,218	46,579
Depreciation	198,466	154,930
Bank fees and other charges	153,984	61,516
Other expenses	714,242	609,984
Other income	-91,825	-19,570
<b>Operating Expenses</b>	<b>27,315,007</b>	<b>16,326,120</b>

**d) Operating Profit, EBITDA**

The ratio that is the most commonly used in evaluation of the financial performance and profitability of the residential developers is the gross profit margin. This ratio allows for assessment of profitability of the residential projects delivered by a developer to its customers. The average gross profit margin in particular period corresponds to profitability of the projects / apartments which were delivered to the customers in this particular period.

The projects that have been delivered by Cordia Group to the customers in the analysed period were very profitable and the gross profit margin of 39% recorded by Cordia Group during 2018 was maintained in 2019.

Besides a healthy gross profit margin, the Group recorded a substantial increase of the operating profit which was in line with increase scale of operations.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Revenue</b>	<b>34,478,395</b>	<b>19,854,006</b>
<b>Cost of sales</b>	<b>21,186,226</b>	<b>12,149,655</b>
<b>Gross profit</b>	<b>13,292,169</b>	<b>7,704,350</b>
<i>gross profit margin</i>	<i>39%</i>	<i>39%</i>

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Operating profit</b>	<b>7,163,388</b>	<b>3,527,885</b>

**e) Financial Result**

It is important to note that all financial costs which directly relate to execution of the residential projects (interest costs and other banking fees related to projects under execution) are not disclosed in the profit and loss account but they are capitalized to inventories and are recognized as one of the elements of costs of sales upon delivery of apartments to their buyers (in the same way, like for instance construction costs, costs of land purchase or costs of architects design). Therefore the financial costs disclosed in the Statement of Profit and Loss relate only to those expenses which cannot be capitalized.

Interest income on cash deposits, like exchange rate gains or losses are also not capitalized to the inventories and affect the results in particular period when they occur.

The below table presents the result on financial operations of Cordia Group in the past periods. Other finance income and cost is mainly related to realized and non-realized foreign exchange differences arising on EUR denominated borrowings and trade payables.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Interest income	35,764	294,912
Other financial income	2,003,255	961,613
<b>Finance income</b>	<b>2,039,019</b>	<b>1,256,523</b>
Interest expense	-218,403	-35,531
Other financial expense	-2,075,173	-1,101,313
<b>Finance expense</b>	<b>2,293,576</b>	<b>-1,136,844</b>
<b>Net finance income/(expense)</b>	<b>-254,557</b>	<b>119,681</b>

**f) Profit After Tax**

Cordia Group made over 6.43 billion profit after tax in 2019 by delivering 843 apartments to the customers. The profit after tax amounted to HUF 3.28 billion in 2018 and was generated by revenues and profits associated with delivery of 536 apartments to the final customers.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Profit/(loss) for the period</b>	<b>6,433,246</b>	<b>3,278,195</b>

**g) Non-Current Assets**

Non-Current Assets of Cordia Group do not include real estate properties which are used in the developers' cycle and are evidenced as current assets as part of the inventories.

The most significant balances of the Non-Current Assets relate to Property, plant and equipment, which are used for internal purposes of Cordia Group as well as financial assets, of which the most significant item is Investments accounted for using equity method as well as restricted cash balances.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018 *</b>
Intangible assets	196,905	187,856
Property, plant and equipment	1,625,914	666,784
Long-term receivables from third parties	9,486	8,426
Long-term receivables from related parties	1,010	1,150,746
Investments accounted for using equity method	1,177,459	729,800
Deferred tax assets	127,714	124,939
Restricted cash	2,100,120	3,719,146
Long-term VAT receivables	1,526,564	242,616
Other long-term assets	613,036	577,376
<b>Total non-current assets</b>	<b>7,378,208</b>	<b>7,407,689</b>

\* some positions were restated resulting from change of policies in 2019 / all data derived from the 2019



Property, plant and equipment balance increased in 2019 due to the following reasons. Cordia Group has adopted IFRS 16 simplified method retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Property, plant and equipment – increase by 1,093,600, and
- Inventory – increase by 1,333,390.

The investment in its joint-venture increased in 2019 as below.

<i>In thousands of Hungarian Forints (HUF)</i>	Investments accounted for using equity method
Opening	729,800
Purchase of investments	594,120
Profit attributable to Group	-146,460
<b>Closing carrying amount</b>	<b>1,177,460</b>

#### **h) Current Assets**

Increasing balance of inventories reflect dynamic development of Cordia Group in recent periods – both by increasing the balance of the land bank as well as increasing the balance of the construction costs capitalized.

The most significant element of the current assets are inventories, which cumulate all costs that have been capitalized in relation to development and preparations of the residential projects by Cordia Group, that were not yet delivered to the customers, as well as the cash and cash equivalents, which reflects Issuer approach to liquidity risk management.

Other short-term assets may include a one-time non-repeating items, like prepayment for new Polnord S.A. shares (T series) as of end of December 2019 (equalling to the equivalent of PLN 135 million).

<i>In thousands of Hungarian Forints (THUF)</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
<b>Current assets</b>		
Inventory	102,954,301	58,713,306
Trade and other receivables	328,946	191,521
Short-term receivables from related parties	846,049	4,359,861
Income tax receivable	58,410	30,040
Short-term VAT receivables	3,782,709	3,057,847
Restricted cash	3,062,290	240,281
Other financial assets	277,833	29,553
Other short-term assets	11,468,750	301,199
Cash and cash equivalents	51,070,192	19,440,344
<b>Total current assets</b>	<b>174,192,443</b>	<b>86,363,952</b>

The very dynamic expansion of Cordia Group is confirmed by all main categories of inventories increasing over the past periods, including lands as well as construction costs. The below table presents the breakdown of inventories into particular subgroups referring to the nature of the expenses capitalized.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
<b>Inventory</b>		
Borrowing costs	1,358,735	802,936
Construction costs	46,190,554	21,486,689
Lands (including acquisition costs)	43,088,118	23,848,389
Other costs (including planning, other costs and capitalized VAT)	6,095,278	6,083,318
<b>Work in progress</b>	<b>96,732,685</b>	<b>52,221,332</b>
<b>Finished goods</b>	<b>4,013,992</b>	<b>6,424,014</b>
<b>Goods for resale</b>	<b>146,809</b>	<b>67,960</b>
<b>Advances paid for delivery of goods</b>	<b>0</b>	<b>0</b>
<b>Rights of perpetual usufruct of land (lease)</b>	<b>2,060,815</b>	<b>0</b>
<b>Total inventory</b>	<b>102,954,301</b>	<b>58,713,306</b>

## VAT receivables

VAT receivables mainly contain VAT receivables relating to customer advance payments. Management's expectation is that these amounts may be realized within the normal operating cycle, therefore these balances are presented under current assets.

## Receivables from related parties

Following earlier initiatives aimed at separation of Cordia Group from Futureal Group (affiliated due to involvement of the joint leading shareholder), all loans granted by Subsidiaries to the companies within the Futureal Group (in total amount of HUF 4.36 billion) have been repaid in 2019. As a result of this operation the total loan balances between Cordia Group and Futureal Group has been decreased.

### i) **Equity and Liabilities**

It is important to remember that based on the IFRS regime applied by the Issuer in its financial reporting, the statement of financial position data is presented mainly based on the historical, cost figures not reflecting any potential gains in value of the residential assets. All residential assets acquired and held by Cordia Group for the purpose of development and sale of residential apartments are evidenced based on the historical acquisition cost (unless any impairment is required).

<i>In thousands of Hungarian Forints (THUF)</i>	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
<b>Shareholders' equity</b>		
Share capital	9,897,492	9,252,912
Share premium	8,690,521	592,166
Currency translation reserve	505,126	143,877
Other reserves	-286,680	-234,382
Retained earnings	15,011,843	7,117,547
<b>Equity attributable to equity holders of the parent</b>	<b>33,818,302</b>	<b>16,872,120</b>
Non-controlling interests	208,384	86,823
<b>Total equity</b>	<b>34,026,686</b>	<b>16,958,943</b>
<b>Net assets attributable to non-controlling investment unit holders</b>	<b>17,514,452</b>	<b>16,286,632</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	14,108,026	4,829,609
Bonds	44,421,137	0
Long-term liabilities to related parties	0	4,429,058

Deferred tax liabilities	4,875	44,550
Customer advances	29,104,998	7,635,951
Lease liabilities	632,638	0
Amounts withheld for guarantees	2,393,654	1,733,237
Other long-term liabilities	196,521	137,101
<b>Total non-current liabilities</b>	<b>90,861,849</b>	<b>18,809,506</b>
<b>Current liabilities</b>		
Trade and other payables	10,314,925	4,471,907
Bonds	68,892	0
Short-term liabilities to related parties	542,695	3,124,653
Loans and borrowings	11,506,888	5,239,689
Customer advances	11,705,108	28,127,855
Lease liabilities	2,328,719	0
Other tax liabilities	2,500,935	707,187
Income tax liabilities	102,151	45,269
Other provision	97,351	0
<b>Total current liabilities</b>	<b>39,167,664</b>	<b>41,716,560</b>
<b>Total liabilities</b>	<b>130,029,513</b>	<b>60,526,066</b>
<b>Total</b>	<b>181,570,651</b>	<b>93,771,641</b>

### Equity - share capital and share premium (based on the consolidated financial statements)

The parent company's share capital amounted – as end of December 2019 – to EUR 32,000,000 (based on IFRS it was an equivalent of HUF 9,897,492 thousand) consisting of ordinary shares with nominal value of EUR 1 in the number of 32,000,000. All shares were fully paid. Ordinary shares provide the rights to the holders on a pro-rata basis.

In March 2020 the Shareholders of the Company decided to increase the capital of the Company by HUF 12,001,129,600. The capital increase has taken place by issuing additional 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 increased by HUF 7,431,040,000 equalling to (based on Hungarian Accounting Standards) HUF 18,013,760,000. It is important to note also that the Company changed its reporting currency from EUR into HUF, as of beginning of 2020. The amount exceeding the sum of the registered capital of the Company is accounted for capital reserve. The shareholders have already fully paid the new shares by injecting HUF 12,001,129,600 to the Company.

#### Share capital

*In thousands of Hungarian Forints (THUF)*

Company	As at 31.12.2019			
	Nominal value of shares (THUF)	Ownership percentage	Nominal value of shares (THUF)	Ownership percentage
Cordia Holding B.V. and Finext Consultants Limited	9,897,492	100.00%	9,897,492	100.00%
<b>Total</b>	<b>9,897,492</b>	<b>100.00%</b>	<b>9,897,492</b>	<b>100.00%</b>

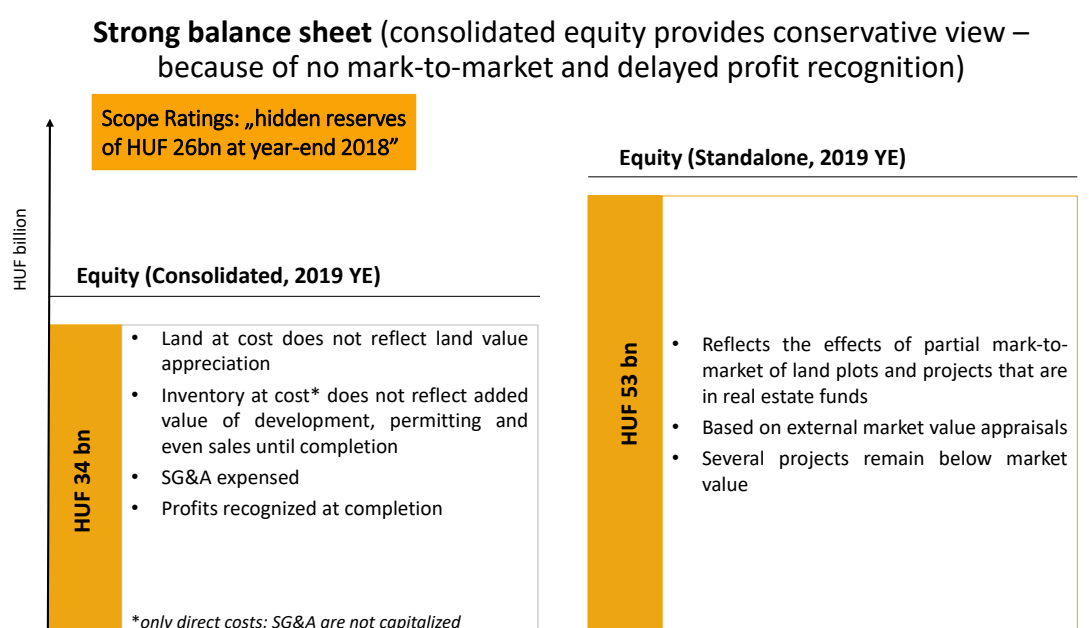
#### Share premium

*In thousands of Hungarian Forints (HUF)* **01.01.2019-31.12.2019**

<b>Opening balance</b>	<b>592,166</b>
Proceeds from capital increase	8,098,355
<b>Closing balance</b>	<b>8,690,521</b>

### Equity - share capital based on the stand-alone financial statements

The potential discrepancy between historical and market value approach and its impact on the balance sheets of the residential developers can be easily observed when comparing the stand-alone Balance Sheet of the Issuer and consolidated Balance Sheet of Cordia Group. Due to possible recognition of the residential assets held by real estate funds (mainly Hungarian assets) at the market value (based on the external market value appraisers) and dividends declared by subsidiaries increasing the equity of the Issuer, the total equity evidenced in the stand-alone Balance Sheet of the Issuer as of 31 December 2019 amounts to HUF 53 billion, while in the consolidated financial statement (where all intercompany transactions must be eliminated) the consolidated equity of Cordia Group amounts to HUF 34 billion, which is illustrated on the chart below:



The total equity of the Company as end of December 2019 (i.e. before the capital increase of HUF 12.0 bn made in March 2020) amounted to HUF 52.9 bn as evidenced in the Separate Financial Statements of the Company and to HUF 34.0 bn as evidenced in the Consolidated Financial Statements of the Group.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Separate FS 31.12.2019</b>	<b>Consolidated FS 31.12.2019</b>
Share capital	9,897,492	9,897,492
Share premium	8,690,521	8,690,521
Retained earnings	34,347,479	15,011,843
Non-controlling interests, other reserves, currency translation reserve	N/A	426,830
<b>Total equity</b>	<b>52,935,492</b>	<b>34,026,686</b>

### Net assets attributable to non-controlling investment unit holders

Cordia Group has long-term strategic partnership with several institutional investors that have invested capital in Cordia projects through privately issued and closed ended investment funds controlled by Cordia Group, namely Finext Real Estate Opportunities One SICAV-SIF Sub-Fund and Finext Real Estate

Opportunities Budapest SICAV-SIF Sub-Fund. The funds issue two classes of investment units in the form of shares: Class C is owned by the Cordia Group, Class P is purchased by the non-controlling investors. Based on the funds' prospectus, repayment of the original investments and distributions of profits and losses are to be made as follows:

- first, original investments into Class P and Class C shares shall be returned pro-rata and pari passu. Potential losses are therefore suffered pro-rata, based on invested capital.
- after pro rata distributions equal to the invested capital to all shareholders, potential profits are not distributed on pro-rata basis but in different proportions changing based on the internal rate of return achieved by the Class P unitholders versus pre-agreed hurdles.

Cordia Group does not provide any guarantee on the return of the capital invested by the investors. Based on industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated financial statements.

The investment of the non-controlling investment unit holders in two subsidiaries (Finext Funds BP SICAV-SIF and Finext Funds One SICAV-SIF) and the movements in the balances is presented in the table below. The change in the balance recorded during 2019 is due to mainly the new investments and the redemptions made to the non-controlling investment unit holders.

*In thousands of Hungarian Forints (HUF)*

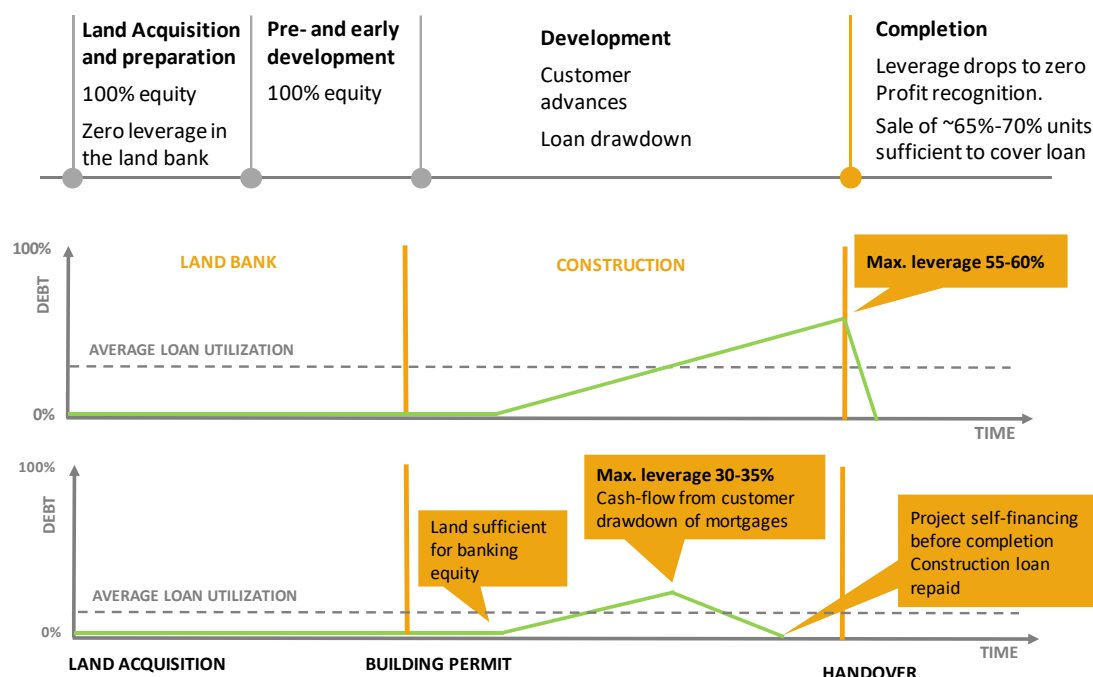
<b>Opening balance 31 December 2018</b>	<b>16,286,632</b>
Investment made by non-controlling investment unit holders	9,970,000
Redemption	-7,490,178
Loss attributable to non-controlling parties	-1,053,162
Other change in non-controlling interests	-198,840
<b>Closing balance 31 December 2019</b>	<b>17,514,452</b>

At each period end, Cordia Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance in the statement of financial position among net assets attributable to non-controlling investment unit holders instead of non-controlling interests.

## Loans and borrowings

Cordia Group finances its activity to great extent by bank loans, which are utilized during the period of construction works, while the pre-development phase (all preparatory works, including land purchase, preparation of design, arrangement of all needed permits, etc.) is usually financed by Cordia Group's equity.

The below chart presents the typical division between phases of development of the residential project (in Hungary and Romania on the first chart and in Poland – where staged payments are typical - on the second chart):



The table below presents the movement in loans and borrowings from third parties in 2019 and in 2018:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>01.01.2019-31.12.2019</b>	<b>01.01.2018-31.12.2018</b>
<b>Opening balance</b>	<b>10,069,298</b>	<b>6,482,075</b>
New bank loan drawdown	22,694,512	16,108,315
Loan repayments	-4,078,605	-12,584,290
Other (non-cash changes)	-3,070,291	63,198
<b>Total closing balance</b>	<b>25,614,914</b>	<b>10,069,298</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	23,425,487	7,668,640
EUR	0	669,315
PLN	2,189,427	1,731,343
<b>Total closing balance</b>	<b>25,614,914</b>	<b>10,069,298</b>
<b>Closing balance includes:</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Current liabilities	11,506,888	5,239,689
Non-current liabilities	14,108,026	4,829,609
<b>Total closing balance</b>	<b>25,614,914</b>	<b>10,069,298</b>

New bank loan drawdowns and loan repayments relate solely to progress (new openings or completions) of the residential projects realized by Cordia Group and to increasing scale of Group operations. Loan repayments in 2019 were mainly related to final settlements of projects completed in Budapest as well as to the Polish projects. New bank loan drawdowns were related to other projects run by Cordia Group in Hungary.

The table below presents the list of the construction loan facilities, which Cordia Group arranged for in regards to entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Subsidiaries:

*In thousands of Hungarian Forints (HUF)*

Entity name	Project name	As at 31.12.2019	As at 31.12.2018
Cordia Development 2. Development Fund	Thermal Zugló 2	0	3,512,712
Cordia Development 2. Development Fund	Thermal Zugló 3	1,205,143	49,886
Cordia Global 3. Development Subfund	Young City	414,125	3,639,967
Cordia Global 3. Development Subfund	Young City 2	1,949,457	166,137
Cordia Global 4. Development Subfund	Rózsa55	1,887,953	650,174
Cordia Global 5. Development Subfund	Grand'Or	2,269,436	2,733,692
Cordia Global 7. Development Subfund	Marina Garden	1,401,110	1,577,884
Cordia Global 8. Development Subfund	Sasad Resort Sun	4,162,893	3,642,408
Cordia Global 9. Development Subfund	Centropolitan	2,700,000	0
Cordia Global 10. Development Subfund	Sasad Hilltop	4,610,000	0
Cordia Global 11. Development Subfund	Grand Corvin	3,874,217	0
Cordia Global 12. Development Subfund	Marina Portside	7,500,000	0
Cordia Global 17. Development Subfund	Young City 3	5,580,000	0
Cordia Global 18. Development Subfund	Akadémia Garden	7,620,000	0
Projekt Warszawa 1	Zielone Bemowo 1	1,626,156	4,639,890
Projekt Warszawa 1	Zielone Bemowo 2	3,569,206	0
Cordia Supernova Sp. Z o.o.	Supernova	0	6,279,308
Projekt Krakow 1	Lotniczówka	1,595,544	0
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	5,022,013	0
<b>Total excluding JV</b>		<b>37,457,317</b>	<b>26,892,058</b>
Cordia Global 6. Development Subfund	Marina Life	1,974,487	0
Cordia Global 6. Development Subfund	Marina Life 2	5,315,360	0
<b>Total including joint ventures</b>		<b>44,747,164</b>	<b>26,892,058</b>

In 2019, the Issuer has carried out a successful bond issue on 5 November (Cordia 2026/I). The financial settlement date is 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 is HUF 44.4 billion including a 10% overallotment accepted by the Issuer.

The table below presents the summary of certain significant conditions of CORDIA 2026/I bonds as presented in the Cordia Group's Consolidated Financial Statements as 31 December 2019 (page 63 of Cordia Group's Consolidated Financial Statements as 31 December 2019):

*In Hungarian Forints (HUF)*

Bond name	Coupon	Maturity Date	Coupon Payment Dates	Amortisation
CORDIA 2026/I HUF Kötvény	4.00% per annum (semi-annual coupon payments on amortized face value)	7 November 2026		HUF
			7 May 2020	8,333,333 due on 7 May 2024
			7 November 2020	HUF
			7 May 2021	8,333,333 due on 7
			7 November 2021	November
			7 May 2022	2024
			7 November 2022	HUF
			7 May 2023	8,333,333 due on 7 May 2025
			7 November 2023	HUF
			7 May 2024	8,333,333 due on 7
			7 November 2024	November
			7 May 2025	2025
			7 November 2025	HUF
			7 May 2026	8,333,333 due
			7 November 2026	

on 7 May 2026  
HUF  
8,333,335 due  
on 7  
November  
2026

In 2020, the Issuer has carried out another successful bond issue July 27, 2020 (Cordia 2030/I). The financial settlement date was July 27, 2020, the maturity is on July 27, 2030. The offered volume was HUF 36 billion at face value which attracted HUF 49.85 billion in bids. The amount of funds raised was HUF 37,561,470,700.-.

The table below presents the summary of certain significant conditions of CORDIA 2030/I bonds as presented in the Cordia Group's Consolidated Financial Statements as 31 December 2019:

*In Hungarian Forints (HUF)*

Bond name	Coupon	Maturity Date	Coupon Payment Dates	Amortisation
CORDIA 2030/I HUF Kötvény	3.00% per annum (semi-annual coupon payments on amortized face value)	27 July 2030		HUF 750,000
			27 July 2021	HUF 750,000
			27 January 2022	HUF 750,000
			27 July 2022	HUF 750,000
			27 January 2023	HUF 750,000
			27 July 2023	HUF 750,000
			27 January 2024	HUF 750,000
			27 July 2024	HUF 750,000
			27 January 2025	HUF 750,000
			27 July 2025	HUF 750,000
			27 January 2026	HUF 750,000
			27 July 2026	HUF 750,000
			27 January 2027	HUF 750,000
			27 July 2027	HUF 750,000
			27 January 2028	HUF 675,000
			27 July 2028	HUF 600,000
			27 January 2029	HUF 525,000
			27 July 2029	HUF 450,000
			27 January 2030	HUF 375,000
			27 July 2030	HUF 300,000

### Liabilities to related parties

Following earlier initiatives aimed at separation of Cordia Group from Futureal Group (affiliated due to involvement of the joint leading shareholder), the open balance of the loans granted as well as of the loans received from the companies belonging to Futureal Group has been settled.

The table below presents the breakdown of liabilities to the related parties:

*In thousands of Hungarian Forints (HUF)*

	As at 31.12.2019	As at 31.12.2018
Trade payables	264,349	0
Loan	51,820	7,028,529
Accrued expenses payables	226,526	525,182
Other liabilities	0	0
<b>Total closing balance</b>	<b>542,695</b>	<b>7,553,711</b>



<b>Closing balance includes:</b>		
Current liabilities	542,695	3,124,653
Non-current liabilities	0	4,429,058
<b>Total closing balance</b>	<b>542,695</b>	<b>7,553,711</b>

### Customer advances received

The table below presents the breakdown of customer advances received by projects. These are recorded as contract liabilities as required by IFRS 15.

Despite deliveries of the completed projects to the customers, the overall balance of the received advanced payments has been constantly increasing over the past periods – in line with dynamically growing scale of Cordia Group operations (which was also evidenced by number of contracted customer agreements as well as by increasing balances of inventories).

*In thousands of Hungarian Forints (HUF)*

Entity name	Project name	As at 31.12.2019	As at 31.12.2018
Cordia Development 1. Development Fund	Corvin Átrium	880	1,718,788
Cordia Development 2. Development Fund	Thermal Zugló 2	0	751,494
Cordia Development 2. Development Fund	Thermal Zugló 3	2,717,965	1,466,090
Cordia Global 1. Development Subfund	Kapás 21	75,226	3,272,616
Cordia Global 10. Development Subfund	Sasad Hilltop	1,192,212	362,959
Cordia Global 11. Development Subfund	Grand Corvin	3,619,833	1,353,576
Cordia Global 12. Development Subfund	Marina Portside	1,583,568	397,942
Cordia Global 13. Development Subfund	Universo	2,820,664	0
Cordia Global 14. Development Subfund	N/A	0	184,279
Cordia Global 17. Development Subfund	Young City 3	765,586	0
Cordia Global 18. Development Subfund	Akadémia Garden	1,372,184	145,137
Cordia Global 19. Development Subfund	Grand Corvin 2	6,480,881	0
Cordia Global 2. Development Subfund	Corvin Átrium 2	913,816	6,754,793
Cordia Global 3. Development Subfund	Young City	1,429,614	1,372,536
Cordia Global 3. Development Subfund	Young City 2	2,017,741	1,625,524
Cordia Global 4. Development Subfund	Rózsa55	1,326,021	4,059,227
Cordia Global 5. Development Subfund	Grand'Or	968,666	696,197
Cordia Global 7. Development Subfund	Marina Garden	7,805,922	5,515,641
Cordia Global 8. Development Subfund	Sasad Resort Hill	1,204,576	1,115,162
Cordia Global 8. Development Subfund	Sasad Resort Sun	1,193,490	1,049,102
Cordia Global 9. Development Subfund	Centropolitan	737,951	317,684
Cordia FM Társasházkezelő Kft	N/A	62,747	37,459
Cordia Parcului Residential project SRL	Parcului201	675,464	15,546
Projekt Krakow 1	Lotniczówka	489,104	0
Cordia Supernova Sp. Z o.o.	Supernova	66,804	2,347,030
Projekt Warszawa 1	Zielone Bemowo 1	517,817	1,176,157
Projekt Warszawa 1	Zielone Bemowo 2	715,039	0
Villena sp. z o.o.	Cystersów Garden 2	0	28,867
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	44,696	0
Projekt Kraków 3 Cordia Partner 2 Sp. z o.o. Sp.k.	Jerozolimska	11,639	0
<b>Total subsidiaries</b>		<b>40,810,106</b>	<b>35,763,806</b>
Cordia Global 6. Development Subfund	Marina Life	1,843,563	1,104,495
Cordia Global 6. Development Subfund	Marina Life 2	982,397	0
<b>Total including joint venture</b>		<b>43,636,066</b>	<b>36,868,300</b>

### For the period ended

*In thousands of Hungarian Forints (THUF)*

	01.01.2019-31.12.2019
<b>Opening balance of customer advances</b>	<b>35,763,806</b>
Increase in contract liabilities from customer advances received for not completed performance obligations	23,551,409
VAT related contract liability decrease that was included in the	853,806

contract liability balance at the beginning of the period	
Revenue recognised that was included in the contract liability balance at the beginning of the period	17,651,302
<b>Closing balance of customer advances</b>	<b>40,810,106</b>

## j) Cash Flow

The cash-flow statement confirms and well illustrates the trends presented and described in previous chapters, namely the very dynamic expansion of Cordia Group (which can be traced as ongoing increase in inventory line) has been financed by: i) equity injected by major shareholder ii) capital contributed by non-controlling holders of shares and investment notes, iii) bank loan financing.

Cordia Group increased also its financial capabilities by placement of long-term bonds in late 2019 for the nominal value of HUF 44.0 billion.

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Cash flows from/(used in) operating activities</b>		
Profit/(loss) before taxation for the period	6,762,371	3,544,811
Depreciation	504,285	154,930
Other non-cash movements*	568,872	616,823
Profit/loss on sale of tangible and intangible assets	-56,518	21,261
Net finance income/expense	254,557	-119,681
Increase in inventory	-40,906,278	-17,848,785
Share of loss in joint venture	146,460	102,756
Decrease/(increase) in trade and other receivables	923,993	1,251,687
(Decrease)/increase in liabilities from related parties	-786,133	-2,552,379
Increase in trade and other payables	7,603,720	-810,345
Increase in short-term loan receivables	-342,963	0
Increase in provision	102,151	0
Increase in advances received	5,046,300	10,235,873
Interest paid	-650,498	-723,472
Income tax paid	-347,863	-427,934
<b>Net cash from/(used in) operating activities</b>	<b>-21,177,544</b>	<b>-6,554,456</b>
<b>Cash flows from/(used in) investing activities</b>		
Proceeds from sale of investment property	0	0
Proceeds from sale of non-current assets held for sale	0	0
Cash paid for acquisition of subsidiaries	-10,487,932	-137,924
Cash of acquired subsidiaries	1,510,746	241,104
Acquisitions of tangible and intangible assets	-262,024	-316,631
Sale of tangible and intangible assets	25,843	0
Investing in other long-term financial assets	-8,470,402	2,803,287
Increase of long-term loan receivables	1,010	-182,387
Repayment of long-term loan receivables	1,130,988	147,940
Repayment of short-term loan receivables	3,296,947	0
Interest received	35,765	294,912
Purchase of investments in joint ventures	-594,119	-832,556
<b>Net cash from/(used in) investing activities</b>	<b>-13,813,178</b>	<b>2,017,745</b>
<b>Cash flows from/(used in) financing activities</b>		
Proceeds from loans and borrowings	22,820,096	28,642,619
Repayment of loans and borrowings	-11,467,294	-23,302,397
Capital increase	8,742,935	0
Proceeds bond issue net of issuance cost	44,236,063	0
Issuance of non-controlling shares and	10,058,175	10,240,551

investment notes		
Redemption of non-controlling shares and investment notes	-7,490,178	-1,574,971
Repayment of lease liability	-279,227	0
<b>Net cash from financing activities</b>	<b>66,620,570</b>	<b>14,005,802</b>
<b>Net change in cash and cash equivalents</b>		9,469,091
Cash and cash equivalents at beginning of the year	31,629,848	9,971,253
	19,440,344	
<b>Cash and cash equivalents at end of the period</b>	<b>51,070,192</b>	<b>19,440,344</b>

*\*Other non-cash movements mainly include unrealized foreign exchange differences.*

#### **k) Current and Planned Investments and Constructions**

As of 31 March 2020 Cordia Group was involved in active development (construction) of 24 projects comprising 4,938 apartments, of which (as end of March 2020) as many as 2,937 units were pre-contracted with the customers. All these projects are intended to be completed by Cordia Group during 2020 and during the next years which will substantially contribute to revenues and profits recognised by Cordia Group in the forthcoming periods.

More details on the value of the contracts executed with the customers and the money collected from the customers by end of December 2019 can be read in the Cordia Group's Consolidated Financial Statements as 31 December 2019.

The entire detailed list of the residential projects that are in the pre-development (preparatory) phase as well as which are on-going and active developments under construction is presented in Section 5.11 (*List of the Projects of Cordia Group*).

#### **l) Source of Equity and Liability**

Source of capital financing Issuer operations is presented in details in the foregoing chapters „Equity and Liabilities“ and „Cashflow“.

## 8 SELECTED FINANCIAL INFORMATION (2019, H2019 & H12020)

This Section contains the analysis on the Cordia Group's and Issuer's financial condition and operating result for the periods ended 30 June 2020 and 2019 based on the Condensed Interim Consolidated Financial Information. The only exception is made in case of presentation of the equity engaged by the leading shareholder, in which case, both consolidated, as well as stand-alone perspective is presented.

### **a) Major Factors Impacting the Business Results**

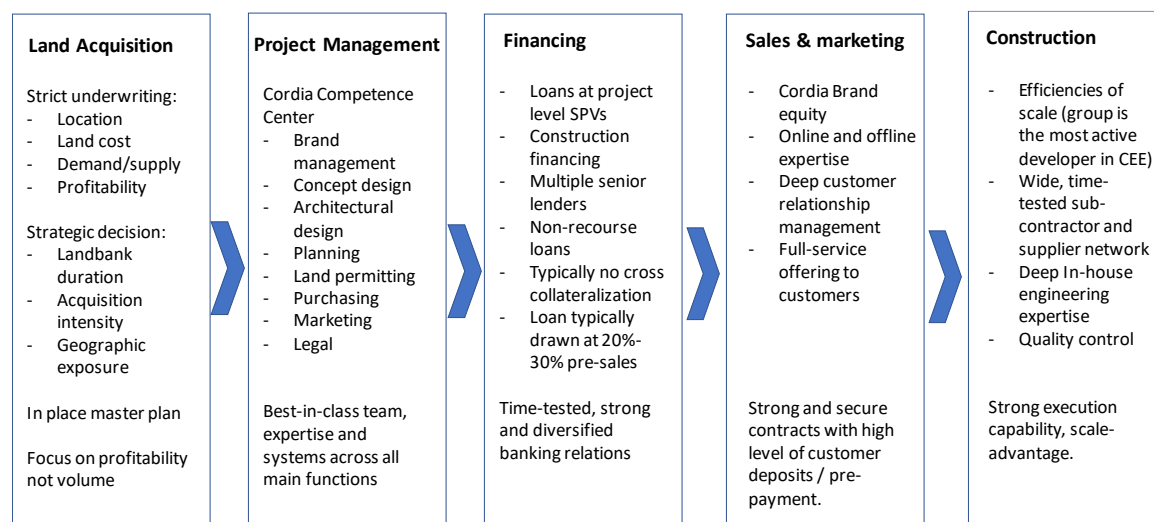
Cordia Group is an experienced residential developer focused on development of residential projects.

Cordia Group operates in Hungary, Poland, Romania as well as acquired its first residential assets in Spain and is present in leading local residential markets, i.e. in Budapest, Warsaw, Krakow, Tri-City (Gdańsk), Poznań and Bucharest.

The residential projects are being developed by individual Subsidiaries established for that purpose, i.e. the Project Entities. Therefore the below analysis of the financial position of the Group is based on the Consolidated Financial Statements. The only exception is made – as mentioned above – in case of presentation of the equity engaged by the leading shareholder (i.e. based both on consolidated and on stand-alone perspective).

Cordia Group has very unique competences and extensive experience in managing each of the stages of development process.

The below chart illustrates particular stages of the entire development process.



Revenues, costs and profits from the sale of residential units are recognized at a point in time when control over the property is transferred to the customer (in accordance with IFRS 15). It means that as long as the respective residential project cannot be handed over to the final customers (even despite all apartments can be pre-sold and the construction process can be nearly finished), the potential benefits and profits are not evidenced in the Profit and Loss accounts yet. Revenue and profit recognition is delayed until the project is finally delivered to the customers.

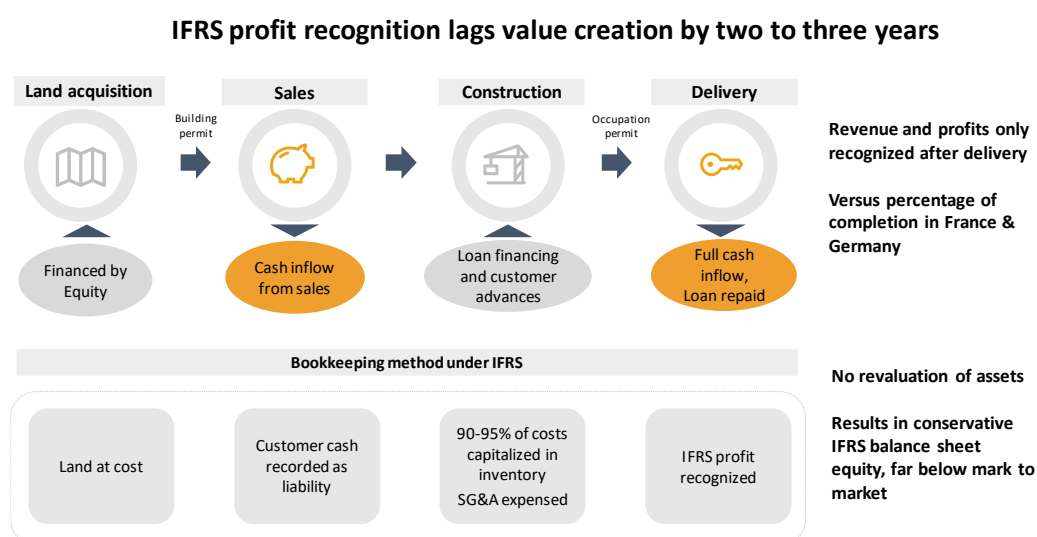
Before recognition of the revenues from sales of apartments, all direct costs associated with development of the residential project (including costs of land, construction costs, costs of preparation like architect design, as well as direct financing costs) are capitalized to the inventories, while advances pre-paid by customers are recognized as liabilities. It is important also that some indirect costs related

to preparation of the residential projects (like management, marketing, administration) are not capitalized and are evidenced as current costs decreasing profitability in the current period and translating into lower equity of Cordia Group.

The dynamic expansion of Cordia Group in the past years resulted in the significant increase of the number of projects in Cordia Group's portfolio, including the projects that are under construction as well as number of projects which are still in the preparatory (and planning) phase.

At the end of June 2020 Cordia Group was involved in development of as many as 20 projects (including Polnord) that were under construction, including as many as 3,828 apartments, of which 2,132 were already pre-sold to the customers. Direct expenses which were associated with preparation of those units were capitalized and evidenced in inventories, while all revenues and profits expected from development and sales of these apartments will be recognized by Cordia Group in the next periods.

The revenues and profits recognized by Cordia Group during 1H2019 and 1H2020 were driven mainly by revenues from delivery to the end users of 160 and of 792 apartments respectively.



As of the April 9, 2020 Cordia Group finalised acquisition of 92.92% stake of Polnord shares. As a result of successful tender offer for Polnord shares and new shares registration that happened earlier on February 10<sup>th</sup> 2020, Cordia took over operational control of Polnord management as on 10<sup>th</sup> April 2020, and recognised it in Condensed Interim Consolidated Financial Information as of 30<sup>th</sup> June 2020. This event had a significant impact on Cordia Group financial position and profits. The following tables represent major information that impacted Cordia Group Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.

Cordia Group acquire the following assets and liabilities with the acquisition of Polnord.

### Identifiable assets acquired and liabilities assumed

*In thousands of Hungarian Forints (THUF)*

**9th April 2020**

#### Assets

Intangible assets	18,387
Investment properties	20,894,295

Property, plant and equipment	612,295
Long-term receivables from third parties	7,272,574
Investments accounted for using equity method	4,214,705
Deferred tax assets	915,539
Restricted cash	2,646
Inventory	39,300,855
Trade and other receivables	1,288,577
Other short-term assets	26,042
Income tax receivables	135,009
Short-term VAT receivables	1,539,568
Loan receivables	7,069
Other financial assets	638,526
Cash and cash equivalents	7,418,656

### Liabilities

Deferred tax liabilities	946,413
Other provision	882,451
Lease liabilities	5,492,506
Other long-term liabilities	112,018
Trade and other payables	2,857,297
Bonds	10,649,566
Customer advances	13,254,730
Income tax liabilities	455,280
Other provision	6,210,229
Lease liabilities	7,577,110

<b>Total identifiable net assets acquired</b>	<b>35,847,143</b>
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The impact of the purchase of Polnord's newly issued shares registered as of February 10<sup>th</sup>, 2020 is presented below. The bargain gain from this transaction appears on 'Share of profit/(loss) in associate and joint venture' PnL line.

<i>In thousands of Hungarian Forints (THUF)</i>	<i>10th February 2020</i>
Fair Value of Polnord consolidated NetAsset	35,922,586
Cordia Ownership	65.66%
Proportionate share from Polnord Net Asset	23,586,770
Consideration paid	10,560,242
<b>Bargain Gain on Polnord as associate</b>	<b>13,026,528</b>

The impact of recognising Polnord as subsidiary after successful acquisition of 27,26% shares of Polnord on April 9<sup>th</sup>, 2020 is presented below. The fair value of previously held interest is calculated based on quoted share price. The bargain gain on this transaction appears on 'Other Income' PnL line.

<i>In thousands of Hungarian Forints (THUF)</i>	<i>9th April 2020</i>
Fair Value of Polnord consolidated NetAsset	35,847,146
Cost of purchasing shares from public call	7,528,145
Remaining Non-Controlling Interest (7,08%)	2,537,978
Investment in associate	23,537,236
Other	95,560
<b>Bargain Gain on Polnord as subsidiary</b>	<b>2,148,227</b>

For more information on this transaction please refer to relevant Notes in Condensed Consolidated Financial Information.

**b) Revenue**

<b>For the period ended 30 June</b>	<b>2020H1</b>	<b>2019H1</b>
<i>In thousands of Hungarian Forints (THUF)</i>		
Revenue from sale of real estate	27,664,926	7,190,775
Other revenue	784,267	640,622
<b>Total revenue</b>	<b>28,449,193</b>	<b>7,831,397</b>

The revenues from sale of real estate of Cordia Group are driven mainly by value of apartments handed over to its clients. Other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot. Revenues from service and rental charges are recognized over time, other fees are recorded at a point in time.

Besides delivering residential units which were completed in the previous period, in the first half of 2020 Cordia Group finished four projects in Hungary (Sasad Resort 1 HILL, Sasad Resort 1 SUN, Marina Garden, Young City 1) and three in Poland (Studio Morena, Fotopalstykon II, Fotopalstykon III – newly acquired with Polnord) and started to hand over those apartments to its customers, which allowed for a total delivery of 792 units during 1H 2020, of which 439 were delivered in Hungary and 353 were delivered in Poland.

The aggregated revenues from sale of residential assets to the customers amounted to nearly HUF 27.7 billion during entire 1H of 2020, of which HUF 9.2 billion was in Polnord. As a comparison Cordia Group has delivered 160 units during 1H of 2019 of which 156 were delivered in Hungary and 4 in Poland which resulted an aggregated sales revenue of nearly HUF 7.2 billion.

**c) Operating Expenditures**

Cost of sales represent all direct costs capitalized during development of the apartments and other assets delivered to the customers in the same period. Cost of Sales increased by 485% during 1H of 2020 if compared to 1H of 2019. The main reason behind the growth was almost 5 times higher number

of apartments completed and delivered to the customers during 2020. It was both the result of Polnord acquisition, and higher handovers in Hungary.

The below table presents the cost of sales in the past periods, as well as the break-down of the other operating costs of Cordia Group, which are not capitalized to inventories and affect the profitability of Cordia Group in particular period, in which they occur.

#### For the period ended 30 June

*In thousands of Hungarian Forints (THUF)*

	2020H1	2019H1
Cost of sales	24,618,062	4,210,879
Selling and marketing expenses	1,127,898	775,255
Administrative expenses	1,782,990	1,670,134
Other expenses	904,530	485,222
Other income	(2,574,000)	(23,034)
<b>Total administrative expenses</b>	<b>25,859,480</b>	<b>7,118,456</b>

#### d) Operating Profit, EBITDA

In the first half of 2020, operating profit increased by 263% to almost HUF 2.6 billion comparing to HUF 0.71 billion in the same period in 2019. Operating margin remained at the same 9.1% level. The first half of 2020 results were driven mainly by increasing revenues (+264% yoy). It was also impacted by temporary declining gross profit margin affected by higher construction and land costs on handedover projects. It is worth to mention, that over HUF 1.22 billion of Polnord gross profit for 1H2020 should contribute to Cordia Group consolidated gross profit, however due to obligatory Net Assets Fair Value approach during Purchase Price Allocation process after acquisition, this profit was recognised as a part of the bargain gain on PnL in Other Income line.

#### For the period ended 30 June

*In thousands of Hungarian Forints (THUF)*

	2020H1	2019H1
<b>Revenue</b>	<b>28,449,193</b>	<b>7,831,397</b>
<b>Cost of sales</b>	<b>-24,618,062</b>	<b>-4,210,879</b>
<b>Gross profit</b>	<b>3,831,131</b>	<b>3,620,518</b>
<i>gross profit margin</i>	<i>13%</i>	<i>46%</i>

*In thousands of Hungarian Forints (THUF)*

	2020H1	2019H1
<b>EBITDA</b>	<b>2,862,770</b>	<b>954,327</b>
<b>Operating profit</b>	<b>2,589,713</b>	<b>712,941</b>
<i>operating profit margin</i>	<i>9%</i>	<i>9%</i>

#### e) Financial Result

It is important to note that all financial costs which directly relate to execution of the residential projects (interest costs and other banking fees related to projects under execution) are not disclosed in the profit and loss account but they are capitalized to inventories and are recognized as one of the elements



of costs of sales upon delivery of apartments to their buyers (in the same way, like for instance construction costs, costs of land purchase or costs of architects design). Therefore the financial costs disclosed in the Statement of Profit and Loss relate only to those expenses which cannot be capitalized.

Interest income on cash deposits, like exchange rate gains or losses are also not capitalized to the inventories and affect the results in particular period when they occur.

The below table presents the result on financial operations of Cordia Group in the past periods. Other finance income and cost is mainly related to realized and non-realized foreign exchange differences arising on EUR denominated borrowings and trade payables.

<b>For the period ended 30 June</b>		
<i>In thousands of Hungarian Forints (THUF)</i>	<b>2020H1</b>	<b>2019H1</b>
Interest income	111,026	59,945
Other financial income	3,792,996	1,611,515
<b>Finance income</b>	<b>3,904,022</b>	<b>1,671,461</b>
Interest expense	-425,249	-242,449
Other financial expense	-3,067,422	-1,169,181
<b>Finance expense</b>	<b>-</b>	<b>-</b>
<b>Net finance income/(expense)</b>	<b>411,351</b>	<b>259,831</b>

**f) Profit After Tax**

Cordia Group made over HUF 16.68 billion profit after tax in the first half of 2020. The most significant was HUF 15.18 billion bargain gain on acquisition of Polnord below Fair Value of its Net Asset (of which 13.03 billion was recognised in 'Share of profit/(loss) in associate and joint venture' and 2.15 billion was recognized in 'Other Income' PnL lines). It was significantly higher than HUF 0.87 billion in the first half of 2019.

<b>For the period ended 30 June</b>		
<i>In thousands of Hungarian Forints (THUF)</i>	<b>2020H1</b>	<b>2019H1</b>
<b>Profit/(loss) for the period</b>	<b>16,680,456</b>	<b>872,877</b>

**g) Non-Current Assets**

Non-Current Assets of Cordia Group do not include real estate properties which are used in the developers' cycle and are evidenced as current assets as part of the inventories.

Polnord consolidation and Argo acquisition have the most significant impact on Cordia Group Non-Current Assets when comparing to 1H2019. The major balances are Investment properties (fully attributable to Polnord land plots hold for capital appreciation), Investments accounted for using equity method (the most significant balance is carrying amount of HUF 13.15 billion of Agro shares) and Long-term receivables from third parties (majority of them attributable to Polnord claims). More information about specific balances might be found in related Notes in Condensed Interim Consolidated Financial Information. Total amount of Non-Current Assets increased by almost HUF 44.4 billion of which over HUF 33 billion is attributable to Polnord.

### Non-current assets

*In thousands of Hungarian Forints (THUF)*

	2020H1	2019H1
Intangible assets	202,696	196,905
Investment properties	21,153,967	0
Property, plant and equipment	2,050,671	1,625,914
Long-term receivables from third parties	7,440,958	9,486
Long-term receivables from related parties	1,097	1,010
Investments accounted for using equity method	18,681,036	1,177,459
Deferred tax assets	924,935	127,714
Restricted cash	131,048	2,100,120
Long-term VAT receivables	600,597	1,526,564
Other long-term assets	644,443	613,036
<b>Total non-current assets</b>	<b>51,831,448</b>	<b>7,378,208</b>

### h) Current Assets

Increasing balance of inventories reflect dynamic development of Cordia Group in recent periods – both by increasing the balance of the land bank as well as increasing the balance of the construction costs capitalized.

The most significant element of the current assets are inventories, which cumulate all costs that have been capitalized in relation to development and preparations of the residential projects by Cordia Group, that were not yet delivered to the customers. Almost HUF 39.3 billion of inventories are Polnord strategic landbank and ongoing projects. The other significant item is cash and cash equivalents, which reflects Issuer approach to liquidity risk management.

### Current assets

*In thousands of Hungarian Forints (THUF)*

	2020H1	2019H1
Inventory	147,688,649	102,954,301
Trade and other receivables	1,839,450	328,946
Short-term receivables from related parties	120,877	846,049
Other short-term assets	2,078,171	11,468,750
Income tax receivables	169,333	58,410
Loan receivables	5,437,237	342,963
Short-term VAT receivables	4,015,420	3,782,709
Restricted cash	6,316,331	3,062,290
Other financial assets	258,608	277,833

Cash and cash equivalents	38,291,995	51,070,192
<b>Total current assets</b>	<b>206,216,071</b>	<b>174,192,443</b>

The very dynamic expansion of Cordia Group is confirmed by all main categories of inventories increasing over the past periods, including lands as well as construction costs. The below table presents the breakdown of inventories into particular subgroups referring to the nature of the expenses capitalized.

<b>Inventory</b>	<b>Closing balance</b>	<b>Closing balance</b>
<i>In thousands of Hungarian Forints (THUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
<i>Lands and Acquisition costs</i>	66,283,611	43,088,118
<i>Construction and Engineering costs</i>	49,742,167	46,190,554
<i>Planning</i>	2,815,355	2,846,612
<i>Borrowing costs</i>	1,912,123	1,358,735
<i>Other, including capitalized VAT</i>	3,695,961	3,248,666
<b>Work in progress</b>	<b>124,449,217</b>	<b>96,732,685</b>
<b>Finished goods</b>	<b>18,069,035</b>	<b>4,013,992</b>
<b>Goods for resale</b>	<b>276,159</b>	<b>146,809</b>
<b>Advances for delivery of goods</b>	<b>384,416</b>	<b>0</b>
<b>Rights of perpetual usufruct of land (lease)</b>	<b>4,509,822</b>	<b>2,060,815</b>
<b>Write-down</b>	<b>0</b>	<b>0</b>
<b>Total inventories at the lower of cost or net realizable value</b>	<b>147,688,649</b>	<b>102,954,301</b>

#### **VAT receivables**

VAT receivables mainly contain VAT receivables relating to customer advance payments. Management's expectation is that these amounts may be realized within the normal operating cycle, therefore these balances are presented under current assets.

#### **i) Equity and Liabilities**

It is important to remember that based on the IFRS regime applied by the Issuer in its financial reporting, the statement of financial position data is presented mainly based on the historical, cost figures not reflecting any potential gains in value of the residential assets. All residential assets acquired and held by Cordia Group for the purpose of development and sale of residential apartments are evidenced based on the historical acquisition cost (unless any impairment is required), with the exception of Polnord's assets, that have been recognised at fair value through the Purchase Price Allocation process.

**Equity****Shareholders' equity**

Share capital	18,013,760	9,897,492
Share premium	13,461,608	8,690,521
Currency translation reserve	1,087,548	505.126
Other reserves	-286,681	-286.68
Retained earnings	30,941,428	15,011,843

**Equity attributable to equity holders of the parent****63,217,663 33,818,302**

Non-controlling interests

2,673,377 **208.384****Total equity****65,891,040 34,026,686****Net assets attributable to non-controlling investment unit holders****17,479,619 17,514,452****Liabilities<sup>1</sup>****Non-current liabilities**

Loans and borrowings	23,764,777	14,108,026
Bonds	44,383,497	44,421,137
Long-term liabilities to related parties	0	0
Deferred tax liabilities	758,848	4,875
Other provision	1,095,504	0
Customer advances	12,145,093	29,104,998
Lease liabilities	6,030,152	632,638
Amounts withheld for guarantees	1,699,249	2,393,654
Other long-term liabilities	549,473	196,521

**Total non-current liabilities****90,426,593 90,861,849****Current liabilities**

Trade and other payables	13,822,927	10,314,925
Bonds	9,916,192	68,892
Short-term liabilities to related parties	154,381	542,695
Loans and borrowings	10,039,175	11,506,888
Customer advances	33,629,931	11,705,108
Lease liabilities	10,236,372	2,328,719
Other tax liabilities	973,005	2,500,935
Other provision	6,008,607	102,151
Income tax liabilities	84,444	97,351

**Total current liabilities****84,865,034 39,167,664****Total liabilities****175,291,627 130,029,513****Total****258,662,286 181,570,651**

**Equity - share capital and share premium (based on the Condensed Interim Consolidated Financial Information)**

As at 31 December 2019 the parent company's share capital was 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.

As of 1<sup>st</sup> January 2020 the parent company changed its statutory book keeping currency from EUR to HUF which resulted in translating share capital and share premium to HUF. The effects of this legal change has been presented in the equity movement schedule.

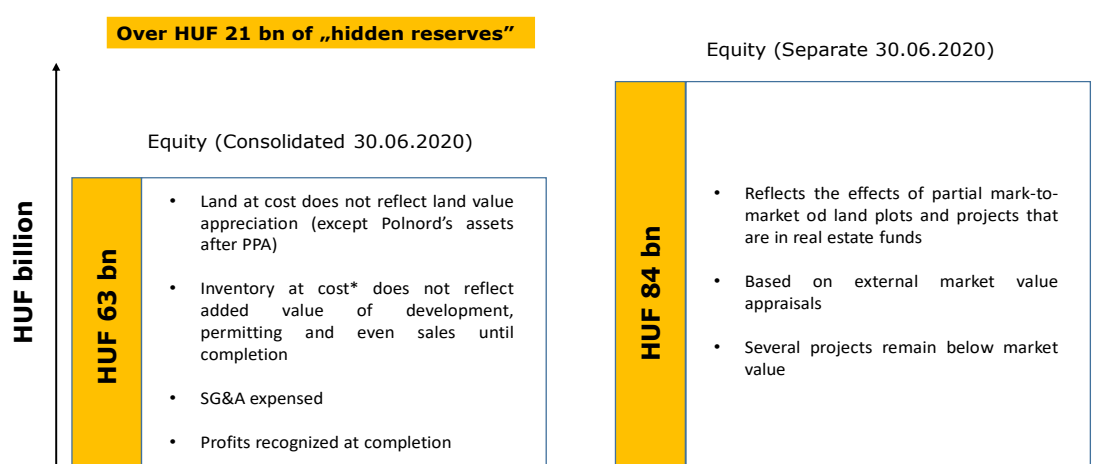
The Shareholders of the Company have unanimously voted for increasing the capital of the Company by HUF 12,001,129,600. The capital increase has taken place by issuing 7,431,040 pieces of ordinary shares of a par value of HUF 1,000 each, at an issue value of HUF 1,615/share with rights identical to the 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. Current shareholder structure is represented in the table below:

<b>30.06.2020</b>		
<b>Company</b>	<b>Nominal value of shares (THUF)</b>	<b>Ownership percentage</b>
Cordia Holding B.V.	17,653,485	98.00%
Finext Consultants Limited	360,275	2.00%
<b>Total</b>	<b>18,013,760</b>	<b>100.00%</b>

## Equity – total equity based on the Condensed Interim Separate Financial Information

The potential discrepancy between historical and market value approach and its impact on the balance sheet of the residential developers can be easily observed when comparing the stand-alone and consolidated Balance Sheet of Cordia Group. Due to possible recognition of the residential assets held by real estate funds (mainly Hungarian assets) at the market value (based on the external market value appraisers) and dividends declared by subsidiaries increasing the equity of the Issuer, the total equity evidenced in the stand-alone Balance Sheet of the Issuer as of 30 June 2020 amounts to HUF 84.2 billion, while in the interim consolidated financial information (where all intercompany transactions must be eliminated) the consolidated equity of Cordia Group amounts to HUF 63.2 billion (not accounting HUF 2.7 billion non-controlling interest) which is illustrated on the chart below :

### Strong Balance Sheet (consolidated equity provides conservative view – because of partial mark-to-market and delayed profit recognition)



Detailed information about the total equity of the Company as end of June 2020 on Consolidated and Separate Balance Sheet is presented below :

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>20.06.2020</b>
<b>Shareholders' equity</b>	<b>Separate FS</b>	<b>Consolidated FS</b>
Share capital	18,013,760	18,013,760
Share premium	13,461,608	13,461,608
Foreign currency translation reserve	180,395	1,087,548
Other reserve	0	-286,680
Retained earnings	52,529,441	30,941,427
<b>Total equity</b>	<b>84,185,204</b>	<b>63,217,663</b>

## Non-controlling interests

Acquisition of Polnord resulted in recognition of HUF 2.6 billion Non-controlling interest representing 7.08 % of stake of minority shareholders. Movements in non-controlling interests during the period ended 30 June 2020 are as follows:

*In thousands of Hungarian Forints (HUF)*

**2020**

<b>Opening balance</b>	<b>208,384</b>
Comprehensive income/(loss) attributable to non-controlling interests	(100,521)
Non-controlling interest arising on acquisition	2,565,514
Redemption of shares owned by non-controlling interest	0
<b>Closing balance</b>	<b>2,673,377</b>

#### **Net assets attributable to non-controlling investment unit holders**

Cordia Group has long-term strategic partnership with several institutional investors that have invested capital in Cordia projects through privately issued and closed ended investment funds controlled by Cordia Group, namely Finext Real Estate Opportunities One SICAV-SIF Sub-Fund and Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund. The funds issue two classes of investment units in the form of shares: Class C is owned by the Cordia Group, Class P is purchased by the non-controlling investors. Based on the funds' prospectus, repayment of the original investments and distributions of profits and losses are to be made as follows:

- first, original investments into Class P and Class C shares shall be returned pro-rata and pari passu. Potential losses are therefore suffered pro-rata, based on invested capital.
- after pro rata distributions equal to the invested capital to all shareholders, potential profits are not distributed on pro-rata basis but in different proportions changing based on the internal rate of return achieved by the Class P unitholders versus pre-agreed hurdles.

Cordia Group does not provide any guarantee on the return of the capital invested by the investors. Based on industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated financial statements.

The investment of the non-controlling investment unit holders in the investment subfund subsidiaries out of which only Finext Funds BP SICAV-SIF (Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund) had such non-controlling investment unit holders.

Please see below the movements in the balances during the period.

*In thousands of Hungarian Forints (HUF)*

<b>Opening</b>	<b>17,514,452</b>
Investment made by non-controlling investment unit holders	0



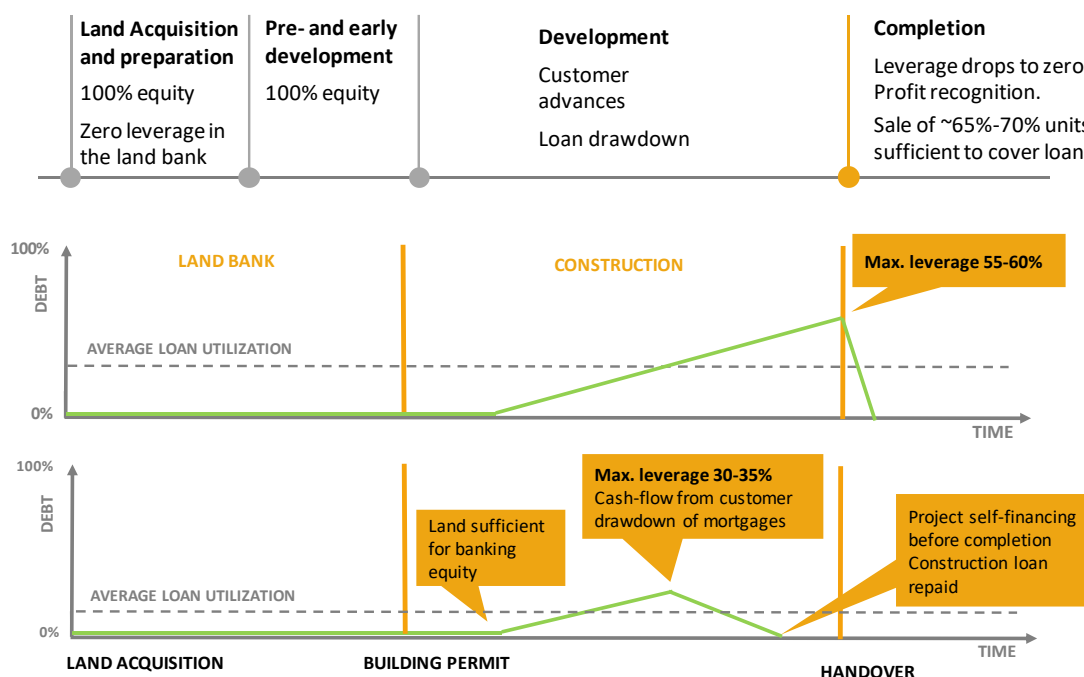
Change in net assets attributable to non-controlling investment unit holders*	(34,833)
Redemption of investment units of non-controlling investment unit holders	0
Profit distribution to be paid out	0
<b>Closing carrying amount</b>	<b>17,479,619</b>

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance in the statement of financial position among net assets attributable to non-controlling investment unit holders instead of non-controlling interests.

### Loans and borrowings

Cordia Group finances its activity to great extent by bank loans, which are utilized during the period of construction works, while the pre-development phase (all preparatory works, including land purchase, preparation of design, arrangement of all needed permits, etc.) is usually financed by Cordia Group's equity.

The below chart presents the typical division between phases of development of the residential project (in Hungary and Romania on the first chart and in Poland – where staged payments are typical - on the second chart):



The table below presents the movement in loans and borrowings from third parties in 2020H1:

<b>For the period ended 30 June</b>		
<i>In thousands of Hungarian Forints (HUF)</i>		<b>2020H1</b>
<b>Opening balance</b>		<b>25,614,914</b>
Acquisitions		0
New bank loan drawdown		20,381,113
Loan repayments		-12,342,855
Other changing (FX, other)		150,780
<b>Total closing balance</b>		<b>33,803,952</b>
	<b>30.06.2020</b>	<b>31.12.2019</b>
<b>Closing balance includes:</b>		
Current liabilities	10,039,175	11,506,888
Non-current liabilities	23,764,777	14,108,026
<b>Total closing balance</b>	<b>33,803,952</b>	<b>25,614,914</b>

New bank loan drawdowns and loan repayments relate solely to progress (new openings or completions) of the residential projects realized by Cordia Group and to increasing scale of Group operations. Loan repayments in first half of 2020 were mainly related to final settlements of projects completed in Hungary and Poland. New bank loan drawdowns were related to projects run by Cordia Group in Hungary, Poland and Romania.

The table below presents the list of the construction loan facilities, which Cordia Group arranged for in regards to entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Subsidiaries:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cordia Development 2. Development Fund	Thermal Zugló 3	53,257	1,442,902
Cordia Global 3. Development Subfund	Young City	0	95,840
Cordia Global 3. Development Subfund	Young City 2	36,860	1,706,603
Cordia Global 5. Development Subfund	Grand'Or	1,211,307	2,092,014
Cordia Global 7. Development Subfund	Marina Garden	0	565,932
Cordia Global 8. Development Subfund	Sasad Resort Sun	0	3,948,661
Cordia Global 9. Development Subfund	Centropolitan	1,715,584	2,373,634
Cordia Global 10. Development Subfund	Sasad Hilltop	2,578,283	414,260
Cordia Global 11. Development Subfund	Grand Corvin	1,445,051	2,673,273

Cordia Global 12. Development Subfund	Marina Portside	2,338,503	4,376,611
Cordia Global 17. Development Subfund	Young City 3	2,701,382	3,743,055
Cordia Global 18. Development Subfund	Akadémia Garden	3,268,320	5,548,708
Cordia Global 27. Development Subfund	Marina City	1,438,615	N/A
Projekt Warszawa 1	Zielone Bemowo 2	1,005,672	1,858,267
Cordia Supernova Sp. Z o.o.	Supernova	1,004,293	1,595,544
Projekt Krakow 1	Lotniczówka	3,742,874	5,022,013
Projekt Warszawa 2	Horyzont Praga	4,413,659	0
Cordia Parcului srl	Parcului20 1	3,139,608	N/A
Cordia Parcului srl	Parcului20 2	214,726	N/A
<b>Total of fully consolidated entities</b>		<b>30,307,995</b>	<b>37,457,317</b>
Cordia Global 6. Development Subfund	Marina Life	732,093	1,974,487
Cordia Global 6. Development Subfund	Marina Life 2	3,093,306	5,315,360
<b>Total including JVs and associates</b>		<b>34,133,393</b>	<b>44,747,164</b>

### Liabilities to related parties

The table below presents the breakdown of liabilities to the related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Trade payables	60,425	264,349
Loan	0	51,820
Accrued expenses payables	93,956	226,526
Other liabilities	0	0
<b>Total closing balance</b>	<b>154,381</b>	<b>542,695</b>

**Closing balance includes:**

### Customer advances received

The table below presents the breakdown of customer advances received by projects.

Despite deliveries of the completed projects to the customers, the overall balance of the received advanced payments has been constantly increasing over the past periods – in line with dynamically growing scale of Cordia Group operations (which was also evidenced by number of contracted customer agreements as well as by increasing balances of inventories).

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cordia Development 1. Development Fund	Corvin Átrium	0	880

Cordia Development 2. Development Fund	Thermal Zugló 3	2,962,964	2,717,965
Cordia Global 1. Development Subfund	Kapás 21	23,210	75,226
Cordia Global 10. Development Subfund	Sasad Hilltop	1,242,562	1,192,212
Cordia Global 11. Development Subfund	Grand Corvin	4,273,805	3,619,833
Cordia Global 12. Development Subfund	Marina Portside	1,826,646	1,583,568
Cordia Global 13. Development Subfund	Universo	2,840,271	2,820,664
Cordia Global 17. Development Subfund	Young City 3	856,820	765,586
Cordia Global 18. Development Subfund	Akadémia Garden	1,706,580	1,372,184
Cordia Global 19. Development Subfund	Grand Corvin 2	6,644,967	6,480,881
Cordia Global 2. Development Subfund	Corvin Átrium 2	39,093	913,816
Cordia Global 3. Development Subfund	Young City	259,924	1,429,614
Cordia Global 3. Development Subfund	Young City 2	2,039,137	2,017,741
Cordia Global 4. Development Subfund	Rózsa55	0	1,326,021
Cordia Global 5. Development Subfund	Grand'Or	1,097,893	968,666
Cordia Global 7. Development Subfund	Marina Garden	2,824,172	7,805,922
Cordia Global 8. Development Subfund	Sasad Resort Hill	988,024	1,204,576
Cordia Global 8. Development Subfund	Sasad Resort Sun	1,158,251	1,193,490
Cordia Global 9. Development Subfund	Centropolitan	829,833	737,951
Cordia FM Társasházkezelő Kft	N/A	52,636	62,747
Cordia Parcului Residential project SRL	Parcului20	1,063,348	675,464
Projekt Krakow 1	Lotniczówka	1,484,561	489,104
Cordia Supernova Sp. z o.o.	Supernova	0	66,804
Projekt Warszawa 1	Zielone Bemowo 1	598	517,817
Projekt Warszawa 1	Zielone Bemowo 2	2,699,336	715,039
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	688,147	44,696
Projekt Kraków 2 Cordia Partner 2 Sp. z o.o. Sp.k.	Jerozolimska	9,102	0
Projekt Kraków 3 Cordia Partner 2 Sp. z o.o. Sp.k.	Bokserska	11,976	11,639
Polnord Apartamenty Sp. z o.o.	Fotoplastykon II	2,384,400	N/A
Polnord Apartamenty Sp. z o.o.	Fotoplastykon III	1,069,741	N/A
Polnord Apartamenty Sp. z o.o.	Studio Morena	743,458	N/A
Polnord Brama Wilanowska Sp. z o.o.	Wilania	3,415,972	N/A
Polnord Rezydencje Sp. z o.o.	Wiktoria	138,690	N/A
Other	N/A	398,907	0
<b>Total excluding JV</b>		<b>45,775,024</b>	<b>40,810,106</b>
Cordia Global 6. Development Subfund	Marina Life	1,993,882	1,843,563
Cordia Global 6. Development Subfund	Marina Life 2	1,135,144	982,397
Stacja Kazimierz III Sp. z o.o. SK	Stacja Kazimierz III	247,579	N/A
Fadesa Polnord Polska Sp. z o.o.	Innova Concept	3,682,409	N/A
<b>Total including JV</b>		<b>52,834,038</b>	<b>43,636,066</b>

## j) Cash Flow

The cash-flow statement confirms and well illustrates the trends presented and described in previous chapters, namely the very dynamic expansion of Cordia Group (which can be traced as ongoing increase in inventory line) has been financed by: i) equity injected by major shareholder ii) capital contributed by non-controlling holders of shares and investment notes, iii) bank loan financing.

Cordia Group also increased its financial capability by placement of long-term bonds in late 2019 for the nominal value of HUF 44.0 billion.

The Group has also successfully issued a new bond series named "CORDIA2030/I HUF" on the 27 July 2020. The issue consisted of 720 Bonds. Each Bond have been issued in Hungarian forint and with a face value of HUF 50,000,000 (fifty million Hungarian forint). Total Face Value of the Bonds issued is HUF 36,000,000,000 (i.e. thirty-six billion Hungarian forint). The term of the Bonds is a ten-year period commencing on the Issue Date and ending on 27 July 2030. Each Bond bears a coupon of 3.00 % per annum, with semi-annual coupon.

The Budapest stock exchange registered the bonds on its platform on the 16th of October 2020.

### For the period ended 30 June

*In thousands of Hungarian Forints (THUF)*

**2020H1**

**2019H1**

#### **Adjustments to reconcile profit before for taxation to net cash used in operating activities:**

Profit/(loss) before taxation for the period	16,925,417	961,463
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#### **Adjustments to reconcile profit before for taxation to net cash used in operating activities:**

Depreciation	273,057	241,386
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Other non-cash movements*	(2,012,651)	855,013
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Profit on sale of non-current assets classified as held for sale		0
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(Profit)/loss on sale of tangible and intangible assets		(41,381)
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Net finance (income)/expense	411,351	(259,381)
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Increase in inventory	(6,742,666)	(20,591,792)
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Share of (Profit)/loss in joint venture	(13,924,353)	11,308
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Decrease/(increase) in trade and other receivables	(591,531)	(8,560,606)
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(Decrease)/increase in liabilities from related parties	0	1,780,458
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Decrease/(increase) in receivables from related parties	725,172	0
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Increase in trade and other payables	(1,091,571)	2,845,477
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Increase in short-term loan receivables	(5,094,274)	0
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Increase/(decrease) in provision	(90,720)	50,223
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Increase/(decrease) in advances received	(8,289,812)	6,375,209
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Interest paid	(1,327,039)	(431,490)
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Income tax paid	(307,904)	(71,905)
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<b>Net cash from/(used in) operating activities</b>	<b>(21,137,524)</b>	<b>(16,836,458)</b>
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#### **Cash flows from/(used in) investing activities**

Consideration paid for the acquisition of POLNORD group	(7,615,691)	0
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Cash paid for acquisition of subsidiaries	0	(15,000)
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Cash of acquired subsidiaries	7,418,656	1,510,746
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Acquisitions of tangible and intangible assets	(74,231)	(118,129)
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Sale of tangible and intangible assets	1,308	0
Investing in other long-term financial assets	897,206	(431,142)
Increase of long-term loan receivables	0	0
Proceeds from repayment of long-term financial assets	0	
Repayment of short-term loan receivables	0	3,159,575
Repayment of long-term loan receivables	0	1,150,746
Interest received	111,026	59,945
Purchase of investment in associate	(12,051,352)	0
Purchase of investments in joint ventures	0	(579,652)
<b>Net cash from/(used in) investing activities</b>	<b>(11,313,078)</b>	<b>4,737,089</b>
<b><i>Cash flows from/(used in) financing activities</i></b>		
Proceeds from loans and borrowings	20,143,579	20,521,503
Repayment of loans and borrowings	(12,342,855)	(19,478,930)
Capital increase	12,001,129	8,742,935
Issuance of non controlling shares and investment notes	0	5,000,000
Redemption of non controlling shares and investment notes	0	(2,700,000)
Repayment of lease liability	(129,449)	(195,371)
other long term liabilities	0	0
<b>Net cash from financing activities</b>	<b>19,672,404</b>	<b>11,890,137</b>
Net change in cash and cash equivalents	(12,778,198)	(209,232)
Cash and cash equivalents at beginning of the year	51,070,192	12,289,550
<b>Cash and cash equivalents at end of the period</b>	<b>38,291,995</b>	<b>12,080,318</b>

### **k) Current and Planned Investments and Constructions**

At the end of June 2020 Cordia Group was involved in development of as many as 20 projects (including Polnord) that were under construction, including as many as 3,828 apartments, of which 2,132 were already pre-sold to the customers. All these projects are intended to be completed by Cordia Group during 2020 and the next years which will substantially contribute to revenues and profits recognised by Cordia Group in the forthcoming periods.

More details on the value of the contracts executed with the customers and the money collected from the customers by end of June 2020 can be read in the Cordia Group's Condensed Interim Consolidated Financial Information as 30 June 2020.

The entire detailed list of the residential projects that are in the pre-development (preparatory) phase as well as which are on-going and active developments under construction is presented in Section 5.12 (*List of the Projects of Cordia Group*).

### **l) Source of Equity and Liability**

Source of capital financing Issuer operations is presented in details in the foregoing chapters „Equity and Liabilities” and „Cashflow”.

## **9 FINANCIAL STATEMENT**

The copy of the audited Consolidated Financial Statements as of and for the financial year ended on 31 December 2019 and the copy of the audit report thereon as well as of the audited Separate Financial Statements of the Issuer as of and for the financial year ended on 31 December 2019, are attached to this Information Memorandum in Annex 4 (*Consolidated Financial Statements 31 December 2019 and Separate Financial Statements 31 December 2019*).

The copy of the Condensed Interim Consolidated Financial Information as of the period ended on 30 June 2020 with auditor's report on review, are attached to this Information Memorandum in Annex 4 (*Condensed Interim Consolidated Financial Information 30 June 2020 and Condensed Interim Separate Financial Information 30 June 2020*).

## **10 LITIGATION**

The Issuer discloses the below information on certain litigations being significant. The Issuer does not have any ongoing material litigation. Only Polnord has ongoing litigations that might be material, the Issuer, therefore, describes such litigations in this section. Except for the claims deriving from Polnord's litigation with Hanapeta, the claims being litigated as described below are fully and properly provisioned in the accounting books of Polnord.

### **a) Polnord's Litigation with Hanapeta**

On 20 January 2020 Hanapeta Holdings Co. Limited with its registered office in Nicosia ("Hanapeta") filed a lawsuit for declaring invalidity of Polnord S.A's Management Board ("Management Board") resolution on determining the rules of offering T-series shares and determining invalidity of the rules of subscription for T-series shares in Polnord S.A together with a motion for securing the claim. The Issuer has participated on the offering of T – series shares and as of 10 of February 2020 has increased

its shareholding in Polnord S.A. to 65.66% as a result of registration by the relevant court of the newly issued shares T. As of 9 April, 2020 in result of the settlement of the public tender for Polnord S.A. shares, the Issuer increased its holding to 92.92% of Polnord S.A.'s stake.

As per Hanapeta statement of claims the resolution of the Management Board of Polnord S.A is allegedly contradictory to Article 431 § 6 of the Commercial Companies' Code ("CCC") due to the reason that the subscription of T-series shares by investors is conditional on the grounds that the purchase price for T-series shares was set within certain time frame specified by Polnord S.A's Management Board in the Subscription Rules and as well in invitations to acquire T-Series shares. On 28 January 2020 the District Court in Warsaw issued a decision on rejecting Hanapeta's request to secure a non-monetary claim for the declaring Polnord S.A's Management Board's resolution null and void with regard to the adoption of the Subscription Rules and declaring the non-existence of the Subscription Rules. According to the information obtained by Polnord S.A, the Court under Article 357 par. 6 of the Polish Commercial Companies' Code, the Court abandoned the justification of the decision, since the Court shared the Company's arguments cited in support of the request to dismiss Hanapeta's request for securing the claim, contained in the Company's pleading in response to the request for securing the claim.

In the Company's opinion, the petitions of Hanapeta are groundless since, the Subscription Rules have been adopted by Polnord S.A's Management Board by a resolution on the basis of the authorization contained in the Issuance Resolution and in accordance with the mandatory legal provisions. The Subscription Rules presented to investors participating in the subscription process of the Series T Shares explicitly indicate that in the event of failure by the investor to which the Management Board, acting through the offeror (i.e. Noble Securities SA) has sent an invitation to subscribe for the Series T Shares, payments for the Series T Shares within the term indicated in this invitation, the Management Board will be entitled to withdraw the invitation and propose subscribing for the Series T Shares to another investor who meets the criteria indicated in the Issuance Resolution. The Company will conclude unconditional agreements on the subscription of the Series T Shares within the dates specified in the Subscription Rules with investors who have made payments for the offered Series T Shares within the time limit specified by the Management Board. Such an organization of the subscription process for the Series T Shares is in accordance with the Issuance Resolution, applicable law, and well-established market practice. It ought to be emphasized that Hanapeta did not make a timely payment for the Series T Shares despite calls by Polnord S.A and despite taking part in the book building process and submitting a declaration of participation in the subscription process of the Series T Shares. As a result of the capital increase by the Issuer in Polnord S.A. as of 9 April, 2020 Hanapeta has sold its remaining shares held in Polnord S.A. to the Issuer and ceased to be shareholder in Polnord S.A.. Polnord S.A. will take any and all legal steps to protect the interests of Polnord S.A. and continue the process of increasing the share capital on the basis of the Issuance Resolution. As of the date of this Information Memorandum no date has been scheduled for the hearing.

Further to the above and with respect to the legal grounds of Hanapeta's claims it is noted that since 9 April 2020, Hanapeta does not hold any shares in Polnord S.A.'s share capital, it, therefore, is very unlikely that Hanapeta can evidence any legal interest in relation to its claims. On this ground Polnord S.A. has requested the court to dismiss the case.

#### **b) Polnord's lawsuits against Municipal Water Supply and Sewerage System Enterprise**

On 5 March 2013 Polnord SA along with Prokom Investments SA (a company not related to Polnord) brought a lawsuit against Municipal Water Supply and Sewerage System Enterprise ("MPWiK")



concerning a take-over of water supply and sewerage system, built on site of the Miasteczko Wilanów Housing Estate project for a compensation payment to Polnord S.A. of the gross amount of PLN 57.3 million corresponding to the value of equipment, taking into account all construction costs and derived construction costs (excluding operating costs) spent in connection with the execution of utility system. The Court conducted evidence hearings. The court admitted evidence from the expert opinion concerning the value of equipment and the determination of the entity that constructed it. No hearing is scheduled as of today; the hearing should be scheduled after expert opinion will be delivered.

In addition to the above on 25 April 2012, Polnord SA filed a claim against MPWiK for the payment of PLN 20.1 million as compensation for the non-contractual use of water and sewage system equipment on site of the Miasteczko Wilanów Housing Estate. The lawsuit concerns one of many claims related to the construction of water supply and sewage system (water pipes, wastewater and rainwater drainage systems), which should have been taken over by MPWiK operator into ownership. The Court found that the claims are, for the most part, time barred. Both parties appealed against the judgement. On 21 September 2018 the Court of Appeal revoked the judgment and referred it back to the District Court. On 6 March 2019, the Supreme Court overturned the judgment of the Court of Appeal in Warsaw, ordering the Court to examine the merits of the case. No hearing is scheduled as of today.

On 25 October 2016 Polnord SA filed a lawsuit against MPWiK operator for the take-over of the property right of the equipment of the rainwater drainage system by the municipal company or the City of Warsaw, which was built by Polnord in the Miasteczko Wilanów Housing Estate, and a claim for payment. The amount of Polnord claims reaches approx. PLN 52 million gross. The court conducts evidence hearing in the case and an expert opinion has been ordered on the construction and financing of the construction and maintenance of Rainwater Discharge System by Polnord. No hearing is scheduled as of today; the hearing should be scheduled after expert opinion will be delivered.

### **c) Polnord's litigation with Polish State Treasury**

On 28 June 2013 Polnord SA brought a lawsuit to the Court in Warsaw against the Capital City of Warsaw ("the City") and the State Treasury ("the Governor of the Masovian Voivodeship") for indemnity of the damage incurred by Polnord S.A as a result of unlawful decisions on refusal to pay indemnity for public roads in the Wilanów District, Warsaw issued by administrative authorities.

Since 2009 Polnord has been in the dispute with the City regarding the indemnity for the take-over by the City of ownership of land plots allocated for public roads on site of the Miasteczko Wilanów Housing Estate in Warsaw. The President of the Capital City of Warsaw and the Head of the Masovian Voivodeship issued in 2009-2010 decisions refusing to pay indemnities due and payable to Polnord S.A for a total of 16 hectares of land. As a result of an appeal filed by Polnord S.A, in the judgment of 21 December 2010 the Provincial Administrative Court declared the invalidity of administrative decisions and clearly stated that the claims of Polnord for indemnities for the land allocated for public roads are fully justified. The decision issued by the Provincial Administrative Court was upheld by the Supreme Administrative Court on 5 June 2012.

On 30 July 2013 the Parent Company requested for a pre-trial settlement, however it never happened.

On 16 September 2013, Polnord SA filed a lawsuit in which it claims a compensation of PLN 123 million. The Management of the Company believes, that its claims are justified and makes efforts to satisfy them as soon as practicable. By virtue of decision of 5 December, 2017, the Court suspended the proceedings until the final administrative decision. The decision on suspension is final as the Court of

Appeal dismissed the appeal against the decision on suspension.

Proceedings to pay compensation for damage sustained as a result of unlawful administrative decisions, refusing to pay compensation for public roads in Wilanów are pending. No hearing is scheduled as of today; the proceeding suspended.

#### **d) Polnord's litigation with the Town Hall of Warsaw**

On 28 June 2013 Polnord SA' subsidiary tabled a motion with the Mayor of the Capital City of Warsaw, pursuant to Article 98, paragraphs. (1) and (3) of the Real Property Management Act, for undertaking negotiations on determination and payment of indemnities for plots of land, located in the district of Wilanów in the City of Warsaw, with the total area of 10 hectares, allocated for public roads ("the Plots of Land").

The total amount of the indemnity was estimated at PLN 182.2 million in compliance with the valuation adopted in the appraisal report prepared by a certified property appraiser appointed by Polnord SA.

On October, 2015 the Provincial Administrative Court in Warsaw rejected Polnord's subsidiary's claim on the grounds that the compensation should be, in fact, paid to Polnord SA. The Supreme Administrative Court dismissed National Agricultural Support Centre's (KOWR) cassation appeals, which resulted in the return of the entire case to the administrative body.

During the re-examination, the case was referred to the Head of Legionowo County. On 26 July 2019 the Head of the Legionowo County issued an administrative decision refusing to establish and award compensation for one of the real estates in question. This decision was appealed against by Polnord S.A. to the Governor of the Masovian Voivodeship.

An expert appraisal has been ordered and the market value of these properties had been assessed at a value of PLN 56.5 Million. Polnord S.A submitted its reservations on the above -mentioned valuation surveys. On July 29<sup>th</sup> 2020 the Head of Legionowo County has issued a decision determining only a compensation for plots of land comprising an area of ca 10 ha. The total amount of the compensation to be granted to Polnord S.A. according to above mentioned decisions of the Head of Legionowo County for plots of land is PLN 56.858.300,00.

#### **e) Polnord's litigations with Polish National Agricultural Support Centre (KOWR)**

Polnord S.A' subsidiaries are parties in litigations with the National Support Centre for Agriculture involvement, related to perpetual usufruct of land in area of the Warsaw's Wilanów District. These disputes are a result of the terminations by the National Support Centre for Agriculture of annual fees vis-a-vis former perpetual usufructuaries in 2003 and in 2007 and vis-a-vis the Group Member Companies in 2011 and 2015. In the Group's opinion, the annual fee notices given by National Agricultural Support Centre (KOWR) vis-a-vis Group member companies were ineffective. The National Agricultural Support Centre (KOWR), without waiting for the outcome of the update proceedings, filed lawsuits for payment in the principal amount of PLN 75 Million plus interest. Additionally the National Agricultural Support Centre (KOWR) filed a lawsuit against Polnord S.A. and claimed the payment of annual fees for real properties whose perpetual usufruct. In the opinion of the Group Member Companies the claim has expired pursuant to Article 98 par. 1 of the Property Management Act, and therefore the actions are undue.

#### **f) Polish Financial Supervision Authority Procedure in relation to KB DOM**

On 22 September, 2020 Polnord S.A. has received a recommendation from Polish Financial Supervision Authority ("PFSA") in relation to the consolidation method of one of its related party KB DOM. The Management Board of Polnord S.A. respects the position of the PFSA and will comply with the recommendation. The details of the recommendation are available in the half year report of the Issuer.

## **11 MATERIAL CONTRACTS**

The Issuer has not entered into any material contracts outside of its ordinary course of business which could result in any Cordia Group member being under an obligation or having any entitlement that is material to the Issuer's ability to perform its obligations, to the assessment of the Issuer and/or of the Bonds.

### **11.1.1 Related party transactions**

The transactions described in this paragraph are transactions which, as a single transaction or in their entirety, are or may be material to the Issuer and have been entered into by the Issuer and/or its Subsidiaries with a related party as of the date hereof at arm's length.

On 25 March, 2020 European Residential Investments Kft. has acquired 20.6 % of the shares in ARGO Properties N.V. a public company incorporated under the laws of Netherlands ("ARGO") from Futureal Holding B.V. a holding company belonging to Futureal Group for a purchase price corresponding to the book value of ARGO. ARGO was incorporated in 2018 and dynamically growing company purchases, manages and appreciates residential buildings in the towns of Leipzig, Dresden and Magdeburg and develops and converts office properties in Berlin

## **12 CONTEMPLATED USE OF PROCEEDS**

The net proceeds of the Issue will be applied by the Issuer for the financing of investments into real estate projects and real estate developments, various acquisitions (including – among others – lands, portfolios of lands, business shares and immaterial goods), working capital as well as for the potential refinancing of outstanding loans used for the financing of the aforementioned purposes (including, but not limited to senior loans and shareholder loans as well).

## **13 COVERAGE FOR THE PERFORMANCE OF THE LIABILITIES BASED ON BONDS**

The contemplated financial coverage for the performance of the Issuer's payment obligation under the Bonds will be available from the free cash-flow generated by the Issuer and from the funds distributed by other members of the Cordia Group to the Issuer as well as – to the extent necessary – the assets of Issuer.

Majority of the Issuer's income is deriving from Cordia Group members in different ways depending on the legal form of the relevant Cordia Group members, including dividend payments, dividends / distributions on investment units and interest accrued on intercompany loans provided by the Issuer as well as capital / principal repayments. Source of the cash-flow is expected to be generated from – inter alia – Cordia Group's ongoing projects and from new investments that may be realised from the net proceeds of the Bonds (as contemplated under Section 11 (*Contemplated Use of Proceeds*)).

## **14 AUCTION AND ALLOCATION**

## 14.1 Introduction

Tranche 2 of the Bonds will be issued by way of a public offering (*nyilvános forgalomba hozatal*) in Hungary under Hungarian law to “qualified investors” (the “**Investors**”) within the meaning of Article 2(e) of the Prospectus Regulation.

Tranche 2 of the Bonds will be offered and distributed only in Hungary, and will not be offered or distributed outside of Hungary. Tranche 2 of the Bonds will not be registered under the U.S. Securities Act of 1933, or any state securities law of the United States of America, and tranche 2 of the Bonds may not be offered or sold within the United States of America or to, or for the account or benefit of, any U.S. person.

Tranche 2 of the Bonds will be offered in Budapest, Hungary, within the framework of a closed book auction process (*nem nyilvános ajánlati könyves aukciós értékesítés*) to be held on 8 December 2020 through the MMTS1 Trading System operated by BSE, in accordance with the terms described herein and the MMTS1 Trading System Rules (as defined below).

Given that only stock exchange member entities can have access to the MMTS1 Trading System, the Issuer appointed Raiffeisen Bank Zrt. to initiate the Auction (the “**Auctioneer**”). Pursuant to the MMTS1 Trading System Rules, the Auctioneer elected multiple-price trade-matching algorithm for the purposes of matching orders in the course of the auction of Tranche 2 of the Bonds. The Auctioneer will also be the entity eligible to tender Buying Offers (i.e. the purchase offers of Investors), provided that

- (i) the NBH will, as an investor with direct access to the MMTS1 Trading System, tender its own Buying Offer directly through the MMTS1 Trading System; and
- (ii) OTP Bank Plc. may, as an investor with direct access to the MMTS1 Trading System, elect to tender its own Buying Offers both directly through the MMTS1 Trading System and indirectly through the Auctioneer.

For the avoidance of doubt, Investors (with the exception of the NBH, OTP Bank Plc. and the Auctioneer) are not allowed to tender their own Buying Offers directly through the MMTS1 Trading System.

## 14.2 Auction related definitions

<b>Allocation</b>	means the procedure following the closing of the auction whereby Buying Offers are matched by the Issuer and the Auctioneer based on the multiple-price trade-matching algorithm, and the Issuer and the Auctioneer decides on the rate of allocation and the acceptance of the Buying Offers.
<b>Auctioneer</b>	means Raiffeisen Bank Zrt. making the Selling Offer for and on behalf of the Issuer, due to the fact that the MMTS1 Trading System may be accessed only by stock exchange member entities.
<b>Buying Offer</b>	means the auction counteroffer being a bid order to buy Tranche 2 of the Bonds.
<b>Bidder</b>	means (i) the Auctioneer; and (ii) the NBH and OTP Bank Plc. (each entity is an investor with direct access to the MMTS1 Trading System and may tender its own Buying Offer directly through the MMTS1 Trading System).
<b>Framework</b>	means the respective agreement titled “ <i>Framework Agreement for</i>

<b>Agreement</b>	<i>Exchange – Listed and OTC Spot and Derivative Transactions”, as entered into between a Hungarian institutional investor within the meaning of section 5(1)(60) of the Capital Markets Act (excluding any Investors who qualify as credit institutions) and the Auctioneer.</i>
<b>Minimum Price Level</b>	means the lowest price at which a transaction can be concluded, as specified by the Auctioneer within its discretion following the receipt of the Buying Offers.
<b>MMTS1 Trading System Rules</b>	means the trading rules applicable for the MMTS1 Trading System, as approved at the date of this Information Memorandum by Resolution No. 45/2020 of the Executive Officer of the Budapest Stock Exchange Ltd. effective as of 26 February 2020” (available in Hungarian and English languages on the website of the BSE from the following links: <a href="https://www.bet.hu/Befektetok/Szabalyozas/Tozsdei-szabalyzatok">https://www.bet.hu/Befektetok/Szabalyozas/Tozsdei-szabalyzatok</a> and <a href="https://www.bse.hu/Products-and-Services/Rules-and-Regulations/BSE-Rules">https://www.bse.hu/Products-and-Services/Rules-and-Regulations/BSE-Rules</a> ).
<b>Selling Offer</b>	means the auction offer made for the selling of Tranche 2 of the Bonds.
<b>Offering Size</b>	means aggregate face value of Tranche 2 of the Bonds offered for sale in the Selling Offer, being HUF 4,000,000,000.

### 14.3 The auction process

The auction of Tranche 2 of the Bonds shall take place during a period commencing at 10:00 (Budapest time) on 8 December 2020 and ending at 11:00 (Budapest time) on 8 December 2020 (the **Auction Period**).

#### (a) *Investors in general*

Unless provided or permitted otherwise below, Investors shall in general make their Buying Offers to the Auctioneer via Bloomberg chat in the following manner:

- (i) The respective Investor shall send to the Auctioneer a message in the Bloomberg chat during a period commencing at 10:00 (Budapest time) on 8 December 2020 and ending at 10:30 (Budapest time) on 8 December 2020. The message in the Bloomberg chat shall contain that Investor’s Buying Offers (which shall include for each Buying Offer the respective number of Tranche 2 Bonds and the corresponding purchase price (rounded up to four decimals) offered).
- (ii) If the respective Investor sends a second message in the Bloomberg chat within the timeframe specified in paragraph (i) above and that second message sent by the Investor amends that Investor’s first message, then the contents of the second message shall prevail over the contents of the first message (i.e. the second message shall constitute that Investor’s final and binding Buying Offer), provided that the time of receipt by the Auctioneer of the second message shall be conclusive with respect to the time of making the Buying Offers of the Investor.

The Auctioneer is entitled but not obliged to treat any messages in the Bloomberg chat which are received following the applicable period as null and void.

(b) *The NBH, OTP Bank Plc. and the Auctioneer as Investors*

Notwithstanding anything to the contrary in this section 14.3 (*The auction process*), the NBH, OTP Bank Plc. and the Auctioneer are entitled to submit Buying Offers during the entire Auction Period directly through the MMTS1 Trading System in accordance with the MMTS1 Trading System Rules and Section 50(3) of the Capital Markets Act.

(c) *Binding nature of the Bloomberg chat messages*

The submission by the respective Investor of the duly completed message in the Bloomberg chat within the applicable deadline (or, as applicable, each of the NBH, OTP Bank Plc. or the Auctioneer have duly submitted their Buying Offers directly through the MMTS1 Trading System during the Auction Period), constitutes that Investor's irrevocable and legally binding Buying Offer notwithstanding anything to the contrary in the MMTS1 Trading System Rules.

(d) *Payment of the purchase price*

- (i) Each Investor who qualifies as a Hungarian institutional investor within the meaning of section 5(1)(60) of the Capital Markets Act is required to make available the full amount of the purchase price of the Bonds for OTC (DVP) settlement by KELER on that Investor's respective bank account used for the purposes of OTC (DVP) settlement at the latest until 8:00 (Budapest time) on the Current Issue Date.
- (ii) The NBH will, as investor, make available the full amount of the purchase price of the Bonds for OTC (DVP) settlement by KELER on the NBH's respective bank account used for the purposes of OTC (DVP) settlement at the latest until 8:00 (Budapest time) on the Current Issue Date.

In each case it is for the Auctioneer (acting on behalf of the Issuer) to decide within its own discretion as to whether any Bloomberg chat message received by it has been duly completed and as to whether the purchase price of the Tranche 2 Bonds intended to be purchased by an Investor has been credited in full. Any decision of the Auctioneer in relation to the above shall be conclusive and binding on all parties.

#### **14.4 Access to auction trading system**

Investors shall be aware that Buying Offers and the Selling Offers may solely be made by stock exchange member entities with access to the MMTS1 Trading System. Consequently, the Selling Offer will be made by the Auctioneer acting on behalf of the Issuer.

In order to be able to participate in the auction, Investors (other than the NBH and OTP Bank Plc.) shall solely mandate the Auctioneer (having access to the MMTS1 Trading System) to act on their behalf. The NBH as potential Investor will make Buying Offers on the MMTS1 Trading System directly without the involvement of any third parties.

#### **14.5 Submission of Selling and Offers, Method of Payment**

- (a) Aggregate face value of the Selling Offer (Offering Size): HUF 4,000,000,000.
- (b) Subject to this Section 14, Investors (other than the NBH, OTP Bank Plc. and the Auctioneer) shall make a Buying Offer through the Auctioneer having access to the MMTS1 Trading System.
- (c) The Selling Offer is an offer to sell (*eladási ajánlat*) the Tranche 2 Bonds.

- (d) Trade-matching algorithm: multiple-price trade-matching algorithm (*Többáras ügyletkötési algoritmus*).
- (e) Allocation: BGS pro rata allocation method (*NKP Arányos allokáció*) as set out in the MMTS1 Trading System Rules.

#### **14.6 Further details of the auction offer**

(i) *Minimum aggregate amount*

If the aggregate amount of the Tranche 2 Bonds determined in the Buying Offers does not reach the Offering Size or for any other reason, the Auctioneer is, acting on the basis of the decision or instruction of the Issuer, entitled to cancel the Auction (or accept the Buying Offers in an amount which does not reach the Offering Size). For the avoidance of doubt, the Auctioneer (acting on the basis of the decision or instruction of the Issuer) is also entitled - in accordance with section 9.3 of the MMTS1 Trading System Rules - to cancel the Auction or accept the Buying Offers in an amount which does not reach the Offering Size, even if the aggregate amount of the Tranche 2 Bonds specified in the Buying Offers reaches or exceeds the Offering Size.

(ii) *Lot size (kötésegység)*

Lot size is 1 Bond (1 booking).

(iii) *Tick size (árlépköz)*

Tick size for the Bonds is 0.0001 per cent. of the Bond's price, as set out in section 9.7 of the MMTS1 Trading System Rules.

(iv) *Pricing*

Auction limit price is 92.1258% of the Face Value which is specified by the Issuer in advance in accordance with section 10. (d) of the BGS Handout. The Minimum Price Level will be set out by the Auctioneer based on the Buying Offers.

(v) *Date and place of auction*

We refer to Section 14.3 above.

(vi) *Date of the Allocation*

Allocation is conducted on 8 December 2020 during 11:00 - 14:00 CET.

(vii) *Order book*

The order book is non-public. Content of the order book and the information on the Buying Offers is available to the Issuer only via the MMTS1 trading workstation operated by the BSE. Each Bidder may have access to its own Buying Offers. The Auctioneer may have access to all Buying Offers which were received by it.

(viii) *Settlement date*

Settlement and clearing of the transactions are carried out by KELER based on the Issuer's instruction (which instruction includes the Document and the instruction on transfer of the Tranche 2 Bonds to the Dealer's securities account) and by DVP (delivery versus payment) settlement method on the second Business Day following the date of the successful Auction,

being 10 December 2020. KELER use its best effort to record the data of the Bonds (being included in the Document) until 16:00 on the day of the successful auction of Tranche 2 Bonds. In accordance with the Issuer's instruction, the respective Tranche 2 Bonds will be transferred to the Dealer's securities account by KELER (acting within the framework of the OTC (DVP settlement), for the purpose of settlement.

(ix) *Invited investors*

The Tranche 2 Bonds will be issued by way of a public offering in Hungary under Hungarian law to "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation. The list of the invited Investors is set out in Annex 6 (*List of Invited Investors*).

By signing this Information Memorandum, the Issuer, and the Dealer in a separate declaration, confirm that the Issuer does not have a majority influence (in Hungarian: "többségi befolyás") in any of the Investors. The above referred eligible investors, as persons interested in the auction (in Hungarian: "az aukcióban érdekelt személyek"), will be notified in connection with the auction via e-mail.

(x) *Additional selling restrictions*

No additional selling restrictions are applicable.

#### **14.7 Disclosure of the auction result**

On the day of auction, the Issuer collects the submitted valid Buying Offers and decides on their acceptance. No later than 16:00 on the day of auction, the Auctioneer notifies the Investors of the acceptance or rejection of the Buying Offers (and, in case of partial acceptance, the accepted amount) via Bloomberg chat (or, via telephone or e-mail in case of Investors without access to Bloomberg chat), and the Issuer discloses the result of the auction on the website of the Issuer (<https://cordiahomes.com/>), on the website of BSE ([www.bet.hu](http://www.bet.hu)) and on the website ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) operated by NBH. Should any Buying Offers prove to be null and void, a supplemental disclosure will be made by the Issuer on the actual aggregate number of the Tranche 2 Bonds issued. Any relevant regulated information (if any) is disclosed by the Issuer in accordance with the applicable laws and rules imposed by the Budapest Stock Exchange.

#### **14.8 Allocation**

Duly made Buying Offers are matched until 14:00 (Budapest time) on 8 December 2020 in full in descending order of price and ascending order of yield. Buying Offers are matched pursuant to Annex 4 (*BGS Allocation Algorithm*) of the MMTS1 Trading System Rules.

When pairing transactions at the Minimum Price Level, all Buying Offers at Minimum Price Level made by the persons with access to the MMTS1 Trading System are matched in accordance with the MMTS1 Trading System Rules and algorithm as amended and applicable from time to time.

### **15 DOCUMENTS INCORPORATED BY REFERENCE OR ON DISPLAY**

The deed of foundation (in Hungarian: "alapszabály") of the Issuer dated 31 July 2020 is published in electronic form on the website of the Issuer, <https://cordiahomes.com/>.

The following documents shall be incorporated by reference in, and form part of, this Information Memorandum:



- (a) the audited IFRS Consolidated Financial Statements of the Cordia Group for the financial year ended 31 December 2019, and the audit report,
- (b) the audited IFRS Separate Financial Statements of the Issuer for the financial year ended 31 December 2019, and the audit report, and
- (c) the unaudited IFRS Financial Statements of the Issuer for the six months ended on 30 June 2020.

Copies of the documents incorporated by reference in this Information Memorandum can be obtained in electronic form from the website of the Issuer, <https://cordiahomes.com/>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

Without any limitation, the contents of any websites, rules, policies of any authority, entity (including the Issuer) or person referred to in this Information Memorandum are for information purposes only and do not form part of this Information Memorandum.

## **16 INFORMATION FROM THIRD PARTY, EXPERT REPORTS**

This Information Document does not contain any statement or report attributed to a person as an expert engaged by Cordia Group.

Information incorporated into this Information Memorandum has been produced by the Issuer and third parties explicitly indicated in this Information Memorandum.

The Issuer does not take any liability or responsibility for any statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Issuer's and Cordia Group's business and market contained in this Information Memorandum.

## 17 BOND GROWTH SCHEME RELATED DECLARATION

### **CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság**

(seat: 1082 Budapest, Futó utca 47-53. VII. em.; company registration number: Cg.01-10-048844 (the „**Issuer**”), for the purpose of the issue of the Bonds in the framework of the Bond Growth Scheme (Növekedési Kötvényprogram), hereby makes the following declaration and undertakings towards the National Bank of Hungary, for the purpose of compliance with the BGS Handout effective on the date of the Current Issue.

The Issuer undertakes

- (a) to issue the Bonds through the auction trading system operated by the Budapest Stock Exchange (MMTS1 Trading System);
- (b) to ensure that maximum fifty % (50%) of the Bonds is obtained by one person through the auction;
- (c) to register the Bonds on the XBond trading facility operated by the Budapest Stock Exchange within ninety (90) days following the completion of the issuance and to ensure that the Bonds will be traded on such trading facility until their maturity;
- (d) to ensure that at least one market maker will enter into a market making agreement with the Budapest Stock Exchange with the following terms to maintain to maintain binding price quotation on the trading facility for the Bonds and maintains it during the term of the Bonds:
  - (i) the market maker posts two-way quotes on each trading day on its own account (bid quotes and offer quotes in the same time), and maintains the quotes for at least 15 minutes;

### **CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság**

(székhely: 1082 Budapest, Futó utca 47-53. VII. em.; cégjegyzékszám: Cg.01-10-048844 (a „**Kibocsátó**”), a Kötvényeknek a Növekedési Kötvényprogram keretében történő kibocsátás céljára, az alábbi nyilatkozatot és kötelezettségvállalásokat teszi a Magyar Nemzeti Bank részére az Aktuális Kibocsátáskor hatályos NKP Terméktájékoztatónak való megfelelés céljából.

A Kibocsátó vállalja

- (a) hogy a Kötvények kibocsátását a Budapesti Értéktőzsde által üzemeltetett aukciós kereskedési rendszeren (MMTS1 kereskedési rendszer) keresztül bonyolítja le;
- (b) annak biztosítását, hogy az aukciót követően forgalomba hozatalra kerülő Kötvények legfeljebb 50%-a kerülhet egy szereplő birtokába;
- (c) hogy a Kötvényeket a forgalomba hozatal lezárását követő 90 napon belül bevezeti a Budapesti Értéktőzsde által működtetett XBond kereskedési helyszínre és ott azokat lejáratukig forgalomban tartja;
- (d) annak biztosítására, hogy legalább egy árjegyző a Kötvények teljes futamidejére árjegyzési szerződést köt a Budapesti Értéktőzsdével a kereskedési helyszínen kötelező érvényű árjegyzés fenntartásáról, melynek keretében:
  - (i) az árjegyző minden kereskedési napon saját számlás kétoldali ajánlatokat tesz (egyidejű vételi és eladási ajánlat), amelyeket legalább 15 percen keresztül fenntart,

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| <p>(ii) the nominal value of the quotes is equal to or exceeds the HUF equivalent of EUR 100,000 on both buy-side and sell-side or concerns to at least one security; and</p> <p>(iii) the difference between the bid yield and the ask yield calculated for a trading day falling two trading days after the quotation day shall not exceed 200 basis points.</p>  | <p>(ii) az ajánlat névértéke a vételi és az eladási oldalon is egyaránt eléri a legalább 100.000 eurónak megfelelő forintösszeget, vagy legalább 1 darab értékpapírra vonatkozik,</p> <p>(iii) a vételi és eladási árfolyamhoz tartozó, az árjegyzés napját követő második kereskedési napra számított hozamok közötti különbség nem haladja meg a 200 bázispontot.</p>   |
| <p>(e) to refrain from any transaction, combination of transactions or other solutions which, in itself or in terms of its combined effects, is or may be capable to facilitate fund-raising from a member of the group of which the Issuer is member, from the owner(s) of such member of the group or the close relative of such owners, through the issue of the Bonds within the framework of the Bond Growth Scheme;</p>   | <p>(e) tartózkodik minden olyan ügylettől vagy ügylet együttestől, konstrukciótól, ami önmagában vagy együttes hatásait tekintve alkalmas lehet arra, hogy azon vállalat-csoport tagjától, vagy a vállalatcsoportba tartozó vállalat tulajdonosától, illetve tulajdonosának közeli hozzátartozójától a Növekedési Kötvényprogramban kibocsátott kötvény révén történő forrásbevonást valósítsa meg, amelynek a Kibocsátó a csoporttagja;</p>  |
| <p>(f) to disclose publicly, and send simultaneously and directly to the bondholders whom contact information is known by the Issuer (in case of the NBH: <a href="mailto:nkp@mnbb.hu">nkp@mnbb.hu</a>), semi-annual and annual reports in accordance with the rules of the Capital Markets Act and the ministerial decree on the detailed rules on the disclosure requirements in relation to publicly issued securities, from the registration of the Bonds on the multilateral trading facility operated by the BSE;</p> | <p>(f) a Kötvényeknek BÉT által működtetett kereskedési helyszínre bevezetésétől kezdve éves és féléves jelentést tesz közzé a Tpt., illetve a nyilvánosan forgalomba hozott értékpapírokkal kapcsolatos tájékoztatási kötelezettség részletes szabályairól szóló miniszteri rendelet szerint; egyidejűleg közvetlenül is megküldi a jelentéseket azon kötvénytulajdonosok részére, amelyek elérhetőségét ismeri (az MNB esetében: <a href="mailto:nkp@mnbb.hu">nkp@mnbb.hu</a>);</p> |
| <p>(g) to provide, upon request of National Bank of Hungary, ad hoc information for the purpose of monitoring the compliance with the obligation set out under point (e) above;</p>   | <p>(g) a Magyar Nemzeti Bank felhívására a fenti (e) pontban foglalt kötelezettség teljesülésének ellenőrzése céljára eseti adatszolgáltatást teljesít;</p>   |
| <p>(h) to use the proceeds received from the issuance in line with and for the purposes set forth in the duly accepted business plan, provided to the rating agency</p>   | <p>(h) hogy a kibocsátás révén bevont forrást a kibocsátáshoz szükséges, terméktájékoztató szerint elfogadható hitelminősítést készítő hitelminősítő rendelkezésére bocsátott,</p>  |

- preparing the credit rating and being acceptable pursuant to the handout, and as indicated in the rating report for which the Issuer assumes liability;
- (i) to provide all the necessary documents and information required for credit rating to the Credit Rating Agency in due time, and to duly cooperate with Credit Rating Agency in the rating process. The Issuer agrees and approves that the National Bank of Hungary and the Credit Rating Agency may publish the rating of the Issuer and the Bonds on their websites together with the annual reviews and rating reports;
  - (j) to promptly provide, upont request of the National Bank of Hungary, all information, including the information concern to the ultimate beneficiary or beneficiaries of the Issuer, that have significance in respect of evaluation whether, in the event of purchase of the Bonds by the National Bank of Hungary, the compliance with the requirements of monetary financing prohibition and the Bond Growth Scheme set out in the handout would be assured. The Issuer also undertakes to share these information with all investors to whom it communicated a public offer regarding the Bonds;
  - (k) that, in case of partial repurchase or redemption of the Bonds before their maturity, the Issuer repurchases the Bonds from National Bank of Hungary in proportion to the rate of the Bonds owned by it from the series at the time of repurchase or redemption. The price for the repurchase can be determined following a prior discussion with the Bondholders and with the consent thereof;
- szabályszerűen elfogadott üzleti tervnek megfelelően, az abban meghatározott célokra használja fel, a hitelminősítői riportban foglaltak szerint, amelyért felelősséggel tartozik;
- (i) hogy a hitelminősítéshez szükséges minden dokumentumot és információt a megfelelő időben a Hitelminősítő rendelkezésére bocsájt és a minősítés során vele mindenben együttműködik, továbbá hozzájárul ahhoz, hogy a Magyar Nemzeti Bank és a Hitelminősítő a Kibocsátó, valamint a Kötvények minősítését és annak évenkénti felülvizsgálatát, a kapcsolódó rating riportokkal együtt a honlapján közzétehesse;
  - (j) hogy az MNB kérésére haladéktalanul rendelkezésre bocsát minden olyan információt, ideértve a Kibocsátó végső kedvezményezettjére vagy kedvezményezettjeire vonatkozó információkat is, ami annak megítélése szempontjából jelentőséggel bír, hogy a Kibocsátó adott értékpapírjának MNB általi vásárlása esetén biztosított lenne-e a monetáris finanszírozás tilalmára vonatkozó követelményrendszernek és a Terméktájékoztató szerinti követelményeknek való megfelelés. A Kibocsátó vállalja továbbá, hogy ugyanezeket az információkat mindazon befektetőkkel közli, akikkel az adott értékpapírra vonatkozó nyilvános ajánlattételt közöl;
  - (k) a Kötvény sorozat egy részének a futamidő lejáratára előtti visszavásárlása vagy visszaváltása esetén legalább olyan arányban vásárol vissza abból a Magyar Nemzeti Banktól, mint amilyen arányban a Magyar Nemzeti Bank a Kötvény-sorozatból értékpapírral rendelkezik a visszavásárlás, illetve visszaváltás időpontjában. A visszavásárlási ár meghatározása a Kötvénytulajdonosokkal folytatott előzetes egyeztetést követően és hozzájárulásukkal

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|  | határozható meg;  |
| (l) that the aggregate nominal value of the Bonds accepted by the Issuer after the submission of the offers will not exceed the volume announced in the Issuer's auction offer;  | (l) hogy az ajánlatok benyújtását követően a Kibocsátó által elfogadásra kerülő Kötvények össznévértéke nem haladja meg az aukciós ajánlatban meghirdetett össznévértéket;  |
| (m) to determine for the auction process the lower limit of the price offers;  | (m) hogy az aukciós eljárás során meghatározza a benyújtható árajánlatok alsó korlátját;  |
| (n) to ensure that the issue, the Issuer and the Bonds will comply with the requirements of the Bond Growth Scheme set out in the handout ( <i>Tájékoztató a Növekedési Kötvényprogram feltételeiről</i> );  | (n) hogy a kibocsátás, a Kibocsátó és a Kötvények megfelelnek a Növekedési Kötvényprogramra előírt, a „ <i>Tájékoztató a Növekedési Kötvényprogram feltételeiről</i> „-ban meghatározott követelményekkel;  |
| (o) to have the credit rating of the Bonds revised annually, until the Maturity Date; to comprehensively notify the Bondholders through the appropriate disclosing mediums, and further to the aforementioned notification, to directly and comprehensively notify the Bondholders whom contact details (in case of the NBH: nkp@mn.b.hu) are known by the Issuer as to the annual revision of the credit rating and its results, without any delay. | (o) hogy a Kötvények lejáratáig a hitelminősítést évenként felülvizsgáltatja; a felülvizsgálatról és annak eredményéről haladéktalanul és teljeskörűen tájékoztatja a Kötvénytulajdonosokat a megfelelő közzétételi helyeken, és az előbbi tájékoztatás mellett, azon kötvénytulajdonost, amelynek a kapcsolattartási adatait (MNB esetében: nkp@mn.b.hu) a Kibocsátó ismeri, a Kibocsátó közvetlenül is értesíti az éves felülvizsgálatról és annak eredményéről haladéktalanul és teljeskörűen. |

Capitalized terms and expressions in this declaration shall, unless otherwise defined, have the meanings attributed to such terms and expressions in the Information Memorandum (including by reference to any other document).

This declaration has been prepared in English and Hungarian language. In the case of any discrepancy between the English and the Hungarian version, the Hungarian version shall prevail.

This declaration has been issued under and shall be construed in accordance with Hungarian law.

Budapest, 30 November 2020 / 2020. november 30.

Jelen nyilatkozatban nagy kezdőbetűvel használt szavak és kifejezések jelentése, eltérő definiálás hiányában, az Információs Memorandumban (beleértve az abban hivatkozott egyéb dokumentumot is) meghatározott jelentéssel bír.

Jelen nyilatkozat angolul és magyarul készült. Az angol és a magyar változat közötti eltérés esetén a magyar nyelvű változat az irányadó.

Jelen nyilatkozat magyar jog alatt került kibocsátásra és azzal összhangban értelmezendő.

**CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság**

Földi Tibor

igazgatóság elnöke (vezető tisztségviselő)

## 18 DEFINITIONS

In this Information Memorandum, unless the context indicates otherwise, reference to the singular shall include the plural and vice versa, words denoting one gender include others, expressions denoting natural persons include juristic persons and associations of persons, and the words in the first column have the meaning stated opposite them in the second column as follows:

<b>Allocation</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>Already Issued Bonds</b>	the already issued bonds of the Series.
<b>Amortized Face Value</b>	has the meaning given to such term in Condition 5(a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Amortisation Amount</b>	has the meaning given to such term in Condition 7(a)(i) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Auction Period</b>	has the meaning given to such term in Section 14.3 ( <i>The Auction process</i> ) of this Information Memorandum.
<b>Auctioneer</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>Auditor</b>	means the respective auditor of the Issuer, being currently PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (registered seat: 1055 Budapest, Bajcsy-Zsilinszky út 78.) and Pál Tímár (registration number with Chamber of Hungarian Auditors: 002527)
<b>BGS</b>	means the Bond Funding for Growth Scheme of the National Bank of Hungary (in Hungarian: "Növekedési Kötvényprogram").
<b>Bidder</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>Board of Directors</b>	has the meaning given to such term on Page 2 in "Important Notices" of this Information Memorandum.
<b>Bondholder(s)</b>	has the meaning given to such term in Condition 1(d) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Bonds</b>	has the meaning given to such term on Page 2 under Clause "Important Notices" of this Information Memorandum, except for Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum, in which Section has the meaning given to such term in Section 4. ( <i>Terms and conditions of the Bonds</i> ) of this Information Memorandum.
<b>Bondholders' Meeting</b>	means the meeting of the Bondholders stipulated under Condition 21 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) and Annex 2 ( <i>Provisions on Meeting of Bondholders</i> ) of this Information Memorandum.
<b>BGS Handout</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>BSE</b>	means Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság (registered seat: 1054 Budapest, Szabadság tér 7. Platina torony. I.

ép. IV. em.; company registration number: Cg.01-10-044764; tax number: 12853812-2-41).

<b>Business Day</b>	has the meaning given to such term in Condition 6(c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Buying Offer</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>By-Laws</b>	has the meaning given to such term in Condition 21 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Cash and Cash Equivalents</b>	has the meaning given to such term in Conditions 11 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Capital Markets Act</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>CEE</b>	means Central and Eastern Europe.
<b>Civil Code</b>	has the meaning given to such term in Condition 1(a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Competence Center</b>	has the meaning given to such term in Section 5.6 ( <i>Operation and main activities of the Issuer</i> ) of this Information Memorandum.
<b>Condition(s)</b>	means the terms and conditions pertaining to the Bond as set out in Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Consolidated Leverage Ratio</b>	means the result of the formula in Conditions 11 (b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Controlling Shareholder</b>	has the meaning given to such term in Condition 11(a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Cordia Group</b>	has the meaning given to such term in Condition 11 (a) in Section 4 ( <i>Terms and Conditions</i> ) of this Information Memorandum.
<b>Coupon Payment Date</b>	has the meaning given to such term in Condition 5 (b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>CRA Regulation</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>Credit Rating Agency</b>	means the respective credit rating agency appointed with respect to the Bonds in accordance with the BGS Handout, being currently Scope Ratings GmbH (registered seat: Lennéstraße 5., 10785 Berlin, Germany).
<b>Current Issue</b>	has the meaning given to such term in Section 4. ( <i>Terms and conditions of the Bonds</i> ) of this Information Memorandum.
<b>Current Issue Date</b>	has the meaning given to such term in Condition 2(b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.



<b>Dealer</b>	has the meaning given to such term on Page 3 under Clause "Important Notices" of this Information Memorandum.
<b>Document</b>	has the meaning given to such term in Condition 1 (b) in Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Early Redemption Amount</b>	has the meaning given to such term in Condition 10 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>ESMA</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>EU</b>	means the European Union.
<b>Event(s) of Default</b>	has the meaning given to such term in Condition 10 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Face Value</b>	has the meaning given to such term in Condition 2(a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Final Redemption Amount</b>	has the meaning given to such term in Condition 7(a)(ii) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Finext Befektetési Alapkezelő Zrt.</b>	has the meaning given to such term in Section 5.9.3 ( <i>Finext Investment Fund Management Co. Ltd.</i> ) of this Information Memorandum.
<b>Framework Agreement</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>Fund Manager</b>	has the meaning given to such term in Section 5.9.3 ( <i>Finext Investment Fund Management Co. Ltd.</i> ) of this Information Memorandum.
<b>Futureal Group</b>	has the meaning given to such term in Section 3.3 ( <i>Risks related to the company structure</i> ) of this Information Memorandum.
<b>GC Contract</b>	has the meaning given to such term in Section 5.10.2 ( <i>General construction contracts</i> ) of this Information Memorandum.
<b>Holding Companies</b>	has the meaning given to such term in Section 5.4 ( <i>Corporate structure</i> ) of this Information Memorandum.
<b>IFRS</b>	has the meaning given to such term on Page 5 under Clause "Presentation of Financial Information" of this Information Memorandum.
<b>Information Memorandum</b>	means the present Information Memorandum.
<b>Investor(s)</b>	has the meaning given to such term on Page 1 and Section 14.1 ( <i>Introduction</i> ) of this Information Memorandum.
<b>Issue</b>	has the meaning given to such term on Page 2 under Clause "Important Notices" of this Information Memorandum.
<b>Issue Date</b>	has the meaning given to such term in Condition 2(b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information

	Memorandum.
<b>Issuer</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>Issuer Debt</b>	has the meaning given to such term in Condition 11 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Issuer Equity</b>	has the meaning given to such term in Condition 11 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>KELER</b>	has the meaning given to such term in Condition 1 (b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Late Payment Interest</b>	has the meaning given to such term in Condition 5 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>List of Bondholders</b>	has the meaning given to such term in Clause 1 (d) of Annex 2 ( <i>Provisions on Meeting of Bondholders</i> ) of this Information Memorandum.
<b>Market Maker</b>	has the meaning given to such term in Condition 17 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Market Making Agreement</b>	has the meaning given to such term in Condition 17 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Maturity Date</b>	has the meaning given to such term in Condition 2 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Minimum Price Level</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>MMTS1 Trading System</b>	means the auction trading system operated by BSE.
<b>MMTS1 Trading System Rules</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>NBH</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>New Acquisition</b>	has the meaning given to such term in Condition 11 (a) of Section 4 ( <i>Terms and Conditions of Bonds</i> ) of this Information Memorandum.
<b>New Document</b>	has the meaning given to such term in Condition 1 (b) of Section 4 ( <i>Terms and Conditions of Bonds</i> ) of this Information Memorandum.
<b>Net Issuer Debt</b>	has the meaning given to such term in Condition 11 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Offering Size</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>Original Issue</b>	has the meaning given to such term in Section 4. ( <i>Terms and</i>

	conditions of the Bonds) of this Information Memorandum.
<b>Ownership Certificate</b>	has the meaning given to such term in Condition 18 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Paying Agent</b>	has the meaning given to such term in Condition 16 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Paying Agent Agreement</b>	has the meaning given to such term in Condition 16 of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Payment Day</b>	has the meaning given to such term in Condition 6 (b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Previous Information Document</b>	the information document being effective as of 1 October 2020 and as issued with respect to the Already Issued bonds.
<b>Principal Amount</b>	has the meaning given to such term in Condition 7 (a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Project Entities</b>	has the meaning given to such term in Section 5.4 ( <i>Corporate structure</i> ) of this Information Memorandum.
<b>Prospectus Regulation</b>	has the meaning given to such term on Page 1 of this Information Memorandum.
<b>Quorum</b>	has the meaning given to such term in Clause 5 (a) of Annex 2 ( <i>Provisions on Meeting of Bondholders</i> ) of this Information Memorandum.
<b>Reference Date</b>	has the meaning given to such term in Condition 6 (a) of Section 4 ( <i>Terms and Conditions of Bonds</i> ) of this Information Memorandum.
<b>Related Party</b>	has the meaning given to such term in Condition 11 (a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Remedy Period</b>	has the meaning given in Condition 12 (b) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>SEC</b>	has the meaning given to such term on Page 4 <i>under Clause "Important Notices"</i> of this Information Memorandum.
<b>Securities Account Manager(s)</b>	has the meaning given in Condition 1 (e) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>Selling Offer</b>	has the meaning given to such term in Section 14.2 ( <i>Auction related definitions</i> ) of this Information Memorandum.
<b>Series</b>	series of CORDIA 2030/I HUF Kötvény (name: CORDIA 2030/I HUF Kötvény; ticker: CORDIA2030; ISIN: HU0000359773)
<b>Service Companies</b>	has the meaning given to such term in Section 5.4 ( <i>Corporate structure</i> ) of this Information Memorandum.
<b>Shareholder(s)</b>	has the meaning given to such term in Condition 11 (a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.

<b>Shareholder Distribution</b>	has the meaning given to such term in Condition 11 (a) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>SPA</b>	has the meaning given to such term in Section 6.10.3 ( <i>Sale and Purchase Agreements</i> ) of this Information Memorandum.
<b>Special Restricted Cash</b>	has the meaning given to such term in Condition 11 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ) of this Information Memorandum.
<b>SPV</b>	has the meaning given to such term in Section 3.3 ( <i>Risks related to the company structure</i> ) of this Information Memorandum.
<b>Subordinated Shareholder Loans</b>	has the meaning given to such term in Condition 11 (c) of Section 4 ( <i>Terms and Conditions of the Bonds</i> ).
<b>Subsidiary or Subsidiaries</b>	has the meaning given to such term in Section 4.11. ( <i>Issuer Undertakings</i> ) of this Information Memorandum.
<b>Tranche 1</b>	has the meaning given to such term in Section 4. ( <i>Terms and conditions of the Bonds</i> ) of this Information Memorandum.
<b>Tranche 1 Bonds</b>	has the meaning given to such term in Section 4. ( <i>Terms and conditions of the Bonds</i> ) of this Information Memorandum.
<b>Tranche 2</b>	has the meaning given to such term in Section 4. ( <i>Terms and conditions of the Bonds</i> ) of this Information Memorandum.
<b>Tranche 2 Bonds</b>	has the meaning given to such term in Section 4. ( <i>Terms and conditions of the Bonds</i> ) of this Information Memorandum.
<b>VAT</b>	means the applicable value added tax in the respective countries where Cordia Group carries out its activities.
<b>XBond</b>	means the multilateral trading facility organized and operated by BSE which serves as a trading platform for debt securities.
<b>XBond Business Rules</b>	means the business rules of XBond entered into force as of 20 July 2020 pursuant to decision no 34/2020 of the BSE (which is available through the following link: <a href="https://www.bet.hu/Befektetok/Szabalyozas/Tozsdei-szabalyzatok">https://www.bet.hu/Befektetok/Szabalyozas/Tozsdei-szabalyzatok</a> )

**ANNEX 1**  
**PROPOSAL FOR THE TEXT OF THE BOND**

This document has been prepared by the Issuer and shall be considered as proposal for the text of the Bonds (in Hungarian: "kötvény szövegének javaslata").

**OKIRAT**  
**DEMATERIALIZÁLT KÖTVÉNYRŐL**

**1. A kibocsátókra vonatkozó adatok:**

- teljes név: CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság
- rövid név: CORDIA International Zrt.
- székhely: 1082 Budapest, Futó utca 47-53. VII. em.
- cégjegyzékszám: Cg. 01-10-048844
- adószám: 25558098-2-42
- az Okiratot aláíró(k) adatai:
- az első aláíró neve: Földi Tibor  
képviselési jogának alapja (beosztás): igazgatóság elnöke (önálló aláíró)
- A második aláíró neve: Nem alkalmazandó.  
képviselési jogának alapja (beosztás): Nem alkalmazandó.

**2. Sorozatrészlet(ek)re vonatkozó adatok:**

- Programtájékoztató megnevezése: Nem alkalmazandó.

Kibocsátásról szóló döntés		Sorozatrészlet száma	Sorozatrészlet		Kibocsátás értéknapja
Időpontja	Jellege		Névérték darabszáma	Össznévértéke	
2020. 07. 14.	Igazgatósági határozat	1	720	HUF 36.000.000.000	2020. 07. 27.
2020. 11. 25.	Igazgatósági határozat	2	80	HUF 4.000.000.000	2020. 12. 10.

**3. A teljes kötvénysorozatra vonatkozó adatok:**

- elnevezés: CORDIA 2030/I HUF Kötvény
- ISIN-azonosító: HU0000359773
- névérték és devizanem: 50.000.000 HUF
- névérték darabszám: 800
- össznévérték: 40.000.000.000 HUF
- a forgalomba hozatal módja: Nyilvános
- az első kibocsátás időpontja: 2020. július 27.
- az első kibocsátás értéknapja (keletkeztetés napja): 2020. július 27.

<ul style="list-style-type: none"> <li>• futamidő:</li> </ul>	<p>az első kibocsátás időpontjától számított tíz (10) év</p>
<ul style="list-style-type: none"> <li>• lejárat napja/teljesítésre megjelölt időpont:</li> </ul>	<p>2030. július 27.</p>
<ul style="list-style-type: none"> <li>• kamatfizetési időpontok:</li> </ul>	<p>A kamatfizetési időpontokra vonatkozó részlet szabályok a jelen Okirat részét képező Kötvényfeltételek 5. pontjában (<i>Kamat</i>), különösen 5.(d) pontjában (<i>Munkanap szabály</i>), kerültek meghatározásra.</p>
<ul style="list-style-type: none"> <li>• beváltási (törlesztési) időpontok és az azokhoz kapcsolódó aktuális tőkeérték névértéke:</li> </ul>	<p>A törlesztések kifizetésére vonatkozó részlet szabályok a jelen Okirat részét képező Kötvényfeltételek 6. pontjában (<i>Kifizetések</i>) kerültek meghatározásra.</p>
<ul style="list-style-type: none"> <li>• kamatfizetési és beváltási (törlesztési) feltételek:</li> </ul>	<p>A kamatfizetési feltételek a jelen Okirat részét képező Kötvényfeltételek 5. pontjában (<i>Kamat</i>) kerültek meghatározásra.</p> <p>A beváltási (törlesztési) feltételek a jelen Okirat részét képező Kötvényfeltételek 7. pontjában (<i>Amortizáció, Visszaváltás, Visszavásárlás</i>) kerültek meghatározásra.</p>
<ul style="list-style-type: none"> <li>• a kamatozás módja (fix/változó/indexált):</li> </ul>	<p>Fix.</p>
<ul style="list-style-type: none"> <li>• fix kamatozás esetén kamatláb mértéke:</li> </ul>	<p>Évi 3,00 % azzal, hogy a kamat kifizetésére félévente kerül sor.</p>
<ul style="list-style-type: none"> <li>• változó és indexált kamatozás esetén</li> </ul>	<p>Nem alkalmazandó.</p>
<ul style="list-style-type: none"> <li>• az induló kamatláb mértéke:</li> </ul>	<p>Nem alkalmazandó.</p>
<ul style="list-style-type: none"> <li>• a kamatláb változásának elvei:</li> </ul>	<p>Nem alkalmazandó.</p>
<ul style="list-style-type: none"> <li>• a kamat számításának módja:</li> </ul>	<p>A kamatfizetési feltételek a jelen Okirat részét képező Kötvényfeltételek 5. pontjában (<i>Kamat</i>) kerültek meghatározásra.</p>
<ul style="list-style-type: none"> <li>• átruházás korlátozása:</li> </ul>	<p>A Kötvények átruházásra vonatkozó rendelkezéseket a jelen Okirat részét képező Kötvényfeltételek 4. pontja (<i>Átruházhatóság</i>) tartalmazza, a Kibocsátó nem határoz meg speciális átruházási korlátokat.</p>
<ul style="list-style-type: none"> <li>• a kötvény összegének visszafizetését és a kamat megfizetését biztosító kötelezettségvállalások:</li> </ul>	<p>A Kötvények a Kibocsátó nem biztosított kötelezettségeit testesítik meg.</p> <p>Továbbá a jelen Okirat részét képező Kötvényfeltételek 11. pontjában (<i>Kibocsátó Kötelezettségvállalásai</i>) meghatározott kötelezettségvállalások.</p>
<ul style="list-style-type: none"> <li>• a kötvény kibocsátásának célja:</li> </ul>	<p>A jelen Okirat részét képező Kötvényfeltételek 15. pontjában (<i>A Kötvények Kibocsátásának Célja</i>) meghatározottak szerint ingatlanprojektekbe és ingatlanfejlesztésekbe történő beruházások, különféle akvizíciók (ideértve – többek között – földterületek, földportfóliók, vállalati részesedések és immateriális</p>

javak), forgótőke finanszírozása, valamint az előbb említett célok finanszírozására felhasznált kintlévő kölcsönök (ideértve, de nem kizárólagosan szenior hitelek és a tulajdonosi kölcsönöket) esetleges refinanszírozása.

- a kötvények egyéb feltételei:

A kötvényekre alkalmazandó egyéb feltételek a jelen Okirathoz csatolt, annak elválaszthatatlan részét képező Kötvényfeltételek között került meghatározásra.

**Jelen Okirat nem minősül értékpapírnak.**

Az Okirat kiállításának helye és napja: Budapest, 2020. \_\_\_\_\_.

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CORDIA International Zrt.

Földi Tibor

Igazgató elnöke

## KÖTVÉNYFELTÉTELEK

Az alábbiak a kötvényfeltételei a forintban denominált, fix kamatozású, névre szóló, biztosítatlan, dematerializált formában előállított, 2030. július 27-i lejáratú kötvényeknek (név: CORDIA 2030/I Forint Kötvény; rövidített név: CORDIA2030; ISIN-kód: HU0000359773; „**Sorozat**”), amelyek eredetileg 2020. július 27. napján kerültek kibocsátásra („**Eredeti Kibocsátás**” és a Kötvények (ahogyan az lentebb meghatározásra került) amelyek az Eredeti Kibocsátás keretében kerültek kibocsátásra a továbbiakban együttesen az „**1. Sorozatrészlet Kötvények**”), valamint azon kötvényeknek amelyek a Sorozat ISIN kódja alatt, mint a Sorozat új sorozatrészleteként és a Sorozat kötvényfeltételeivel azonos feltételek szerint kerülnek kibocsátásra („**2. Sorozatrészlet Kötvények**”), amely kötvényfeltételek a 2020. november 30. napján kelt., a Kötvényekre vonatkozó információs memorandumban („**Információs Memorandum**”) eredetileg angol, mint irányadó, nyelven meghatározott feltételek („**Kötvényfeltételek**” vagy „**Kötvényfeltétel**”) magyar nyelvű, kizárólag tájékoztató jellegű, fordítása, amelyek elválaszthatatlan részét képezik az Okiratnak (az alábbiakban meghatározva). A félreértések elkerülése végett az Infomációs Memorandum 4. Fejezetében (*Kötvényfeltételek*) meghatározott feltételek irányadók és a feltételei a 2. Sorozatrészlet Kötvényeknek és a teljes Sorozatnak (beleértve az 1. Sorozatrészlet Kötvényeket). Amennyiben a jelen magyar nyelvű Kötvényfeltételek és az Információs Memorandumban meghatározott angol nyelvű Kötvényfeltételek között bármilyen eltérés lenne, az angol nyelvű Kötvényfeltételeket kell irányadónak tekinteni. A 2. Sorozatrészlet Kötvények a CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság (rövidített elnevezés: CORDIA International Ingatlanfejlesztő Zrt.; székhely: 1082 Budapest, Futó utca 47-53. VII. em.; adószám: 25558098-2-42; a „**Kibocsátó**”) által kerültek kibocsátásra nyilvános forgalomba hozatal útján a Prospektus Rendelet 2. Cikkének (e) pontja szerinti minősített befektetők részére (a „**Aktuális Kibocsátás**”) (az 1. Sorozatrészlet Kötvények együttesen az „**1. Sorozatrészlet**” és az Aktuális Kibocsátás alatt kibocsátandó 2. Sorozatrészlet Kötvények együttesen a „**2. Sorozatrészlet**”, és az Infomációs Memorandum 4. Fejezetének (*Kötvényfeltételek*) céljára az 1. Sorozatrészlet Kötvények és a 2. Sorozatrészlet Kötvények külön-külön vagy együttesen (az esetnek megfelelően) a „**Kötvények**”).

### **1 Típus, Forma, Fajta, Jogosultság, Nyilvántartás és Felhatalmazás**

#### (a) Típus

A Kötvények a Tőkepiacról szóló 2001. évi CXX. törvény („**Tpt.**”) 12/B.§-a, a Kötvényről szóló 285/2001. (XII. 26.) Korm. rendelet, valamint a Polgári Törvénykönyvről szóló 2013. évi V. törvény („**Ptk.**”) rendelkezéseivel összhangban, hitelviszonyt megtestesítő, névre szóló értékpapír formájában.

#### (b) Előállítás módja

A Kötvények dematerializált formában, névre szólóan kerültek kibocsátásra. A Kötvényeket nem lehet bemutatóra szóló formában előállítani.

A Kibocsátó a Tpt. 7.§-a (2) bekezdésével és 9.§-a (1) bekezdésével összhangban, a Kötvény feltételeit és adatait tartalmazó, értékpapírnak nem minősülő okiratot („**Okirat**”) állított ki és helyezett letétbe a KELER Központi Értéktár Zártkörűen Működő Részvénytársaságnál (angol elnevezése: KELER Ltd.; székhely: 1074 Budapest, Rákóczi út 70-72.; cégjegyzékszám: Cg.01-10-042346; adószám: 10873151-2-44; „**KELER**”). Az Okirat mindaddig a KELER-nél vagy (amennyiben alkalmazandó) annak jogutódjánál marad, ameddig a Kötvénytulajdonosok a Kötvény alapján fennálló valamennyi követelése kielégítésre nem kerül.

Amennyiben a Kibocsátó a jelen Kötvényfeltételek szerint bármely Kötvényt a Lejárat Napját megelőzően érvénytelenít vagy rábocsátás keretében további Kötvény bocsát ki, úgy az Okirat törlésre kerül, és a még



fennálló Kötvények adatait tartalmazó új okirat ("**Új Okirat**") kerül előállításra és a KELER-nél letétbe helyezésre annak érdekében, hogy az érvénytelenítés illetve a rábocsátás okán a fennálló Kötvények számának változása nyomon követhető legyen. Jelen Kötvényfeltételek a Kötvények és következőképpen az Okirat vagy az Új Okirat (az esetnek megfelelően) részét képezik. Jelen pont szerinti eljárás megfelelően alkalmazandó a Kötvényfeltételeknek a 21. Kötvényfeltétel (*Kötvényesi Gyűlés és a kötvényfeltételek Módosítása*) szerinti módosítása esetén is.

(c) *Kamatozás*

Minden egyes Kötvény fix kamatozású kötvény.

(d) *Tulajdonjog*

A Ptk. 6:566.§-a (6) bekezdésének és a Tpt. 138.§-a (2) bekezdésének megfelelően, a „Kötvénytulajdonos”-ra vagy „Kötvénytulajdonosok”-ra történő hivatkozáson bármely Kötvény vonatkozásában – az ellenkező bizonyításáig – azt a személyt vagy személyeket kell érteni, aki(k)nek az értékpapírszámláján a Kötvényeket nyilvántartják (a "**Kötvénytulajdonos**").

Kivéve, ha jogszabály eltérően nem rendelkezik, a Kötvények bármely tulajdonosát, aki a fenti bekezdéssel összhangban szerezte meg a Kötvényeket a Kötvények teljeskörű tulajdonosának kell tekinteni és akként kell kezelni minden tekintetben (függetlenül attól, hogy a Kötvények alapján teljesítendő fizetések esedékesek vagy sem) és a Kötvény tulajdonosának ily módon történő kezeléséért senki sem vonható felelősségre.

A Tpt. 6.§ (5) bekezdése értelmében a Kötvénytulajdonosok nem kérhetik a Kötvények nyomdai úton előállított kötvényekké történő átalakítását.

(e) *KELER nyilvántartása*

A KELER által vezetett nyilvántartás hiteles nyilvántartásként szolgál azon értékpapírszámla-vezetők (az "**Értékpapír-számlavezető**") azonosítása tekintetében, akiknek a KELER által vezetett értékpapírszámláján Kötvények kerültek jóváírásra, valamint az egyes Értékpapír-számlavezetők által vezetett értékpapírszámlákon jóváírt Kötvények mennyisége vonatkozásában.

(f) *Felhatalmazás*

Az 1. Sorozatrészlet, az Eredeti Kibocsátás, kibocsátására a Kibocsátó igazgatóságának 2020. július 14. napján kelt 1/2020 (VII. 14.) számú határozatában foglalt felhatalmazás alapján került sor.

A 2. Sorozatrészlet, az Aktuális Kibocsátás, kibocsátására a Kibocsátó igazgatóságának 2020. 11. 25. napján kelt 1/2020 (XI. 25.) számú határozatában foglalt felhatalmazás alapján került sor.

## **2 Névérték, Kibocsátás, Lejárat és Minősítés**

(a) *A Kötvények darabszáma és névértéke*

Az 1. Sorozatrészlet kibocsátása alkalmával 720 darab Kötvény került kibocsátásra.

A 2. Sorozatrészlet, az Aktuális Kibocsátás során 80 darab Kötvény került kibocsátásra.

Minden egyes Kötvény magyar forintban 50.000.000 HUF névértékkel (azaz ötvenmillió forint) ("**Névérték**") került kibocsátásra.

Az 1. Sorozatrészlet össznévértéke 36.000.000.000 (azaz harminchatmilliárd).

A 2. Sorozatrészlet össznévértéke 4.000.000.000 HUF (azaz négy milliárd forint).

A Kibocsátó nem fogad el túljegyzést.

(b) *A Kötvények forgalomba hozatalának, kiállításának és keletkeztetésének helye és ideje*

A Kötvények forgalomba hozatalának, kiállításának és keletkeztetésének helye minden esetben: Budapest, Magyarország.

A Kötvények kibocsátására nyilvános forgalomba hozatal útján, aukciós eljárás keretében került sor.

Az Eredeti Kibocsátására 2020. július 27. napján került sor (a „**Kibocsátás Napja**”).

Az Aktuális Kibocsátására 2020 december 10. napján került sor (az „**Aktuális Kibocsátás Napja**”).

(c) *A Kötvények futamideje*

A Kötvények tíz éves futamidővel rendelkeznek, amely a Kibocsátás Napján kezdődik és amely 2030. július 27. napján ér véget (a „**Lejárat Napja**”).

(d) *Minősítés*

A Kötvényeket a Scope Ratings GmbH (székhely: Lennéstraße 5., 10785 Berlin, Németország) BB minősítéssel látta el, amely minősítés 2020. június 26. napján került közzétételre és 2020. július 15. napján került megerősítésre, míg a jelen rábocsátásra tekintettel a minősítés felülvizsgálatra került a Scope Ratings GmbH által és a 2020. november 20. napján kibocsátott felülvizsgálati jelentés megerősítette, hogy mind a Kibocsátó (BB/stabil), mind a Kötvények (BB) minősítése változatlan maradt.

### **3 A Kötvények Státusza és Sorrendisége**

A Kötvények a Kibocsátó közvetlen, nem biztosított, feltétel nélküli és nem alárendelt kötelezettségeit testesítik meg. A Kötvények egymással *pari passu* rangsorolódnak bármilyen előnyben részesítés nélkül és azok kielégítésének sorrendje tekintetében, illetve legalább *pari passu* rangsorolódnak a Kibocsátó mindenkor egyéb jelenlegi vagy jövőbeli közvetlen, nem biztosított, feltétel nélküli és nem alárendelt kölcsön, kötvény vagy bármely más kölcsönfelvételtől származó kötelezettségeivel, kivéve azokat a kötelezettségeket, amelyek jogosultjai a fizetéseképtelenségi eljárás során a kötelezően alkalmazandó jogszabályok alapján elsőbbséget élveznek.

### **4 Átruházhatóság**

A Kötvények a KELER mindenkor szabályzataival és előírásaival összhangban az eladó értékpapír-számlájának megterhelésével és a vevő értékpapír-számláján történő jóváírásával ruházhatók át.

A jelen Kötvényfeltételben meghatározottakon túl a Kibocsátó nem korlátozza a Kötvények átruházását.

A KELER mindenkor szabályzatai és előírásai a Kötvényeknek az Értékpapír-számlavezetők érintett értékpapír-számlái közötti átutalásra vonatkozóan meghatározhatnak korlátozásokat és olyan időszakokat, amelyek a Kötvénytulajdonosokra alkalmazandók és kötelezőek.

A Kötvények tekintetében kicserélésre, átváltoztatásra vonatkozó- vagy elővásárlási jog nem gyakorolható.

### **5 Kamat**

(a) *Kamat*

Minden egyes Kötvény kamata évi 3,00% (azaz három százalék), az Amortizált Névérték alapján számított féléves kamatfizetésekkel, amelyek a Kamatfizetési Napokon kerülnek kifizetésre aktuális/aktuális típusú kamatszámítás alkalmazása mellett. Az **Amortizált Névérték** jelenti a Névértéknek a Kibocsátó által az érintett Kamatfizetési Napot megelőzően kifizetett Amortizációs Összegek együttes összegével csökkentett

összegét.

A Kibocsátó jogosult egyoldalúan (véglegesen, ideiglenesen és/vagy feltételesen) megemelni a fenti kamat mértékét a Kötvénytulajdonosok hozzájárulása nélkül, minden esetben az alkalmazandó jogszabályokkal és előírásokkal összhangban és azok rendelkezéseitől függően.

(b) *Kamatfizetési Nap*

Az első kamatfizetési nap a Kibocsátás Napjától számított hatodik (6.) hónap megfelelő napja, amely 2021. január 27-e és minden további kamatfizetési nap a Kötvények futamideje alatt az előző Kamatfizetési Naptól számított hatodik (6.) hónap megfelelő napja, az utolsó kamatfizetési nap kivételével, amely megegyezik a Lejárat Napjával (2030. július 27.) (a "**Kamatfizetési Nap**").

A Kamatfizetési Napok az adott év vonatkozásában július 27., január 27.

Kamatfizetési Napok:

<b>Kamatfizetési Nap:</b>	<b>Kamat (Kötvényenként):</b>
2021 Január 27	HUF 750,000
2021 Július 27	HUF 750,000
2022 Január 27	HUF 750,000
2022 Július 27	HUF 750,000
2023 Január 27	HUF 750,000
2023 Július 27	HUF 750,000
2024 Január 27	HUF 750,000
2024 Július 27	HUF 750,000
2025 Január 27	HUF 750,000
2025 Július 27	HUF 750,000
2026 Január 27	HUF 750,000
2026 Július 27	HUF 750,000
2027 Január 27	HUF 750,000
2027 Július 27	HUF 750,000
2028 Január 27	HUF 675,000
2028 Július 27	HUF 600,000
2029 Január 27	HUF 525,000
2029 Július 27	HUF 450,000
2030 Január 27	HUF 375,000
2030 Július 27	HUF 300,000

Ha a kamatot ki kell számolni egy olyan periódus tekintetében, amely egyenlő vagy rövidebb a kamatfizetési időszaknál, a kamat az alábbiak szerint számítandó:

A fizetendő kamat összege

(i) amennyiben ez az időszak az első kamatperiódus időszakára esik

évi 3.00%, elosztva kettővel, szorozva a Kibocsátás Napja (beleértendő) és az aktuális kamatfizetési nap (nem beleértendő) között ténylegesen eltelt napok (Felhalmozási Időszak) számával, és szorozva a kamatperiódusra eső Amortizált Névértékkel, és elosztva az első Kamatfizetési Nap (nem beleértendő) és a Kibocsátás Napja (beleértendő) között eltelt napok számával;

(ii) amennyiben ez az időszak bármely következő kamatperiódusra esik

évi 3.00%, elosztva kettővel, szorozva a megelőző Kamatfizetési Nap (beleértendő) és az aktuális

kamatfizetési nap (nem beleértendő) között ténylegesen eltelt napok (Felhalmozási Időszak) számával, és szorozva a kamatperiódusra eső Amortizált Névértékkel, és elosztva az aktuális Kamatfizetési Nap (nem beleértendő) és az előző Kamatfizetési Nap (beleértendő) között eltelt napok számával.

Abban az esetben ha a fenti számítás alapján egy Kötvényre eső Kamat tort szám eredményt adna, az ilyen tört számot oly módon kell kerekíteni, hogy a HUF 0.5-től felfelé kell kerekíteni.

(c) *Fizetési késedelem*

Amennyiben a Kibocsátó az esedékesség napján nem fizet meg bármely Kötvény alapján fizetendő összeget, ezen esedékes, meg nem fizetett összegre az esedékesség napjától a tényleges fizetés napjáig kamat halmozódik fel és fizetendő, amelynek mértéke az 5.(a) Kötvényfeltételben (*Kamat*) meghatározott kamat hat százalékkal (6%) megnövelt értéke (a "**Késedelmi Kamat**").

A Kötvénytulajdonosok nem jogosultak Késedelmi Kamatra, kamatra vagy egyéb kifizetésre a Kibocsátó általi késedelmes fizetés esetén, amennyiben a Kötvénytulajdonos elmulasztja megfelelő időben a Kibocsátó rendelkezésére bocsátani a vonatkozó Tulajdonosi Igazolást (amennyiben alkalmazandó).

(d) *Munkanap szabály*

Bármely kamat megfizetésére a 6. Kötvényfeltétel (*Kifizetések*) rendelkezései alkalmazandók, beleértve különösen, de nem kizárólagosan a 6.(b) Kötvényfeltételt (*Kifizetés Időpontja*).

## **6 Kifizetések**

(a) *Fizetés módja*

A Kötvény tekintetében tőke- és kamatkifizetésre banki átutalással a Fizető Ügynökön keresztül kerül sor a KELER mindenkor hatályos szabályzataival és előírásaival összhangban, valamint a vonatkozó adózási jogszabályok figyelembevételével, azon Értékpapír-számlavezetők részére, amelyeknek a KELER-nél vezetett értékpapír-számláján az adott esedékességre vonatkozó – a KELER mindenkor hatályos szabályzatában meghatározott – Fordulónapon (ahogy az alább meghatározásra került) az üzletzárás időpontjában Kötvények jóváírásra kerültek. A KELER jelenleg hatályos szabályzatai és előírásai értelmében, a Fordulónap az érintett Kifizetési Napot közvetlenül két (2) Munkanappal megelőző nap (a "**Fordulónap**"). Kifizetést azon személy részére kell teljesíteni, aki a Fordulónapon Kötvénytulajdonosnak minősül.

(b) *Kifizetési Nap*

Amennyiben a Kötvény vonatkozásában teljesítendő bármely kifizetés napja nem Kifizetési Nap (ahogy az alább meghatározásra került), a Kötvénytulajdonos a következő Kifizetési Napig nem jogosult az érintett kifizetésre, valamint ezen késedelem tekintetében további kamatra vagy egyéb fizetésre.

Jelen pont céljára, **Kifizetési Nap** az a nap,

- (i) amely Munkanap; és
- (ii) amelyen a KELER pénz- és értékpapír-átutalásokat hajt végre.

(c) *Kifizetésekre vonatkozó általános rendelkezések*

Kizárólag a Kötvénytulajdonosok jogosultak a Kötvény alapján kifizetésre. Minden egyes, a KELER nyilvántartásában szereplő, a Kötvények bizonyos Névértékének tényleges tulajdonosaként feltüntetett

személyek kizárólag a KELER-hez fordulhatnak a Kibocsátó vagy a Kötvénytulajdonosok elhatározása alapján teljesített minden egyes kifizetés őt megillető részére vonatkozóan.

Jelen Kötvényfeltételek alkalmazásában **Munkanap** alatt minden olyan napot kell érteni, amelyen a kereskedelmi bankok (ideértve a Fizető Ügynököt is) az általános üzletmenet szerint nyitva tartanak Budapesten.

## **7 Amortizáció, Visszaváltás, Visszavásárlás**

### **(a) Ütemezett amortizáció a Kötvények futamideje alatt és lejáratkori visszaváltás**

Hacsak előzőleg nem került visszaváltásra vagy visszavásárlásra és érvénytelenítésre, minden egyes Kötvény az alábbiak szerint amortizálódik:

- (i) 5.000.000 HUF/Kötvény, mint amortizációs összeg ("**Amortizációs Összeg**") esedékes és fizetendő félévente a tizennegyedik (14.) és tizenkilencedik (19.) Kamatfizetési Napok közötti időszak szerinti hat (6) Kamatfizetési Napon, azaz 2027. július 27., 2028. január 27., 2028. július 27., 2029. január 27., és 2029. július 27. napján; és 2030. január 27.
- (ii) 20.000.000 HUF/Kötvény, mint végső amortizációs összeg ("**Végső Visszaváltási Összeg**") esedékes és fizetendő 2030. július 27. napján, mely az utolsó Kamatfizetési Nap, amely egyben a Lejárat Napja is. A félreértések elkerülése érdekében, a fenti (i) bekezdés szerinti összeg kerekítés eredménye, amely kerekítés a Végleges Visszaváltási Összegben helyesbítésre került. Valamennyi kamat, Amortizációs Összeg és a Végső Visszaváltási Összeg megfizetésével a Kötvények visszaváltásra és érvénytelenítésre kerülnek a Kibocsátó által.

**Tőkeösszeg** jelenti, minden egyes Kötvény tekintetében, valamennyi Amortizációs Összeget és a Végső Visszaváltási Összeget; azaz a teljes Tőkeösszeg összege megegyezik a Kötvény Névértékével.

A fentieket nem érintve, bármely Amortizációs Összeg és a Végső Visszaváltási Összeg megfizetésére a 6. Kötvényfeltétel (*Kifizetések*) rendelkezései alkalmazandók, különösen de nem kizárólagosan a 6.(b) Kötvényfeltétel (*Kifizetés Időpontja*).

### **(b) Egyéb visszaváltás**

A Kötvények visszaváltására kizárólag a 7.(a) Kötvényfeltételben (*Tervezett amortizáció a kötvények futamideje alatt és visszaváltás a lejáratkor*) és a 10. Kötvényfeltételben (*Felmondási Események*) meghatározottak szerint kerülhet sor.

### **(c) Visszavásárlás**

A Kibocsátó bármikor, bármilyen áron vásárolhat Kötvényeket a nyílt piacon vagy egyéb más módon. A Kibocsátó által megvásárolt Kötvények a Kibocsátó választása szerint megtarthatók, ismét eladhatók vagy érvényteleníthetők.

### **(d) Érvénytelenítés**

Valamennyi, a Kibocsátó által visszaváltásra kerülő Kötvény érvénytelenítésre kerül a KELER mindenkor hatályos szabályzatainak és eljárásainak megfelelően. Az ily módon érvénytelenített Kötvények nem bocsáthatók ki, illetve nem adhatók el újra.

### **(e) Rábocsátás**

A Kibocsátó jogosult rábocsátás keretében további kötvények kibocsátására a Kötvények sorozatán belül.

Az ilyen rábocsátás szükségszerűen a Kötvények jelen Kötvényfeltételek szerint meghatározott technikai paramétereinek (pl.: kibocsátásra vonatkozó hozzájárulás, a sorozaton belül kibocsátott kötvények száma, össznévérték, teljes kibocsátási összeg) módosulásával jár. A Kötvényfeltételek ilyen módosulásához nem szükséges a Kötvényesek Gyűlésének jóváhagyása vagy beleegyezése.

## **8 Adózás**

A Kötvényekkel kapcsolatos valamennyi tőke- és kamatkifizetésre a Kibocsátó részéről vagy képviseletében az alkalmazandó pénzügyi vagy adó jogszabályokkal összhangban kerül sor. Amennyiben a tőke- vagy kamatkifizetések tekintetében bármely teher vagy adó levonása alkalmazandó, a Kibocsátó teljesíti a visszatartási kötelezettségét, így a Kötvénytulajdonosok a tőke- és kamatkifizetések nettó összegét kapják meg. Sem a Kibocsátó, sem a Forgalmazó sem pedig a Fizető Ügynök nem terheli semmilyen többlet fizetési kötelezettség a Kötvénytulajdonosok ezen teher vagy levonás miatti kompenzálására céljára számára. Az alkalmazandó jogszabályokkal összhangban sem a Kibocsátó, sem a Forgalmazó sem pedig a Fizető Ügynök nem tartozik felelőséggel a Kötvénytulajdonosokkal szemben semmilyen, a tőke- és kamatkifizetésekkel kapcsolatos díjért, költségért, veszteségért vagy kiadásért.

## **9 Elévülés**

A Kötvényről szóló 285/2001. (XII. 26.) Korm. rendelet értelmében, a Kötvényeken alapuló követelések a Kibocsátóval szemben nem évülnek el, hacsak a magyar jogszabályok eltérően rendelkeznek.

## **10 Felmondási Esemény**

### **(a) *Értesítés lehetséges mulasztásról, kötelezettségvállalás megsértéséről***

A Kibocsátó köteles, azonnal de legkésőbb a tudomásszerzést követő három (3) Munkanapon belül, a 18. Kötvényfeltétel (*Értesítések*) rendelkezéseivel összhangban értesíteni a Kötvénytulajdonosokat bármilyen olyan körülményről, amely a Kötvényfeltételek Kibocsátó általi teljesítését akadályozhatja vagy veszélyeztetheti (megjelölve az érintett körülmények alapjául szolgáló tényeket, eseményeket; azok enyhítésére, orvoslására tett lépéseket és az enyhítés, orvoslás várható idejét).

### **(b) *Felmondási Események***

Amennyiben a következő események valamelyike bekövetkezik és folyamatosan fennáll:

- (i) a Kötvények vagy azok bármelyike tekintetében esedékes bármely Tőkeösszeg vagy kamat kifizetésének elmulasztása és az alkalmazandó Orvoslási Időszak lejárt a 12. Kötvényfeltétel (*Orvoslás*) szerinti megfelelő orvoslás nélkül; vagy
- (ii) a Kibocsátó a 3. Kötvényfeltételben (*A Kötvények Státusza és Sorrendisége*) vagy a 11.(a) Kötvényfeltételben foglalt kötelezettségvállalások bármelyikét nem teljesíti és az alkalmazandó Orvoslási Időszak lejárt a 12. Kötvényfeltétel (*Orvoslás*) szerinti megfelelő orvoslás nélkül,

(a „**Felmondási Események**”, és azok bármelyike a „**Felmondási Esemény**”),

valamennyi Kötvény haladéktalanul esedékes és fizetendő a Lejárat Előtti Visszaváltási Összegen, bármilyen büntető kamat nélkül, a Felmondási Esemény bekövetkezését követő kilencvenedik (90.) napon.

Jelen Kötvényfeltétel vonatkozásában:

**Lejárat Előtti Visszaváltási Összeg** jelenti egy Kötvény vonatkozásában annak Névértékét csökkentve az adott Kötvény tekintetében megfizetett valamennyi Tőkeösszeggel, és növelve valamennyi kintlévő kamat és Késedelmi Kamat összegével és az utolsó Kamatfizetési Nap óta felhalmozódott időarányos (azaz az utolsó Kamatfizetési Nap és a Lejárat Előtti Visszaváltási Összeg megfizetésének napjáig terjedő időszakban) kamatokkal, osztva az adott félév tényleges napjainak számával.

## **11 Kibocsátó Kötelezettségvállalásai**

### **(a) A Kibocsátó kötelezettségvállalásai**

1. A Kibocsátó nem teljesíthet Részvényesi Kifizetést és nem hajthat végre Új Akvizíciót amennyiben az alábbi feltételek – a Kibocsátó legutóbb közzétett pénzügyi beszámolóiban szereplő adatok alapulvételével számítva – nem teljesülnek:

- (i) a Konszolidált Tőkeáttételi Mutató nem haladja meg a 65 %-ot, és
- (ii) a Kibocsátó Nettó Adósság–Saját Tőke Aránya nem haladja meg az 1 értéket.

A fenti korlátozás azon pénzügyi beszámolók közzétételének napjától alkalmazandó, amelyben szereplő adatok alapján számítva a fenti feltételek nem teljesülnek és azon pénzügyi beszámolók közzétételének napjáig alkalmazandók, amely alapján mindkét fenti feltétel teljesül.

2. Ezen túlmenően, a fenti 1.(i) és 1.(ii) pontban foglalt feltételek teljesülése mellett is, a következő korlátozás alkalmazandó:

A Részvényesi Kifizetésre oly módon nem eszközölhető, amelynek eredményeként a Kibocsátó legutolsó pénzügyi beszámolójának napját követően eszközölt Részvényesi Kifizetések együttes összege meghaladná azon kifizetések maximális összegét, amelyek a legutolsó pénzügyi beszámoló napján eszközölhetők anélkül, hogy a kifizetés sértené a fenti 1.(i) és 1.(ii) pontokban meghatározott és a ezen legutolsó pénzügyi beszámoló alapján kiszámított Konszolidált Tőkeáttételi Mutatót vagy Kibocsátó Nettó Adósság–Saját Tőke Arányt.

Jelen korlátozás a Kibocsátó legutolsó pénzügyi beszámolója közzétételének napjától az új pénzügyi beszámoló közzétételének napjáig alkalmazandó, amely időpontban ezen korlátozás új mértéke kiszámítandó és alkalmazandó.

Mind a Konszolidált Tőkeáttételi Mutató, mind a Kibocsátói Nettó Adósság – Saját Tőke Arányt a Kibocsátó által legutoljára közzétett pénzügyi beszámoló alapján számítandó (a Konszolidált Tőkeáttételi Mutató esetén a konszolidált pénzügyi beszámoló, a Kibocsátói Nettó Adósság – Saját Tőke Arány esetében pedig a Kibocsátó önálló, egyedi pénzügyi beszámolójának alapul vételével).

A fenti vállalások közzététele és kiszámítása a Kibocsátó pénzügyi beszámolóinak szerves részét képezi.

Jelen 11.(a) Kötvényfeltétel céljára az alábbi definíciók alkalmazandók:

**Cordia Csoport** jelenti a Kibocsátót és a Leányvállalatait.

**Befolyásoló Részvényes** jelenti azt a Részvényest, aki a Kibocsátó által kibocsátott részvények több, mint 50%-át tulajdonolja, vagy képes és/vagy jogosult a Kibocsátó ügyeinek, eszközeinek, menedzsmentjének és/vagy szabályzatainak a befolyásolására, és/vagy a Kibocsátó igazgatósága összetételének meghatározására, akár szavazati jogokat megtestesítő részvényeken, szavazati jog birtoklása révén, szerződés alapján, akár más egyéb módon.

**Kapcsolt Fél** jelent bármely társaságot, amelyben a Befolyásoló Részvényes közvetlenül vagy közvetve 50%-ot meghaladó mértékű részesedéssel vagy szavazati jogokkal rendelkezik.

**Leányvállalatok** jelenti a Kibocsátó által (közvetlenül vagy közvetve) befolyásolt és (közvetlenül vagy közvetve, teljes mértékben vagy részben) tulajdonolt jogalanyokat, azzal, hogy „befolyás” jelenti (i) egy jogalany tekintetében a szavazati jogok több mint 50%-ának megszerzése vagy befolyásolása, (ii) a jogalany igazgatósága vagy más irányító szerve összes tagjának vagy tagjai többségének a kinevezéséhez/megbízásához vagy elmozdításához való jog, akár részvények tulajdonlásán keresztül, akár megállapodás alapján vagy más módon.

**Részvényes(ek)** jelenti a Kibocsátó részvényesé(ei)t, amely a Kibocsátás Napján a Cordia Holding B.V (székhely: Prins Hendriklaan 26, 1075BD Amsterdam, Hollandia; CCI szám: 75022923) and Finext Consultants (székhely: Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Ciprus, CCI regisztrációs szám: HE 187038).

**Részvényesi Kifizetés** jelent

- (i) Bármilyen a Részvényesek részére, illetve javára teljesített osztalék vagy osztalékelőleg fizetését, részvény visszavásárlást, tőke leszállítást vagy hasonló tranzakciót; és/vagy
- (ii) kölcsön nyújtása vagy kölcsönök visszafizetése (beleértve a tőkét és a kamatot is) a Befolyásoló Részvényesek vagy azok olyan Kapcsolt Felei részére, amelyek nem részei a Cordia Csoportnak,

azzal, hogy minden esetben kivételt képeznek a rendes üzletmenet keretében a Cordia Csoport munkavállalói és munkatársai részére vagy javára nyújtott juttatásokat, osztalékot, nyereségrészesedést, opciókat és részesedési programokat feltéve, hogy munkavállalók vagy munkatársak nem a Befolyásoló Részvényes tényleges tulajdonosai vagy a Befolyásoló Részvényesnek a Polgári Törvénykönyv 8:1.§ (1) bek. 1. pontja szerinti közeli hozzátartozói.

**Új Akvizíció** jelenti a Cordia Csoport bármely tagjának bármely új kötelezettségvállalását, amely a Cordia Csoporton kívüli harmadik személyek felé 1.000.000 EUR összeget meghaladó pénzkidadásokat eredményez ingatlan, részvény vagy üzletrész megszerzése érdekében, és amely új kötelezettségvállalásra a Kibocsátó vonatkozó pénzügyi beszámolójának utolsó közzététele óta került sor, kivéve (i) belső tranzakciók, azaz a Cordia Csoport más tagjaival között ügyletek; és (ii) ügyletek, amelyek a napi működéshez, meglévő projektek/telkek befejezéséhez vagy fejlesztéséhez szükségesek; és (iii) a Kötvényesi Gyűlés által kifejezetten jóváhagyott ügyletek.

- (b) *Konszolidált Tőkeáttételi Mutató*

A Konszolidált Tőkeáttételi Mutató az alábbi formula alkalmazásával kapott eredményt jelöli:

**Konszolidált Tőkeáttételi Mutató = (Nettó Konszolidált Adósság) / (Pénzeszközökkel & Vevői Előlegekkel csökkentett Teljes Konszolidált Eszközállomány )**

ahol

**Nettó Konszolidált Adósság = KA - P - EP**

és

**Pénzeszközökkel & Vevői Előlegekkel csökkentett Teljes Konszolidált Eszközállomány = TE - VE - P - EP**

ahol



**KA** = A Konszolidált Adósság jelenti a Cordia Csoport harmadik személyekkel szemben fennálló hiteleit és kölcsöneit, beleértve a banki kölcsönöket és kötvényeket, ideértve továbbá bármilyen garanciavállalás, kezességvállalás alapján fennálló kötelezettségeket vagy harmadik személyek (amelyek sem részben sem egészben nem képezik a Cordia Csoport valamely tagjának tulajdonát) ilyen típusú kötelezettsége tekintetében létrejött egyéb kötelezettségvállalási megállapodás alapján fennálló kötelezettségeket, ide nem értve bármely, a Kötvényeknek alárendelt adósságot.

**P** = Pénzeszközök és Pénzeszköz-Egyenértékesek;

**EP** = Elkülönített Pénzeszköz

(i) a Cordia Csoport projektjeiben ingatlanokat vásárló ügyfelek által letétbe helyezett elkülönített pénzeszköz,

valamint

(ii) a Konszolidált Adósság egy részének biztosítása céljára letétbe helyezett elkülönített pénzeszköz (ide nem értve a fenti (i) pont szerinti pénzeszközöket) amely a Kötvényeknek nem alárendelt;

**TE** = Teljes Eszközállomány jelenti a Cordia Csoport teljes konszolidált eszközállományát csökkentve (i) az használatijog-eszköz (ROU) (IFRS 16) és (ii) a halasztott adókövetelésekkel;

**VE** = Vevői előlegek jelenít a Cordia Csoport részére az ügyfelek által az eszközök értékesítése kapcsán megfizetett előlegek teljes összege, amelyeket még nem kerültek bevételként elszámolásra.

(c) *Kibocsátói Nettó Adósság – Saját Tőke Arány*

A Kibocsátói Nettó Adósság – Saját Tőke Arány az alábbi formula alkalmazásával kapott eredményt jelenti:

**Kibocsátói Nettó Adósság – Saját Tőke Arány = (Nettó Kibocsátói Adósság) / (Kibocsátói Saját Tőke)**

*amelyben*

**Alárendelt Tulajdonosi Kölcsönök** jelentik a Kibocsátó által az Befolyásoló Részvényessel vagy annak Kapcsolt Feleivel szemben felmerült adósságát, amelyek teljes mértékben alárendelésre kerültek a Kötvényeknek.

**Kibocsátói Adósság** jelenti a Kibocsátó Cordia Csoporton kívüli személyektől származó kölcsöneit és hiteleit, ideértve banki kölcsönöket és kötvényeket, továbbá bármilyen garanciavállalás, kezességvállalás alapján fennálló kötelezettségeket vagy harmadik személyek (amelyek sem részben sem egészben nem képezik a Cordia Csoport valamely tagjának tulajdonát) ilyen típusú kötelezettsége tekintetében létrejött egyéb kötelezettségvállalási megállapodás alapján fennálló kötelezettségeket, ide nem értve bármely, a Kötvényeknek alárendelt adósságot.

**Kibocsátói Saját Tőke** jelenti a Kibocsátó teljes saját tőkéjét (a Kibocsátó önálló pénzügyi beszámolójában foglaltak szerint), valamint az Alárendelt Tulajdonosi Kölcsönöket.

**Nettó Kibocsátói Adósság** jelenti a Kibocsátói Adósságot (a Kibocsátó önálló pénzügyi beszámolójában foglaltak szerint) csökkentve (i) a Pénzeszközökkel és Pénzeszköz-Egyenértékesekkel és (ii) a Meghatározott Célra Elkülönített Pénzeszközökkel.

**Meghatározott Célra Elkülönített Pénzeszközök** jelentik a Kibocsátói Adósságot biztosító elkülönített

pénzeszközöket amelyek a Kötvényeknek nem alárendeltek.

**Pénzeszközök és Pénzeszköz-Egyenértékesek** jelentik a Kibocsátó pénzeszközeit és pénzeszköz-egyenértékeseit.

## 12 Orvoslás

### (a) Orvoslás módja

A Kibocsátó jogosult orvosolni

- (i) bármely fizetési késedelmet a lejárt összeg Kötvénytulajdonosok részére történő megfizetésével; és
- (ii) a 10. Kötvényfeltétel (b) pontjában foglalt bármely mulasztást az alábbi módon:
  - (A) Részvényesi Kifizetések esetén Kibocsátó részére tőkeemelés vagy tulajdonosi kölcsön formájában a fizetett összeg olyan mértékben, amilyen összegben a Részvényesi Kifizetés nem felelt meg a 11. Kötvényfeltétel (*Kibocsátó kötelezettségvállalásai*) (a) pontjának.
  - (B) Új Akvizíciók esetén, (x) az eredeti állapot helyreállításával, vagy (y) a 11. Kötvényfeltétel (*Kibocsátó kötelezettségvállalásai*) (a) pontjában foglaltaknak nem megfelelően megszerzett eszköz Cordia Csoporton kívüli harmadik személy részére történő újra-értékesítésével olyan eladási áron, amely nem kevesebb, mint az eredeti vételár és a kapcsolódó költségek összege és ezen eladási ár Kibocsátó részére megfizetésre került, vagy (z) a Kibocsátó részére tőkeemelés vagy tulajdonosi kölcsön nyújtása az érintett eszköz vételárával megegyező összegben.

### (b) Orvoslási időszak

A Kibocsátó jogosult orvosolni

- (A) bármely fizetési késedelmet a késedelembeesés napján kezdődő és az azt követő harmincadik (30.) napon végződő időszakon belül, és
- (B) bármely a 3. Kötvényfeltételben (*A Kötvények Státusza és Sorrendisége*) vagy a 11. Kötvényfeltétel (a) pontjában foglalt vállalás megszegését azon időszakon belül, amely a Kötvényesi Gyűlésnek az Ügyrend 7. Pontja (b)(ii) alpontja értelmében hozott határozatának napján kezdődik és ezen határozatot hozó Kötvényesi Gyűlés napjától számított kilencvenedik (90.) napon végződik,

(az "**Orvoslási Időszak**").

## 13 Tőzsdei bevezetés

A 2. Sorozatrészlet Kötvények a Budapesti Értéktőzsde által üzemeltetett Xbond multilaterális kereskedési helyszínre kerülnek bevezetésre a Kibocsátás Napját követő 90 (kilencven) napon belül. Valamennyi 1. Sorozatrészlet Kötvény már bevezetésre került a Budapesti Értéktőzsde által üzemeltetett Xbond multilaterális kereskedési helyszínre. A Kibocsátó saját kizárólagos belátási szerint határozhat a Kötvények bármely más szabályozott piacra vagy multilaterális kereskedési rendszerre történő bevezetéséről, feltéve, hogy a Kötvények kereskedése azok lejártáig az XBond multilaterális kereskedési helyszínen fennmarad.

## 14 Biztosítékok

Nem alkalmazandó. A Kötvények a Kibocsátó **biztosítatlan** kötelezettségeit testesítik meg.

## **15 A Kötvények Kibocsátásának Célja**

A Kötvények kibocsátásából származó nettó bevétel a Kibocsátó által ingatlanprojektekbe és ingatlanfejlesztésekbe történő beruházások, különféle akvizíciók (ideértve – többek között – földterületek, földportfóliók, vállalati részesedések és immateriális javak), forgótőke finanszírozásának céljára, valamint az előbb említett célok finanszírozására felhasznált kintlévő kölcsönök (ideértve, de nem kizárólagosan szenior hitelek és a tulajdonosi kölcsönöket) esetleges refinanszírozására használja fel.

## **16 Fizető Ügynök**

A Kötvények tekintetében a Kibocsátó és a Raiffeisen Bank Zártkörűen Működő Részvénytársaság (székhely: 1133 Budapest Váci út 116-118.; cégjegyzékszám: Cg.01-10-041042; adószám: 10198014-4-44; a **"Fizető Ügynök"**) mint fizető ügynök között fizető banki szerződés (amely szerződés időről időre módosításra és/vagy kiegészítésre és/vagy felváltásra kerül; a **"Fizető Ügynöki Szerződés"**) jött létre. A Fizető Ügynöki Szerződés alapján a Fizető Ügynök vállalja, hogy a Fizető Ügynöki Szerződésben foglalt tőke- és kamatfizetési szolgáltatásokat teljesíti.

A Fizető Ügynöki Szerződés a Kibocsátó székhelyén ingyenesen nyomtatott formában megtekinthető bármely munkanapon, a Kibocsátó normál üzleti óráiban bármely olyan Kötvénytulajdonos számára, aki tulajdonosi jogát a betekintés napjával megegyező fordulónappal kiállított Tulajdonosi Igazolással igazolja.

A Kibocsátó jogosult módosítani vagy megszüntetni a Fizető Ügynök megbízását és/vagy további vagy más Fizető Ügynököt megbízni feltéve, hogy a Kötvényekhez kapcsolódóan Magyarországon egy fizető ügynök folyamatosan megbízásra kerül.

A Fizető Ügynöki Szerződés alapján eljárva, a Fizető Ügynök kizárólag a Kibocsátó megbízottjaként jár el és nem vállal semmiféle kötelezettséget, vagy ügynöki, illetve bizományosi szolgáltatást a Kötvénytulajdonosok felé, illetve javára.

## **17 Árjegyzés**

A Kötvények vonatkozásában a Kibocsátó és a Raiffeisen Bank Zártkörűen Működő Részvénytársaság (székhely: 1133 Budapest Váci út 116-118.; cégjegyzékszám: Cg.01-10-041042; adószám: 10198014-4-44; az **"Árjegyző"**) között árjegyzői szerződés (amely szerződés időről időre módosításra, és/vagy kiegészítésre és/vagy felváltásra kerül, az **"Árjegyzői Szerződés"**) került megkötésre.

A Kibocsátónak joga van módosítani vagy megszüntetni az Árjegyző megbízását és/vagy további vagy más Árjegyzőt megbízni feltéve, hogy a Kötvényekhez kapcsolódóan Magyarországon folyamatosan lesz egy árjegyző.

Az Árjegyző jogosult az Árjegyzői Szerződést rendes vagy rendkívüli felmondással felmondani.

## **18 Értesítések**

A Kötvényekkel kapcsolatos valamennyi értesítés akkor tekinthető hatályosan közöltnek és kézbesítettnek, ha azok közzétételre kerültek a Kibocsátó honlapján ([www.cordiahomes.com](http://www.cordiahomes.com)). Ez előzőket nem érintve, kizárólag a Kötvények XBond multilaterális kereskedési helyszínen történő regisztrálásának napjáig a Kibocsátó minden ésszerű intézkedést megtesz annak érdekében, hogy a mindenkori Kötvénytulajdonosokat e-mail útján is értesítse minden, a Kibocsátó honlapján közzétett a Kötvényekkel

kapcsolatos fizetésre vagy annak elmulasztására vagy az ezekhez közvetlenül kapcsolódó körülményekre vonatkozó tájékoztatásról. A Kibocsátónak köteles biztosítani, hogy az értesítések az alkalmazandó jogszabályok szerint és az illetékes felügyeleti hatóság által előírt módon kerüljenek közzétételre. Ezen értesítések az első közzétételük napján közzétettnek tekintendők.

A Kötvénytulajdonosoktól származó értesítéseket vagy nyilatkozatokat cégszerűen aláírva, írásban, magyar és/vagy angol nyelven kell eszközölni és – eltérő rendelkezés hiányában – a Kibocsátó részére, ajánlott postai küldemény vagy személyes kézbesítés útján, a Kibocsátó a székhelyére – a Kibocsátónak jelen Kötvényfeltétellel összhangban adott eltérő értesítése hiányában – a 1082 Budapest, Futó utca 47-53. VII. em. címre küldendő, amely értesítéshez vagy nyilatkozathoz csatolásra került a KELER vagy a vonatkozó Értékpapír-számlavezető által kiállított tulajdonosi igazolás, amely igazolás legalább a Kötvénytulajdonos tulajdonosi jogcímét igazolja (a „**Tulajdonosi Igazolás**”).

Valamennyi szabályozott információ közzétételre kerül a Kibocsátó honlapján, a BÉT honlapján (<https://www.bet.hu/>) és az MNB honlapján (<https://kozzetetelek.mnb.hu/>). Valamennyi szabályozott információ (ha van ilyen) az alkalmazandó jogszabályok és a Budapesti Értéktőzsde által meghatározott szabályok rendelkezései szerint kerülnek közzétételre a Kibocsátó által.

## **19 Irányadó Jog és Illetékesség**

### *(a) Irányadó jog*

A Kötvényekre és az azokkal kapcsolatos bármely kérdésre, valamint azok értelmezésére, a magyar jog az irányadó.

### *(b) Illetékesség*

A Kibocsátóval szemben a Kötvényekből eredő bármely követelés esetén a hatáskörrel és illetékességgel rendelkező magyar rendes bíróság jár el.

## **20 Nyelv**

A jelen Kötvényfeltételek eredeti és irányadó nyelve az angol. A Kötvényfeltételek magyar nyelvű fordítása a KELER-nél letétbe helyezésre került annak szabályzataival összhangban. A Kötvényfeltételek angol nyelvű verziója bír jogi kötőerővel, és az angol és a magyar nyelvi verziók közötti eltérés esetén, az angol nyelvi verzió az irányadó.

## **21 Kötvényesi Gyűlés és a Kötvényfeltételek Módosítása**

A Kötvényesi Gyűlés a Kibocsátó által a Kötvények forgalomba hozatalával kapcsolatban 2020. július 16. napján kiadott Információs Memorandum 2. Számú Mellékletében (*Kötvényesi Gyűlésre vonatkozó rendelkezések*) foglalt rendelkezések szerint kerül összehívásra és megtartásra („**Ügyrend**”). A Kötvényesi Gyűlés – többek között – a következők céljából hívható össze:

- (a) Kötvényfeltételek módosítása (ha és amennyiben azt az alkalmazandó jogszabályok lehetővé teszik); vagy
- (b) egy Felmondási Eseménnyel kapcsolatban teendő intézkedések.

A Kötvényfeltételek módosítása a KELER-nél letétbe helyezett Okirat kicserélését eredményezheti, továbbá az alkalmazandó jog által előírt követelmények teljesítésétől függhet.

Jelen 21. Kötvényfeltétel az Ügyrenddel összhangban értelmezendő.

## ANNEX 2

### PROVISIONS ON MEETINGS OF BONDHOLDERS

The present terms and conditions shall be applicable for each Bondholders' Meetings convened in connection with the Bonds (the "**By-Laws**").

Capitalised terms and expressions not defined in this By-Laws shall have the meanings attributed to them in the Information Memorandum or in the Conditions.

#### **1 Convening of the Bondholders' Meeting**

- (a) The Issuer may at any time convene a Bondholders' Meeting. A Bondholders' Meeting shall be convened by the Issuer upon the request of Bondholder(s) holding at least the smaller of: Bonds with the aggregate Face Value of HUF 500,000,000 or 2.5 % of the number of Bonds outstanding (whichever is smaller and in any case other than any Bond being subject to redemption). Request to convene a Bondholders' Meeting to the Issuer shall be submitted in accordance with Condition 17 (*Notices*) along with a justification and a proposed agenda. The Issuer shall convene the Bondholders' Meeting for a day falling no later than 30 days from the receipt by the Issuer of the request fulfilling the aforementioned requirements. The Bondholders' Meeting is convened by way of an announcement published through the website of the Issuer ([www.cordiahomes.com](http://www.cordiahomes.com)) at least 20 Business Days prior to the planned date of the meeting, and indicating the date, time, place and agenda of the Bondholders' Meeting. The announcement may also include other information necessary for the Bondholders to decide whether to participate in the Bondholders' Meeting.
- (b) The Bondholders' Meeting shall be held in Budapest. The precise venue for the Bondholders' Meeting shall be defined by the Issuer in the announcement on the convening of the Bondholders' Meeting. The Bondholders' Meeting shall not start earlier than 11:00 a.m. (Budapest time).
- (c) The right to participate in the Bondholders' Meeting (including any adjourned Bondholders' Meeting) shall vest with the Bondholder who, at the drawing up of the attendance list of the Bondholders' Meeting (as set out in Condition 4(c) below), has submitted an Ownership Certificate with a record date no earlier than two (2) Business Days prior to the date of the relevant Bondholders' Meeting.
- (d) The list of Bondholders that are entitled to participate in a given Bondholders' Meeting (the "**List of Bondholders**") shall be published by the Issuer at its website at least 3 Business Days prior the commencement of the Bondholders' Meeting. The List of Bondholders shall contain the Bondholder's name and registered office as well as the number of Bonds held by such Bondholder and the number of votes to which it is entitled.
- (e) A Bondholder may review the List of Bondholders and may request a copy of the List of the Bondholders or request that the List of Bondholders be sent free of charge by e-mail to such Bondholder's e-mail address. Each Bondholder is entitled to request copies of documents regarding any matter on the agenda of that Bondholders' Meeting. Such copies should be provided to the Bondholder within 2 Business Days from the receipt by the Issuer of the Bondholder's request thereon.
- (f) A person representing a Bondholder at the Bondholders' Meeting shall evidence its right of representation by providing the underlying documents in form qualifying at least private deed with full probative force (in Hungarian: "*teljes bizonyító erejű magánokirat*") in original or certified copy.

- (g) A Bondholder can be represented at a Bondholders' Meeting by a proxy, subject to paragraph (f) above and based on an authorisation incorporated into a document with full probative force. Any Bondholder may act as proxy for another Bondholder. A member of the Issuer's corporate bodies, an employee of the Issuer shall not be entitled to act as a proxy for the Bondholder.
- (h) A Bondholder's right to participate in the Bondholders' Meeting include in particular the right to:
  - (i) participate in voting, and
  - (ii) take floor.
- (i) The Issuer shall bear reasonable, justified and documented costs and expenses associated with convening and holding the Bondholders' Meeting, except for the costs and expenses associated with the participation of a given Bondholder, or such Bondholder's representative, proxy or advisor at the Bondholders' Meeting.

## **2 Attendance**

The following may attend and speak at a Bondholders' Meeting:

- (a) Bondholders or their representatives;
- (b) the chairman;
- (c) any member of the Board of Directors;
- (d) any representative and financial, legal and other professional advisor of the Issuer; and
- (e) any other person approved in writing by the Issuer in advance.

No one else may attend or speak at a Bondholders' Meeting.

## **3 Chairman**

- (a) The chairman of a Bondholders' Meeting shall be such person as the Issuer may nominate in writing, either prior to or at the Bondholders' Meeting, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the Bondholders' Meeting the simple majority of the Bondholders present shall choose one of the attendees to be chairman, failing which the Issuer may appoint a chairman. The chairman of an adjourned meeting shall not be the same person as the chairman of the original meeting.
- (b) The duties of the chairman of the Bondholders' Meeting include the following:
  - (i) checking and signing the attendance list and verifying that the attendance list is drafted correctly as well as verifying that the quorum requirement is fulfilled;
  - (ii) ensuring the efficient and appropriate course of discussions;
  - (iii) giving the floor and ensuring that the discussions are to the point;
  - (iv) adjourning the discussions;
  - (v) managing voting and ensuring it proceeds correctly;
  - (vi) ensuring that all the items on the agenda are considered;
  - (vii) counting the votes cast (or supervising the counting of votes);
  - (viii) providing the Issuer with the original of the meeting minutes and all relating documents in

accordance with Clause 8(g) below; and

- (ix) issuing relevant orders and instructions for the purpose of performing the above indicated duties.

#### **4 Holding a Bondholders' Meeting**

- (a) A Bondholders' Meeting shall be opened by a member of the Board of Directors or a duly authorized representative of the Issuer.
- (b) Once the Bondholders' Meeting is opened, the chairman of the Bondholders' Meeting shall be appointed in accordance with Clause 3(a) above.
- (c) An attendance list is drawn up immediately upon electing the chairman. The attendance list shall include: (i) identification details of the Bondholder, (ii) the information regarding the number of the Bonds held by the given Bondholder, (iii) the aggregate Face Value of the Bonds held by a Bondholder being present, (iv) the number of votes to which the given Bondholder is entitled and (v) type of representative (personal or by way of representative). If a Bondholder is represented by a proxy or other representative, the attendance list shall additionally include its role and identification data of such proxy or representative.
- (d) The attendance list shall be signed by the chairman and each Bondholder being present at the Bondholders' Meeting.
- (e) The attendance list shall be available for review during the Bondholders' Meeting.
- (f) Subject to Clause 5 (*Quorum and Adjournment*), once the agenda of the Bondholders' Meeting is presented, the chairman shall open the discussion by giving the floor to the participant in the sequence in which they submitted their request. The participants may take floor only with regard to the matters included on the agenda which are the subject of the discussion at a given moment in time. Sequence of the agenda items may be amended by the chairman subject to the consent of the participants of the Bondholders' Meeting. The representatives of the Issuer may take the floor out of turn.
- (g) Each participant in a Bondholders' Meeting shall be entitled to submit questions regarding the matters included on the agenda.
- (h) A Bondholder shall have the right to request that certified copies of resolutions be released to such Bondholder by the Issuer at the Bondholder's expense.

#### **5 Quorum and Adjournment**

- (a) A Bondholders' Meeting is valid if attended by Bondholders representing at least 20 % of the number of Bonds outstanding (other than any Bond being subject to redemption) (**quorum**). The Board of Directors is obliged to submit at the Bondholders' Meeting a written declaration regarding the number of Bonds outstanding (excluding any Bond being subject to redemption) which shall be read out at the Bondholders' Meeting by the chairman and then enclosed to the minutes of the Bondholders' Meeting.
- (b) No business (except choosing and appointing a chairman) shall be transacted at a Bondholders' Meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the Bondholders' Meeting, it shall, if convened on the requisition of Bondholders, be dissolved. In any other case it shall be adjourned until such date,



not less than 15 Business Days nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a Bondholders' Meeting so adjourned, the Bondholders' Meeting shall be dissolved. For the avoidance of doubt, following its dissolution, that Bondholders' Meeting cannot be adjourned or postponed further, and the respective parties would need to initiate the convention of a new Bondholders' Meeting.

- (c) The chairman may, with the consent of (and shall if directed by) a Bondholders' Meeting, adjourn the Bondholders' Meeting from time to time and from place to place. Only business which could have been transacted at the original Bondholders' Meeting may be transacted at a Bondholders' Meeting adjourned in accordance with this Clause 5.
- (d) At least 10 days' notice of a Bondholders' Meeting adjourned due to the quorum not being present shall be given in the same manner as for an original Bondholders' Meeting and that notice shall state the quorum required at the adjourned Bondholders' Meeting. Subject the foregoing, it shall not be necessary to give any other notice of an adjourned Bondholders' Meeting.

## **6 Voting**

- (a) Each question submitted to a Bondholders' Meeting shall be decided by a show of hands, unless a ballot is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more Bondholders representing at least the smaller of: Bonds with the aggregate Face Value of HUF 500,000,000 or 2.5 % of the number of Bonds outstanding (whichever is smaller and in any case other than any Bond being subject to redemption).
- (b) Unless a ballot is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- (c) If a ballot is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the ballot shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a ballot shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- (d) A ballot demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- (e) On a show of hands or a ballot, each Bond entitles a Bondholder to one vote at the Bondholders' Meeting including the adjourned Bondholders' Meeting. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- (f) In case of equality of votes the chairman shall both on a show of hands and on a ballot have a casting vote in addition to any other votes which it may have.

## **7 Adopting Resolutions**

- (a) The Bondholders' Meeting adopts resolution only on matters included in the agenda.
- (b) A resolution of the Bondholders' Meeting
  - (i) (subject to and to the extent permitted under applicable law) on the amendment of the Conditions shall be adopted by the supporting votes of the Bondholders holding 85 % of the

number of Bonds outstanding (other than any Bond being subject to redemption) and subject to the proposal and consent of the Issuer given in the form of a declaration which shall also be published on the Issuer's website. The declaration on the amendment of the Conditions (consent or rejection) shall be published within three (3) Business Days following the Bondholders' Meeting. In the case of failure to publish such declaration, the amendment of the Conditions shall be deemed to be rejected by the Issuer;

- (ii) on giving notice to the Issuer to remedy, in accordance with Condition 12 (*Remedy*), any default under Condition 3 (*Status and Ranking of the Bonds*) or Condition 11(a) may be passed with the supporting votes of the Bondholders holding 20 % of the number of Bonds outstanding (other than any Bond being subject to redemption); and
  - (iii) on any matter (other than those set out in paragraphs (i)-(ii) above) may be passed with the supporting vote of the simple majority of Bondholders being present at the Bondholders' Meeting.
- (c) For the purpose of passing a resolution under Clause 7(b)(ii), any request for convening a Bondholders' Meeting can be submitted by the Bondholders (holding Bonds at least in the amount set out in Clause 1.(a) above) to the Issuer only within forty-five (45) days calculated from
- (i) the date of publication of the relevant Financial Statement of the Issuer, in the case of breach of undertaking under Condition 11(a); and
  - (ii) the date when the Bondholder becomes aware of the breach, in the case of breach of undertaking under Condition 3 (*Status and Ranking of the Bonds*).

At such Bondholders' Meeting the Issuer shall disclose and present to the Bondholders the documents necessary for the objective establishment of the occurrence of a breach or the absence thereof.

- (d) The Bondholders' Meeting may pass a resolution (other than any resolution on the amendment of the Conditions) in spite of not being formally convened if all Bondholder is present or is represented at the Bondholders' Meeting and if no objections have been raised by those present at the Bondholders' Meeting against the holding of the Bondholders' Meeting or any specific items proposed for the agenda.
- (e) A resolution passed by a correctly convened and held Bondholders' Meeting shall be binding upon all the Bondholders, including those who did not attend the Bondholders' Meeting or voted against such resolution.

## **8 Minutes**

- (a) Minutes shall be made of all resolutions and proceedings at each Bondholders' Meeting.
- (b) Minutes of the Bondholders' Meeting are signed by the chairman and the person taking the minutes.
- (c) Until the contrary is proved every Bondholders' Meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.
- (d) The minutes shall contain – at least – (i) a confirmation on the correctness of the convening the Bondholders' Meeting, (ii) confirmation on the capacity of the Bondholders' Meeting to adopt resolutions, (ii) an indication of the resolutions considered by the Bondholders' Meeting, including indication of their content; (iii) for each resolution the total number of valid votes, the percentage

share of the Bonds from which valid votes were cast in the number of Bonds outstanding (other than any Bond being subject to redemption), the number of votes "for", "against" and "abstaining", the decision of the Bondholders' Meeting formulated as a result of the vote, and the objections that were raised. The attendance list which contains the signatures of the participants of the Bondholders' Meeting is attached to the minutes of the Bondholders' Meeting.

- (e) The minutes must be published on the website of the Issuer within fifteen (15) days after they have been signed.
- (f) The originals or excerpts of the minutes shall be stored in the minute book maintained by the Issuer. The confirmations of proper convening of the Bondholders' Meeting and the proxies granted by Bondholders are added to the minute book. The chairman of the Bondholders' Meeting shall, at the latest within one (1) Business Day following the date of the Bondholders' Meeting, provide the Issuer with the original of each minutes together with each of its annexes, attachments and any other document that are required to be stored by the Issuer pursuant to this By-Laws.
- (g) The Issuer shall be entitled to record any Bondholders' Meeting provided that the Bondholders present at such Bondholders' Meeting is notified of the fact and method of recording. For the avoidance of doubt, recording shall not be subject to the approval of any Bondholder being present.

#### **9. Holding the Bondholders' Meeting through electronic means**

- (a) The Issuer at its sole discretion may decide that or if so requested by the Bondholders in their request referred to in Section 1(a) (*Convening of the Bondholders' Meeting*) of this By-Laws, the Bondholders' Meeting can be convened to be held by the use of electronic communication device(s). In such case the Issuer shall indicate the details for the applicable electronic communication device(s) and channel in the announcement referred to in Section 1(a) (*Convening of the Bondholders' Meeting*) of this By-Laws.
- (b) In case the Bondholders' Meeting is held by the use of electronic communication device(s), provisions of this By-Laws shall apply respectively.
- (c) The Bondholders' Meeting that held by the use of electronic communication device(s) shall be recorded by the Chairman and shall be stored on the Issuers servers for, at least, five years. The minutes of the Bondholders' Meeting shall be drawn up in accordance with Section 8 (*Minutes*) of this By-Laws.

#### **10. Bondholders' Meeting's decision making in writing without convening the Bondholders' Meeting**

- (a) The Bondholders' Meeting can make decisions in writing by voting on proposed draft resolution(s) without convening the Bondholders' Meeting in case the Issuer so proposes or if so requested by the Bondholders in their request referred to in Section 1(a) (*Convening of the Bondholders' Meeting*) of this By-Laws. In such case the Issuer shall indicate the proposed draft resolution(s), the appointed Chairman (who will manage the Bondholders' Meeting's decision making in writing), as well as the deadline for submitting the votes in the announcement referred to in Section 1(a) (*Convening of the Bondholders' Meeting*) of this By-Laws.
- (b) In case the Bondholders' Meeting is proposed to make a decision without convening the Bondholders' Meeting, the provisions of this By-Laws shall apply in a manner and to the extent those can reasonably be applicable in accordance with the rules laid down in this Section and if not set forth otherwise herein.

- (c) The Bondholders shall submit their votes on the proposed draft resolution(s) within the deadline set by the Issuer, which deadline shall, at least, be eight (8) Business Days following the date of the Issuer's announcement referred to in Section 1(a) (Convening of the Bondholders' Meeting) of this By-Laws.
- (d) The decision (adoption or rejection) on the proposed draft resolution(s) shall be deemed to be made if the Chairman receives the number of votes which would have been required for the quorum of the Bondholder's Meeting.
- (e) A vote is valid in case it unequivocally specifies the name, address/registered seat, name of representative of the Bondholder, the proposed draft resolution(s) the Bondholders vote on, the number of the proposed draft resolution(s), and the vote on the proposed draft resolution(s).
- (f) The Bondholders may send their votes in writing via post or courier, or via e-mail and signed by the use of qualified electronic signature ("*minősített elektronikus aláírás*") or advanced electronic signature ("*minősített tanúsítványon alapuló fokozott biztonságú elektronikus aláírás*").
- (g) The Chairman declares and announces the results of the voting within three (3) days following the deadline of the voting.
- (h) In case the Bondholders adopt the proposed draft resolution(s), the Issuer will publish a related declaration on its website within three (3) Business Days following the date of the deadline of the voting.
- (i) The date of the Bondholders' resolution(s) will be the date of deadline of the voting or if it happens earlier, when the Chairman receives all votes from all Bondholders.

## ANNEX 3

### DETAILS OF THE SUBSIDIARIES

Project data presented below may change any time and Issuer may sell any or multiple projects or project vehicles during the course of day-to-day business.

#### 1. HUNGARY

##### 1.1. Project Entities:

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund- Cordia Global 1. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Kapás21: Located in Budapest, Kapás Street 21. The building comprises 100 smart apartments. Status: completed.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund- Cordia Global 2. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Corvin Átrium 2. Phase: Located in the newly renovated area of the Corvin Promenade, in the area enclosed by Bókay Street, Práter Street and Leonardo da Vinci Street. The building comprises 273 apartments. Status: completed.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 3. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella's sub-fund
Project:	<ul style="list-style-type: none"> <li>• Young City 1. A and B: Located in a central, but green area within the thirteenth district of Budapest. The building comprises 147 apartments. Status: completed.</li> <li>• Young City 2.: Located in a central, but green area within the thirteenth district of Budapest. The building comprises 218 apartments. Status: under construction.</li> </ul>

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 4. I Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Rózsa 55.: Located on the outskirts of the diplomatic quarter, close to the prestigious Andrassy Avenue and City Park, and just a few minutes' walk from Király Street. The building comprises 157 smart apartments. Status: completed.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 5. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Grand'Or: Located in the seventh district, downtown Budapest. The building comprises 115 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 6. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	<ul style="list-style-type: none"> <li>Marina Life 1.: Located in Cserhalom Street in a prestigious, fast-growing area of the thirteenth district, just a few minutes' walk from the Danube riverside. The building comprises 207 apartments. Status: under construction.</li> <li>Marina Life 2.: Located in Cserhalom Street in a prestigious, fast-growing area of the thirteenth district, just a few minutes' walk from the Danube riverside. The building comprises 207 apartments. Status: under construction.</li> </ul>

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 7. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund

Project:	Marina Garden: Located in the thirteenth district of Budapest, on Marina Part near by the River Danube. The building comprises 277 apartments. Status: completed.
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Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 8. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	<ul style="list-style-type: none"> <li>Sasad Resort HILL and SUN: Sasad Resort is a unique location, located in the eleventh district of Budapest. The building comprises 206 apartments. Status: completed.</li> </ul>

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 9. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Centropolitan (Bacsó Béla): Located in Budapest, Bacsó Béla street 17-23. The building comprises 142 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 10. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Sasad Resort 2 HILLTOP: Sasad Resort is a unique location, located in the eleventh district of Budapest. The building comprises 112 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 11. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund

Project:	Grand Corvin 1. Phase: Located in the area enclosed by Bókay Street, Tömő Street and Leonardo da Vinci Street in Corvin Quarter. The building comprises 196 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 12. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Marina Portside: Located in right by the River Danube in the thirteenth district of Budapest. The building comprises 290 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 14. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Sasad Resort 3 PANORAMA: Sasad Resort is located at a unique area in the eleventh district of Budapest. The building comprises 136 apartments. Status: under preparation

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 16. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Thermal Zugló 4.: Located directly next to the former phases, on Egressy Road and István Fischer Street The building comprises 112 apartments. Status: under preparation.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 17. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.



Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Young City 3.: Located in a central, but green area within the thirteenth district. The building comprises 215 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 18. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Akadémia Garden: Located in Budapest, Pápay István street 7., in the developing area found at the intersection of Haller street, Mester street and the Könyves Kálmán boulevard, a short walk from the Danube riverside. The building comprises 306 apartments. Status: under construction.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 24. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Vaskapu 43-45.: Located in Vaskapu street surrounded by Mester Street and Soroksári Street in the renewing Millennium Quarter. The building comprises 225 apartments. Status: under preparation.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 25. Real Estate Development Subfund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Illés st.: Located in central Pest, in a residential area next to Kalvaria square, close to Üllői Street. The building comprises 162 apartments. Status: under preparation.

Fund:	<b>Cordia Global Real Estate Development Umbrella Fund - Cordia Global 27. Real Estate Development Subfund</b>
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Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end umbrella fund's sub-fund
Project:	Marina City – newly acquired project next to the River Danube (close to Marina Portside project). The project is planned to be a new urban development with cc. 3,000 apartments. Status: under preparation (subject to planning).

Fund:	<b>Cordia Development 1 Fund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end fund
Project:	Corvin Átrium 1. Phase: Phase: Located in the newly renovated area of the Corvin Promenade, in the area enclosed by Bókay Street, Práter Street and Leonardo da Vinci Street. The building comprises 266 apartments. Status: completed.

Fund:	<b>Cordia Development 2 Fund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end fund
Project:	<ul style="list-style-type: none"> <li>Thermal Zugló 3.: Located directly next to the former phases, on Egressy Road and István Fischer Street The building comprises 202 apartments. Status: under construction</li> </ul>

Fund:	<b>Cordia Real Estate Investments Fund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	privately placed, open-end fund
Project:	<ul style="list-style-type: none"> <li>Bimbó 155: Located in Rózsadomb, second district. The building comprises 8 apartments. Status: under preparation.</li> <li>Thermal Zugló 5.: Located directly on István Fischer Street . The building comprises 199 apartments. Status: under preparation.</li> <li>Fonyód: Located directly on Zoltán Kodály street. The building comprises 145 apartments. Status: under preparation.</li> </ul>

Name of the company:	<b>Cordia Belváros Ingatlanfejlesztő Korlátolt Felelősségű Társaság</b>
Short name:	Cordia Belváros Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.

Place of incorporation:	Hungary
Date of incorporation:	28 January 2016
Company registration number:	01-09-276982
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 3,000,000
The date of the deed of foundation:	3 January 2019
Main business activity:	6810 '08 Buying and selling of own real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette
Project	Gellérthegey utca: Located at the foot of Sun Hill in Krisztinaváros, which is a short walk away from the Castle District. The building comprises 42 apartments. Status: under preparation.

Name of the company:	<b>Sasad Resort II. Hungary Ingatlanfejlesztő Korlátolt Felelősségű Társaság</b>
Short name:	Sasad Resort II. Hungary Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.
Place of incorporation:	Hungary
Date of incorporation:	11 April 2007
Company registration number:	01-09-880998
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 3,003,000
The date of the deed of foundation:	29 November 2018
Main business activity:	6810 '08 Buying and selling of own real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

Project:	<ul style="list-style-type: none"> <li>Sasad Resort 2 SUNRISE (SR7): Sasad Resort is located at a unique area in the eleventh district of Budapest. The building comprises 153 apartments. Status: under preparation</li> <li>Sasad Resort 4 SKY (SR8): Sasad Resort is located at a unique area in the eleventh district of Budapest. The building comprises 148 apartments. Status: under preparation</li> <li>Sasad Resort 5 SUNLIGHT or SUNSET (SR3): Sasad Resort is located at a unique area in the eleventh district of Budapest. The building comprises 70 apartments. Status: under preparation</li> <li>Sasad Resort 5 PARK (SR4): Sasad Resort is located at a unique area in the eleventh district of Budapest. The building comprises 82 apartments. Status: under preparation</li> </ul>
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Name of the company:	<b>GrandCorvin2 CG19 Korlátolt Felelősségű Társaság</b>
Short name:	GrandCorvin2 CG19 Kft.
Registered seat:	1082 Budapest, Futó utca 43-45. VI. em.
Place of incorporation:	Hungary
Date of incorporation:	24 October 2019
Company registration number:	01-09-349239
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 5,000,000
The date of the deed of foundation:	24 September 2019
Main business activity:	6820 '08 Rentint and operating of own or leased real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices	Company Gazette
Project:	GrandCorvin II phase: Located directly next to the first phase, on Leonardo da Vinci Street in the eight district of Budapest. The building comprises 365 apartments. Status: under construction.

Name of the company:	<b>UNIVERSO CG13 Korlátolt Felelősségű Társaság</b>
Short name:	UNIVERSO CG13 Kft.
Registered seat:	1082 Budapest, Futó utca 43-45. VI. em.
Place of incorporation:	Hungary
Date of incorporation:	28 October 2019

Company registration number:	01-09-349240
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 5,000,000
The date of the deed of foundation:	24 September 2019
Main business activity:	6820 '08 Rentint and operating of own or leased real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette
Project	Univerzo project: on Balázs Béla Street in the ninth district of Budapest. The building comprises 260 apartments. Status: under construction.

Name of the company:	<b>Millennium Residence Első Ütem CG22 Korlátolt Felelősségű Társaság</b>
Short name:	Millennium Residence Első Ütem CG22 Kft.
Registered seat:	1082 Budapest, Futó utca 43-45. VI. em.
Place of incorporation:	Hungary
Date of incorporation:	13 November 2019
Company registration number:	01-09-350120
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 5,000,000
The date of the deed of foundation:	04 November 2019
Main business activity:	6820 '08 Rentint and operating of own or leased real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette
Project:	Millenium Residence I. Phase: on Vaskapu Street 32-34 in the ninth district of Budapest. The building comprises 101 apartments. Status: have building permit, under preparation

Name of the company:	<b>Millennium Residence Második Ütem CG23 Korlátolt Felelősségű Társaság</b>
Short name:	Millennium Residence Második Ütem CG23 Kft.
Registered seat:	1082 Budapest, Futó utca 43-45. VI. em.

Place of incorporation:	Hungary
Date of incorporation:	18 November 2019
Company registration number:	01-09-350122
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 5,000,000
The date of the deed of foundation:	04 November 2019
Main business activity:	6820 '08 Rentint and operating of own or leased real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette
Project	Millenium Residence II. Phase: Located directly next to the first phase, on Vaskapu Street 47-49 in the ninth district of Budapest. The building comprises 225 apartments. Status: have building permit, under preparation

Name of the company:	<b>KERTÉSZ CG15 Korlátolt Felelősségű Társaság</b>
Short name:	KERTÉSZ CG15 Kft.
Registered seat:	1082 Budapest, Futó utca 43-45. VI. em.
Place of incorporation:	Hungary
Date of incorporation:	15 November 2019
Company registration number:	01-09-350118
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 5,000,000
The date of the deed of foundation:	04 November 2019
Main business activity:	6820 '08 Rentint and operating of own or leased real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices	Company Gazette
Project:	Kertész 21 project: on Kertész Street in the seventh district of Budapest. The building comprises 120 apartments. Status: the project has approved building permit

Name of the company:	<b>FUTÓ CG21 Korlátolt Felelősségű Társaság</b>
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Short name:	FUTÓ CG21 Kft.
Registered seat:	1082 Budapest, Futó utca 43-45. VI. em.
Place of incorporation:	Hungary
Date of incorporation:	13 November 2019
Company registration number:	01-09-350119
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 5,000,000
The date of the deed of foundation:	04 November 2019
Main business activity:	6820 '08 Rentint and operating of own or leased real estate
Financial year:	Shall correspond to the calendar year
The Place of publication of notices	Company Gazette
Project	Futó project: on Futó Street in the eighth district of Budapest. The building comprises 100 apartments. Status: under development

## 1.2. Holding Companies:

Name of the company:	<b>Cordia Europe Holding Korlátolt Felelősségű Társaság</b>
Short name:	Cordia Europe Holding Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.
Place of incorporation:	Hungary
Date of incorporation:	24 April 2019
Company registration number:	01-09-340680
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 287,100,000
The date of the deed of foundation:	05 April 2019
Main business activity:	6420 '08 Asset management (holding)
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

Name of the company:	<b>European Residential Investments Vagyonekezelő Korlátolt Felelősségű Társaság</b>
Short name:	European Residential Investments Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII. em.
Place of incorporation:	Hungary
Date of incorporation:	10 March 2020
Company registration number:	01-09-355873
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	EUR 100.000
The date of the deed of foundation:	05 March 2020
Main business activity:	6420 '08 Activities of holding companies
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

Name of the company:	<b>Cordia Land Investments Limited</b>
Registered seat:	Kyriakou Matsi, 16, Eagle House, 10th floor, Agioi Omologites, P.C. 1082, Nicosia, Cyprus
Place of incorporation:	Cyprus
Date of incorporation:	20 September 2007.
Company registration number:	HE-208506
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Cyprus
Registered capital:	219.500 EUR
The date of the deed of foundation:	05. June 2019.
Main business activity:	holding
Financial year:	Shall correspond to the calendar year

Name of the company:	<b>CEREMAN Vagyonekezelő Zártkörűen Működő Részvénytársaság</b>
Short name:	CEREMAN Zrt.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.
Place of incorporation:	Hungary
Date of incorporation:	22 August 2016
Company registration number:	01-10-048941
Duration of operation of the	Indefinite



company:	
Legal form:	Private limited company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 20,000,000
The date of the deed of foundation:	15 August 2019
Main business activity:	6420 '08 Asset management (holding)
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

Name of the company:	<b>Cordia Romania Holding A Korlátolt Felelősségű Társaság</b>
Short name:	Cordia Romania Holding A Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.
Place of incorporation:	Hungary
Date of incorporation:	15 September 2016
Company registration number:	01-09-287061
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 3,000,000
The date of the deed of foundation:	15 August 2016
Main business activity:	6420 '08 Asset management (holding)
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

Name of the company:	<b>Cordia Romania Holding Two Korlátolt Felelősségű Társaság</b>
Short name:	Cordia Romania Holding Two Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.
Place of incorporation:	Hungary
Date of incorporation:	13 March 2018
Company registration number:	01-09-321736
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 3,000,000

The date of the deed of foundation:	28 February 2018
Main business activity:	6420 '08 Asset management (holding)
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

Name of Sub-Fund (Luxembourg):	<b>Finext Funds Real Estate Opportunities One Sub-Fund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	<ul style="list-style-type: none"> <li>privately placed</li> <li>alternative investment fund</li> </ul>
Role	<ul style="list-style-type: none"> <li>Co-investment platform with institutional investors being non-controlling investment unit holders</li> </ul>

Name of Sub-Fund (Luxembourg):	<b>Finext Funds Real Estate Opportunities Budapest Sub-Fund</b>
Fund management:	Finext Befektetési Alapkezelő Zrt.
Type of Fund:	<ul style="list-style-type: none"> <li>privately placed</li> <li>alternative investment fund</li> </ul>
Role	<ul style="list-style-type: none"> <li>Co-investment platform with institutional investors being non-controlling investment unit holders</li> </ul>

### 1.3. Service Companies:

Name of the company:	<b>Cordia Management Szolgáltató Korlátolt Felelősségű Társaság</b>
Short name:	Cordia Management Kft.
Registered seat:	1082 Budapest, Futó utca 47-53. VII.
Place of incorporation:	Hungary
Date of incorporation:	07 November 2016
Company registration number:	01-09-289024
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Hungarian
Registered capital:	HUF 100,000,000
The date of the deed of foundation:	26 September 2016
Main business activity:	7022 '08 Business and other management consultancy activities
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Company Gazette

## 2. POLAND

### 2.1. Project Entities:

Name of the company:	<b>Supernova</b> <b>Spółka z ograniczoną odpowiedzialnością</b>
Short name:	„Sp. z o.o.”
Registered seat:	Warsaw
Place of incorporation:	Koszykowa 61B,00-667 Warsaw
Company registration number:	KRS 0000523927 REGON: 147376346, NIP: 5252593108
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Polish
Registered capital:	PLN 5,000
The date of the deed of foundation:	27 August 2014
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Cordia Supernowa / Lema: Located at ul. Stanisława Lema, Krakow, in the vicinity of Tauron Arena, Krakow. The building comprises 185 apartments. Status: completed.

Name of the company:	<b>Projekt Warszawa 5 Cordia Partner 2</b> <b>Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	Sp. z o.o. Sp.k.
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS: 747453 REGON: 381211084 NIP: 7010850459
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polisj
Registered capital:	5,000 PLN
The date of the deed of foundation:	13 August 2018

Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Perun project: The building comprises 299 apartments. Status: under preparation, no land, only PPA agreement.

Name of the company:	<b>Projekt Warszawa 1 Cordia Poland GP one Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000646536 REGON: 365841900, NIP: 5213755156
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 29,699
The date of the deed of foundation:	09 November 2016
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	<ul style="list-style-type: none"> <li>• Zielone Bemowo 1 / Lazurowa: Located in Bemowo district. The building comprises 118 apartments. Status: completed.</li> <li>• Zielone Bemowo 2 / Lazurowa: Located in Bemowo district. The building comprises 200 apartments. Status: under construction.</li> </ul>

Name of the company:	<b>Projekt Kraków 4 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000646215 REGON: 365824735, NIP: 5213754903
Duration of operation of the company:	Unlimited

Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 25,000
The date of the deed of foundation:	08 November 2016
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Rogozińskiego 2: Located in Krakow, Poland. The building comprises 45 apartments. Status: under preparation.

Name of the company:	<b>Projekt Kraków 2 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000745357 REGON: 381045332, NIP: 7010843287
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 5,000
The date of the deed of foundation:	13 August 2018
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Wielicka / Jerozolimska: Located in Krakow, Poland. The building comprises 163 apartments. Status: under preparation.

Name of the company:	<b>Projekt Warszawa 6 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000786427

	REGON: 383367962, NIP: 7010925341
Duration of operation of the company:	Unlimited
Company registration number:	Limited partnership
Legal form:	Polish
Registered capital:	PLN 5,000
The date of the deed of foundation:	07 May 2019
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	23 Marca / Sopot: Located between 23 Marca Street and Sopot Forests in Sopot. The building comprises 112 apartments. Status: under preparation.

Name of the company:	<b>Projekt Warszawa 3 Spółka z ograniczoną odpowiedzialnością</b>
Short name:	„Sp. z o.o.”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000837615 REGON: 366483704, NIP: 5213766332
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Polish
Registered capital:	PLN 2,100,000
The date of the deed of foundation:	27 March 2020
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	<ul style="list-style-type: none"> <li>Fantazja (Kopalniana) 1: Located in Warsaw's Bemowo district. The building comprises 147 apartments. Status: under preparation.</li> <li>Fantazja (Kopalniana) 2: Located in Warsaw's Bemowo district. The building comprises 35 apartments. Status: under preparation</li> </ul>

Name of the company:	<b>Projekt Gdańsk 1 Spółka z ograniczoną odpowiedzialnością</b>
Short name:	„Sp. z o. o.”

Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Date of incorporation:	
Company registration number:	KRS 0000838821 REGON: 366483673, NIP: 5213766326
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Polish
Registered capital:	PLN 3,130,000
The date of the deed of foundation:	27 March 2020
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	<ul style="list-style-type: none"> <li>• Jaškowa Dolina 1: Located in Gdańsk, Poland. The building comprises 97 apartments. Status: under preparation</li> <li>• Jaškowa Dolina 2: Located in Gdańsk, Poland. The building comprises 118 apartments. Status: under preparation</li> </ul>

Name of the company:	<b>Projekt Kraków 10 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp.k.”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000844214 NIP: 5252622169; REGON: 361841464,
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 5,000
The date of the deed of foundation:	27 March, 2020
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Rogozińskiego 1: Located in Krakow, Poland. The building comprises 156 apartments. Status: under preparation.

Name of the company:	<b>Projekt Warszawa 2 Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000646544 REGON: 365842727, NIP: 5213755162
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 1,850,000
The date of the deed of foundation:	09 November 2016
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Horyzont Praga: Located in Krakow, Poland. The building comprises 168 apartments. Status: under construction.

Name of the company:	<b>Projekt Kraków 1 Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000646527 REGON: 365841076, NIP: 5213755133
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 631,097
The date of the deed of foundation:	09 November 2016
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	Życzkowskiego / Lotniczkówka: Located in the northeastern part of Krakow with easy



	access to the city's primary throughways. The building comprises 70 apartments. Status: under construction.
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Name of the company:	<b>Projekt Warszawa 7 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000789609 REGON: 383557533, NIP: 7010929333
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 5000
The date of the deed of foundation:	27 May 2020
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	<ul style="list-style-type: none"> <li>Modena: Located in Poznań, Jeżyce The buildings comprises Modena 1 - 264, Modena 2 - 162, Modena 3- 209, Modena 4 - 175 apartments. Status: under preparation.</li> </ul>

Name of the company:	<b>Projekt Kraków 3 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000745670 REGON: 381067300, NIP: 7010844938
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 5000
The date of the deed of foundation:	13 August 2018

Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	<ul style="list-style-type: none"> <li>Bokserska: Located in Ursynów district. The building comprises 248 apartments. Status: under preparation.</li> </ul>

Name of the company:	<b>Projekt Kraków 5 Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa</b>
Short name:	„Sp. z o.o. Sp. k”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000745357 REGON: 381045332, NIP: 7010843287
Duration of operation of the company:	Unlimited
Legal form:	Limited partnership
Legislation under which the company operates:	Polish
Registered capital:	PLN 5000
The date of the deed of foundation:	13 August 2018
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project:	<ul style="list-style-type: none"> <li>Krokusowa: Located in Kraków, Krokusowa street, Podgórze district. The building comprises 101 apartments. Status: under preparation.</li> </ul>

## 2.2. Holding Companies:

Name of the company:	<b>POLNORD Spółka Akcyjna</b>
Short name:	“S.A.”
Registered seat:	Warsaw
Place of incorporation:	A.Branickiego 15, 02-972 Warsaw
Company registration number:	KRS:0000041271 REGON: 000742457, NIP: 5830006767
Duration of operation of the company:	Unlimited
Legal form:	Joint-stock company
Legislation under which the	Polish

company operates:	
Registered capital:	195,086,254
The date of the deed of foundation:	05 August 2001
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor
Project	<a href="http://www.polnord.pl/en">www.polnord.pl/en</a>

Name of the company:	<b>CORDIA POLSKA</b> <b>Spółka z ograniczoną odpowiedzialnością</b>
Short name:	„Sp. z o.o.”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Company registration number:	KRS 0000565787 REGON: 361952614, NIP: 5252623134
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Polish
Registered capital:	PLN 5,000
The date of the deed of foundation:	30 June 2015
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor

### 2.3. Service Companies:

Name of the company:	<b>Cordia Management Poland</b> <b>Spółka z ograniczoną odpowiedzialnością</b>
Short name:	„Sp. z o.o.”
Registered seat:	Koszykowa 61B,00-667 Warsaw
Place of incorporation:	Poland
Date of incorporation:	
Company registration number:	KRS 0000392081 REGON: 143334629, NIP: 5252510476
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Polish
Registered capital:	PLN 5,000
The date of the deed of foundation:	03 June 2011
Main business activity:	41, 10, Z, Implementation of construction projects connected with building buildings
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	MSiG - judicial and economic monitor

### 3. ROMANIA:

#### 3.1. Project Entities:

Name of the company:	<b>CORDIA PARCULUI RESIDENTIAL PROJECT S.R.L.</b>
Registered seat:	Bucharest, 1st District, 19-21 Primaverii Blvd., entrance B, 1st floor
Place of incorporation:	Romania
Date of incorporation:	Resolution no. 69690/05.04.2016
Company registration number:	35914965
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Romanian
Registered capital:	RON 3,000,000
The date of the deed of foundation:	26 September 2019
Main activity:	7022 - Business and other management consultancy activities
Financial year:	Shall correspond to the calendar year

The place of publication of notices:	Trade Registry/Official Gazette of Romania, Part IV
Project:	<p>Parcului 20 Residential Project Phase 1: located in Romania Bucharest. The building comprises 265 apartments. Status: under constructions.</p> <p>Parcului 20 Residential Project Phase 2: located in Romania Bucharest. The building comprises 220 apartments. Status: under preparation.</p>

Name of the company:	<b>CORDIA CORARILOR DEVELOPMENT S.R.L.</b>
Registered seat:	Bucharest, 1st District, 19-21 Primaverii Blvd., entrance B, 1st floor, office No. 6
Place of incorporation:	Romania
Date of incorporation:	Resolution no. 89979/13.07.2018
Company registration number:	39624255
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Romanian
Registered capital:	RON 100,000
The date of the deed of foundation:	22 October 2019
Main activity:	4110 – Development of building projects
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Trade Registry/Official Gazette of Romania, Part IV
Project:	Coral Residence Project: located at 18 Coralilor Street at Bucharest in Romania. The project has four phases with altogether 757 units. Status: under acquisition

Name of the company:	<b>CORDIA NAVIGATORILOR PROJECT S.R.L.</b>
Registered seat:	Bucharest, 1st District, 19-21 Primaverii Blvd., entrance B, 1st floor, office No. 7
Place of incorporation:	Romania
Date of incorporation:	Resolution no. 90188/13.07.2018
Company registration number:	39624263
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Romanian
Registered capital:	RON 100,000

The date of the deed of foundation:	22 October 2019
Main activity:	4110 – Development of building projects
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Trade Registry/Official Gazette of Romania, Part IV
Project:	Navigatorilor Residential Project: located in Romania Bucharest. The building comprises 124 apartments. Status: under acquisition.

Name of the company:	<b>CORDIA PROJECT DEVELOPMENT SPV2 S.R.L.</b>
Registered seat:	Bucharest, 1st District, 19-21 Primaverii Blvd., entrance B, 1st floor, office No. 4
Place of incorporation:	Romania
Date of incorporation:	Resolution no. 90193/13.07.2018
Company registration number:	39624212
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Romanian
Registered capital:	RON 1,000,000
The date of the deed of foundation:	22 October 2019
Main activity:	4110 – Development of building projects
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Trade Registry/Official Gazette of Romania, Part IV
Project:	165 A and 165 Laminorului Street projects  Laminorului 1 Residential Project: located in Romania Bucharest, 165 A and 165 Laminorului Street. The building comprises 272 apartments. Status: under acquisition.  Laminorului 2 Residential Project: located in Romania Bucharest, 165 A and 165 Laminorului Street. The building comprises 268 apartments. Status: under preparation.

Name of the company:	<b>CORDIA DANTE PROJECT S.R.L.</b>
Registered seat:	Bucharest, 1 <sup>st</sup> District, 19-21 Primaverii Blvd., entrance B, 1st floor, office no 3
Place of incorporation:	Romania
Date of incorporation:	Resolution no. 89982/13.07.2018

Company registration number:	39624239
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Romanian
Registered capital:	RON 100,000
The date of the deed of foundation:	22 October 2019
Main activity:	4110 – Development of building projects
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Trade Registry/Official Gazette of Romania, Part IV
Project:	<p>Petricani 1 Residential Project: The building comprises 218 apartments located at 5A Petricani Street, 2<sup>nd</sup> District, Bucharest.</p> <p>Petricani 2 Residential Project: The building comprises 218 apartments located at 5A Petricani Street, 2<sup>nd</sup> District, Bucharest.</p> <p>Status: under acquisition</p>

### 3.2. Holding Companies:

There are no Holding Companies registered in Romania. Project Entities in Romania are owned by Holding Companies registered in Hungary.

### 3.3. Service Companies:

Name of the company:	<b>C.D.S. – Cordia Development Service SRL</b>
Registered seat:	Bucharest, 1st District, 19-21 Primaverii Blvd., entrance B, 1st floor, office
Place of incorporation:	Romania
Date of incorporation:	Resolution no. 197024/28.12.2015
Company registration number:	35362631
Duration of operation of the company:	Unlimited
Legal form:	Limited liability company
Legislation under which the company operates:	Romanian
Registered capital:	RON 45,000
The date of the deed of foundation:	N/A
Main activity:	4110 - Development of building projects

Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Trade Registry/Official Gazette of Romania, Part IV



#### 4. SPAIN

##### 4.1. Project Entities:

Name of the company:	<b>Cordia Marbella Project Company Sociedad Limitada</b> (formerly named Futureal Project Company, Sociedad Limitada)
Short name:	Cordia Marbella Project Company SL
Registered seat:	Calle Alcala, 209 - BJ C, Madrid, 28028, Madrid
Place of incorporation:	Spain
Date of incorporation:	24 December 2018
Company registration number:	B88274444
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Spain
Registered capital:	EUR 3,000.00
The date of the deed of foundation:	24 December 2018
Main business activity:	Sale & purchase of real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Individual and written communication addressed to the shareholder's domicile recorded in the shareholder registry book by any means of communication, ensuring its receipt
Project:	Marbella – La Montua: Located in the area called "Tenis de Marbella" just below "La montúa".. The building comprises 82 apartments. Status: under preparation

Name of the company:	<b>Cordia Fuengirola Development Company Sociedad Limitada</b>
Short name:	Cordia Fuengirola Development Company SL
Registered seat:	Calle Alcala, 209 - BJ C, Madrid, 28028, Madrid
Place of incorporation:	Spain
Date of incorporation:	29 November 2019
Company registration number:	B88538905
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Spain
Registered capital:	EUR 50,000.00
The date of the deed of	29 November 2019

foundation:	
Main business activity:	Sale & purchase of real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Individual and written communication addressed to the shareholder's domicile recorded in the shareholder registry book by any means of communication, ensuring its receipt
Project:	Fuengirola: Located in the area called "El Castillo" The building comprises 116 apartments. Status: under preparation

#### 4.2. Holding entity:

Name of the company:	<b>Cordia Development Services Company Sociedad Limitada</b> (formerly named Futoreal Development Company, Sociedad Limitada)
Short name:	Cordia Development Services Company SL
Registered seat:	Calle Alcala, 209 - BJ C, Madrid, 28028, Madrid
Place of incorporation:	Spain
Date of incorporation:	24 December 2018
Company registration number:	B88274436
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Spain
Registered capital:	EUR 337.500
The date of the deed of foundation:	24 December 2018
Main activity:	Sale & purchase of real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Individual and written communication addressed to the shareholder's domicile recorded in the shareholder registry book by any means of communication, ensuring its receipt

Name of the company:	<b>Cordia Development Company Sociedad Limitada</b>
Short name:	Cordia Development Company SL
Registered seat:	Calle Alcala, 209 - BJ C, Madrid, 28028, Madrid
Place of incorporation:	Spain
Date of incorporation:	01 April 2019
Company registration number:	B88366836

Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Spain
Registered capital:	EUR 250.000
The date of the deed of foundation:	01 April 2019
Main activity:	Sale & purchase of real estate
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Individual and written communication addressed to the shareholder's domicile recorded in the shareholder registry book by any means of communication, ensuring its receipt

#### 4.3. Service Provider:

Name of the company:	<b>Cordia Iberia Holding Sociedad Limitada</b>
Short name:	Cordia Iberia Holding SL
Registered seat:	Calle Alcalá, 209 - BJ C, Madrid, 28028, Madrid
Place of incorporation:	Spain
Date of incorporation:	22 October 2018
Company registration number:	B88225248
Duration of operation of the company:	Indefinite
Legal form:	Limited liability company
Legislation under which the company operates:	Spain
Registered capital:	EUR 337.500
The date of the deed of foundation:	22 October 2018
Main business activity:	Activities of holding companies
Financial year:	Shall correspond to the calendar year
The place of publication of notices:	Individual and written communication addressed to the shareholder's domicile recorded in the shareholder registry book by registered letter with acknowledgment of receipt

**5. Germany/Netherlands**  
**Project Entities:**

Name of the company:	<b>Argo Properties NV</b>
Short name:	ARGO N.V.
Registered seat:	1105 BM Amsterdam, Pietersbergweg 283, Building 'De Poort', the Netherlands
Place of incorporation:	Amsterdam, the Netherlands
Date of incorporation:	7 December, 2017
Company registration number:	70252750
Duration of operation of the company:	indefinite
Legal form:	N.V. ( <i>naamloze vennootschap</i> ) / public company
Legislation under which the company operates:	laws of Netherlands
Registered capital:	EURO 190,641.65
The date of the deed of foundation:	25 January, 2018
Main business activity:	sale and purchase of real estate assets
Financial year:	shall correspond to the calendar year
The place of publication of notices:	Dutch Chamber of Commerce

**6. United Kingdom**

**6.1. Holding entity:**

Name of the company:	<b>Cordia UK Holdings Limited</b>
Registered seat:	302 The Argent Centre, 60 Frederick Street, Birmingham, B1 3HS, United Kingdom
Place of incorporation:	Companies House, Cardiff, UK
Date of incorporation:	05 August 2020
Company registration number:	12793732
Duration of operation of the company:	Indefinite
Legal form:	Company limited by shares
Legislation under which the company operates:	England and Wales
Registered capital:	GBP 100
The date of the deed of foundation:	05 August 2020
Main activity:	Holding Company
Financial year:	Follows the calendar year
The place of publication of notices:	Companies House

Name of the company:	<b>Cordia Blackswan Holdings Limited</b>
Registered seat:	302 The Argent Centre, 60 Frederick Street, Birmingham, B1 3HS, United Kingdom
Place of incorporation:	Companies House, Cardiff, UK
Date of incorporation:	05/08/2020
Company registration number:	12795323
Duration of operation of the company:	Indefinite
Legal form:	Company limited by shares
Legislation under which the company operates:	England and Wales
Registered capital:	GBP 100
The date of the deed of foundation:	5 August, 2020
Main activity:	Holding Company
Financial year:	Follows the calendar year
The place of publication of notices:	Companies House

## 6.2. Service Provider:

Name of the company:	<b>Cordia Blackswan Property Limited</b>
Registered seat:	302 The Argent Centre, 60 Frederick Street, Birmingham, B1 3HS, United Kingdom
Place of incorporation:	Companies House, Cardiff, UK
Date of incorporation:	06 August 2020
Company registration number:	12796392
Duration of operation of the company:	Indefinite
Legal form:	Company limited by shares
Legislation under which the company operates:	England and Wales
Registered capital:	GBP 100
The date of the deed of foundation:	6 August, 2020
Main activity:	Property Development
Financial year:	Follows the calendar year
The place of publication of notices:	Companies House

Name of the company:	Cordia Blackswan Property Limited
Registered seat:	302 The Argent Centre, 60 Frederick Street, Birmingham, B1 3HS, United Kingdom
Place of incorporation:	Companies House, Cardiff, UK

Date of incorporation:	06/08/2020
Company registration number:	12796392
Duration of operation of the company:	Indefinite
Legal form:	Company limited by shares
Legislation under which the company operates:	England and Wales
Registered capital:	GBP 100
The date of the deed of foundation:	6 August, 2020
Main activity:	Property Development
Financial year:	Follows the calendar year
The place of publication of notices:	Companies House

**ANNEX 4**

**CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019**

**SEPARATE FINANCIAL STATEMENTS  
31 DECEMBER 2019**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION  
30 JUNE 2020**

**CONDENSED INTERIM SEPARATE FINANCIAL INFORMATION  
30 JUNE 2020**

**ANNEX 5**  
**LIST OF TRADEMARKS**

The table below contains the list of trademarks of the Issuer as of 31 October 2019.

<b>TYPE</b>	<b>STATUS</b>	<b>NUMBER</b>	<b>OWNER</b>	<b>BRAND</b>	<b>CLASS</b>	<b>APPLICATION DATE</b>
<b>National</b>	Registered	M1800192	CORDIA International Zrt.	UniverCity by Cordia	N36; N37; N42	23.01.2018
<b>National</b>	Registered	M1800191	CORDIA International Zrt.	UniverCity	N36; N37; N42	23.01.2018
<b>National</b>	Registered	M1800113	CORDIA International Zrt.	Akadémia Garden by Cordia	N36; N37; N42	16.01.2018
<b>National</b>	Registered	M1800112	CORDIA International Zrt.	Universo	N36; N37; N42	16.01.2018
<b>National</b>	Registered	M1800111	CORDIA International Zrt.	Universo by Cordia	N36 ; N37 ; N42	16.01.2018
<b>National</b>	Registered	M1703765	CORDIA International Zrt.	Millenium negyed	N36; N37; N42	22.11.2017
<b>National</b>	Registered	M1703764	CORDIA International Zrt.	MILLENIUM	N36; N37	22.11.2017
<b>National</b>	Registered	M1703121	CORDIA International Zrt.	Marina Portside by Cordia	N36; N37; N42	05.10.2017
<b>National</b>	Registered	M1700678	CORDIA International Zrt.	HostMe	N36; N43	28.02.2017
<b>National</b>	Registered	M1700677	CORDIA International Zrt.	HostMe by Cordia	N36; N43	28.02.2017



<b>National</b>	Registered	M1700265	CORDIA International Zrt.	Centropolitan by Cordia	N36; N37; N42	27.01.2017
<b>National</b>	Registered	M1603714	CORDIA International Zrt.	GRAND'OR	N36; N37; N42	25.11.2016
<b>National</b>	Registered	M1603713	CORDIA International Zrt.	GRANDOR	N36; N37; N42	25.11.2016
<b>National</b>	Registered	M1603588	CORDIA International Zrt.	Soho by Cordia	N36; N37; N42	16.11.2016
<b>National</b>	Registered	M1603587	CORDIA International Zrt.	Origo by Cordia	N36; N37; N42	16.11.2016
<b>National</b>	Registered	M1603586	CORDIA International Zrt.	Metropolitan by Cordia	N36; N37; N42	16.11.2016
<b>National</b>	Registered	M1603532	CORDIA International Zrt.	Cordia. Végre otthon.	N36; N37; N42	10.11.2016
<b>National</b>	Registered	M1601150	CORDIA International Zrt.	Smarthomes	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1601132	CORDIA International Zrt.	Cordia Okos Otthonok	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1601131	CORDIA International Zrt.	Cordia Okos Otthon	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1601130	CORDIA International Zrt.	Cordia Okosotthon	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1601129	CORDIA International Zrt.	Cordia Okosotthonok	N36; N37; N42	05.04.2016

<b>National</b>	Registered	M1601128	CORDIA International Zrt.	Cordia Smarthomes	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1601127	CORDIA International Zrt.	Cordia Smarthome	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1601121	CORDIA International Zrt.	Marina City	N36; N37; N42	05.04.2016
<b>National</b>	Registered	M1600986	CORDIA International Zrt.	Marina Park	N36; N37; N42	23.03.2016
<b>National</b>	Registered	M1600985	CORDIA International Zrt.	Marina Garden	N36; N37; N42	23.03.2016
<b>National</b>	Registered	M1600756	CORDIA International Zrt.	Soho Central	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1600755	CORDIA International Zrt.	Soho Life	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1600754	CORDIA International Zrt.	Young City	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1600753	CORDIA International Zrt.	Corvin Atrium	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1600752	CORDIA International Zrt.	Rose Garden	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1600751	CORDIA International Zrt.	Andrássy Corner	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1600750	CORDIA International Zrt.	Smart City	N36; N37; N42	02.03.2016

<b>National</b>	Registered	M1600749	CORDIA International Zrt.	Cordia Homes	N36; N37; N42	02.03.2016
<b>National</b>	Registered	M1002335	CORDIA International Zrt.	cordia.hu OTTHONOK SZÍVVEL- LÉLEKKEL	27.5.1; 27.5.9; 27.5.10; N36; N37; N42	30.07.2010
<b>National</b>	Registered	M1002334	CORDIA International Zrt.	CORDIA - otthonok szívvel- lélekkal	N36; N37; N42	30.07.2010
<b>National</b>	Application in progress	M2001301	CORDIA International Zrt.	Stay Safe by CORDIA	29.1.8, 2.9.14  N16, N35, N36, N37	2020.05.14
<b>National</b>	Application in progress	M2001300	CORDIA International Zrt.	Stay Safe by CORDIA	25.1.10, 2.9.14, 29.1.1  N16, N35, N36, N37	2020.05.14
<b>National</b>	Application in progress	M1702907	CORDIA International Zrt.	Marina Life	N36, N37, N42	2018.02.15
<b>National</b>	Application in progress	M1702906	CORDIA International Zrt.	Marina View	N36, N37, N42	2018.02.15
<b>International</b>	Registered	1356376	CORDIA International Zrt.	CORDIA	N36; N37; N42	28.02.2017
<b>EU</b>	Registered	016556219	CORDIA International Zrt.	HostMe by Cordia	N36; N43	02.08.2017
<b>EU</b>	Registered	016556227	CORDIA International Zrt.	HostMe	N36; N43	02.08.2017

<b>EU</b>	Registered	017879250	CORDIA International Zrt.	UniverCity by Cordia	N36; N37; N42	17.07.2018
<b>EU</b>	Registered	017879252	CORDIA International Zrt.	UniverCity	N36; N37; N42	17.07.2018
<b>EU</b>	Registered	005109822	CORDIA International Zrt.	CORDIA	N36; N37; N42	03.04.2007
<b>US</b>	Registered	79212680	CORDIA International Zrt.	CORDIA	N36; N37; N42	28.02.2017
<b>Worldwide</b>	Application published	018200868	CORDIA International Zrt.	We build. You create the story.	N36; N37; N42	20.03.2020

## **ANNEX 6**

### **LIST OF INVITED INVESTORS**

This Annex 6 contains qualified investors to whom this Information Memorandum has been disclosed and invitation for the auction has been made.

Any person represented by a below listed investment fund manager (*"befektetési alapkezelő"*), asset manager (*"vagyonkezelő"*) or investment service provider pursuant to applicable law (including particularly but not limited to Act XVI of 2014 on Collective Investment Forms and Their Managers, and on the Amendment of Financial Regulations, Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, Act LXXXVIII of 2014 on the Business of Insurance, Act LXXXII of 1997 on Private Pensions and Private Pension Funds, Government Decree 282/2001 (XII.26.) on the Investment and Management of Private Pension Funds, Act XCVI of 1993 on Voluntary Mutual Insurance Funds, Government Decree No. 281/2001 (XII. 26.) on the Investment and Economic Rules of Voluntary Mutual Pension Funds) shall be deemed to be included herein as well by way of representation through such investment fund manager, asset manager or investment service provider (as applicable) and, consequently, shall be entitled to acquire Bonds subject to the terms and conditions of this Information Memorandum. Accordingly, upon receipt of this Information Memorandum by an investment fund manager, asset manager or investment service listed herein, this Information Memorandum shall be deemed to be delivered to any other person represented by such investment fund manager, asset manager or investment service.

The Issuer shall be entitled to reject any Buying Offer(s) submitted by a person not included - either directly or by way of representation as described above - in this Annex 6.

The Issuer, upon the settlement of the Bonds after the auction, will request the certification of ownership in respect of the issued Bonds, from KELER.

List of invited Investors are as follows:

- Magyar Nemzeti Bank (registered seat: 1054 Budapest, Szabadság tér 9.)
- OTP Bank Nyrt. (registered seat: 01-10-041585; company registration number: 1051 Budapest, Nádor u.16.; tax number: 10537914-4-44)
- Raiffeisen Bank Zrt. (registered seat: 1133 Budapest, Váci út 116-118.; company registration number: 01-10-041042; tax number: 10198014-4-44)
- Raiffeisen Ingatlan Alap (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1212-13)
- Raiffeisen Kötvény Alap (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1111-46)
- Raiffeisen Kamat Prémium Rövid Kötvény Alap (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1111-59)
- Raiffeisen Euró Prémium Rövid Kötvény Alap (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1111-372)
- Raiffeisen Hozam Prémium Származtatott Alap (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1111-168)
- Raiffeisen Index Prémium Származtatott Alap (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1111-155)

- Raiffeisen Megoldás Start Alapok Alapja (registered seat: 1133 Budapest, Váci út 116-118.; registration number: 1111-236)

## **ISSUER**

### **CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság**

Futó utca 47-53. VII. em.

1082 Budapest

Hungary

## **DEALER**

### **Raiffeisen Bank Zártkörűen Működő Részvénytársaság**

Váci út 116-118.

1133 Budapest

Hungary

## **PAYING AGENT**

### **Raiffeisen Bank Zártkörűen Működő Részvénytársaság**

Váci út 116-118.

1133 Budapest

Hungary

## **AUDITOR**

### **PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság**

Bajcsy-Zsilinszky út 78

1055 Budapest

Hungary



# CORDIA

INTERNATIONAL ZRT.

IFRS CONSOLIDATED 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 consolidated financial statements of Cordia International Zrt ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2019 (in which the consolidated statement of financial position total is THUF 181,570,651), the related consolidated statement of profit or loss and other comprehensive income (in which the total comprehensive income for the year, net of tax is THUF 6 794 495), the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated 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 consolidated financial statements" section of our report.

We are independent of the Group 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**

<i>Overall group materiality</i>	Overall group materiality applied was THUF 1 810 000
<i>Group Scoping</i>	We included 36 subsidiaries operating in three countries in our audit which amount up to 99% of the total assets, 99% of the consolidated income for the year.
<i>Key Audit Matters</i>	Inventory valuation



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated 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 consolidated 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated 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 consolidated financial statements as a whole.

<i>Materiality</i>	THUF 1 810 000
<i>Determination</i>	1% of the consolidated total assets
<i>Rationale for the materiality benchmark applied</i>	We chose consolidated total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1%, which is consistent with quantitative materiality thresholds used in this sector.

### ***Group audit scope***

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We have identified 25 subsidiaries, which, in our view, required an audit of their complete financial information, due to their financial significance to the group. Those reporting components are the major manufacturing entities in Hungary and Poland.

In addition, we performed the audit of specific balances and transactions of eleven subsidiary in Hungary, Poland and Romania.

For the remaining components we performed analytical review on Group level. This together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.



### **Key audit matters**

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

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Inventory valuation</b>	
<p>Inventory consists of residential real estate projects under development or construction and is the most significant account in the consolidated financial statements of the Group. As of 31 December 2019 inventory amounted to 102 954 301 THUF and represented 56,7% of the total consolidated assets. Inventory is measured at the lower of cost and net realizable value. The cost of inventory includes, amongst others, land, engineering and construction fees, planning and design costs, real estate taxes, borrowing costs and professional fees directly attributable to the project, construction overheads and other directly related costs.</p> <p>The Group assessed internally the net realizable value of the inventory, based on this assessment and no decrease had to be recognized. The net realizable value calculation is highly dependent on estimates like, amongst others, the estimated sales prices per m<sup>2</sup>, the estimated construction costs and the expected timing of sales of the units. The Management assessed the valuation and accordingly possible write-downs on inventory for each project separately, according to the projection of revenues net off the cost of sales.</p> <p>As the value of inventory is significant to the financial statements and significant estimates are involved in the assessment of net realizable value, we have concluded that it is key audit matter.</p> <p>The Group's disclosures about significant judgements and estimates related to inventory valuation are discussed in the note 3 e "<i>Use of estimates and critical judgments</i>" to the consolidated financial statements.</p> <p>The Group's disclosures regarding inventory were also presented in note 15 (c) of the Group's consolidated financial statements.</p>	<p>We have gained understanding of the net realisable value estimation process, performed a walkthrough of the process and evaluated the design of the controls over the process.</p> <p>We determined that inventory is periodically assessed by the Company's management and the net realizable values are estimated based on appropriate data.</p> <p>We engage our internal real estate valuation specialists to assist us in obtaining an understanding of management's analyses and checking the related external valuation reports. We evaluated the work of the management and management' experts, including the competence, with respect to the net realizable value assessment. We obtained an understanding of the net realizable value assessment processes and considered the internal controls in this process as being adequate in design and implemented in order to minimize the risk of improper valuation of inventories.</p> <p>Additionally, we performed substantive audit procedures while, amongst others, extensively discussing with the Company' management with respect to the net realizable value method applied, the key assumptions used, including comparing these assumptions to similar projects on the market and actually realized results of the net realizable value calculations on individual projects.</p>



## **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 consolidated financial statements unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 consolidated 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 Group'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 consolidated 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 Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated 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

A handwritten signature in blue ink, appearing to read 'László Radványi', written in a cursive style.

László Radványi  
Partner  
PricewaterhouseCoopers Könyvvizsgáló Kft.

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>	<i>6</i>	<b>34,478,395</b>	<b>19,854,006</b>
<b>Cost of sales</b>	<i>7</i>	<b>(21,186,226)</b>	<b>(12,149,655)</b>
<b>Gross profit</b>		<b>13,292,169</b>	<b>7,704,350</b>
Selling and marketing expenses	<i>8</i>	(2,744,181)	(1,956,791)
Administrative expenses	<i>9</i>	(2,762,183)	(1,629,260)
Other expenses	<i>11</i>	(714,242)	(609,984)
Other income	<i>12</i>	91,825	19,570
<b>Operating profit</b>		<b>7,163,388</b>	<b>3,527,885</b>
Interest income	<i>13</i>	35,764	294,912
Other financial income	<i>13</i>	2,003,255	961,613
<b>Finance income</b>		<b>2,039,019</b>	<b>1,256,523</b>
Interest expense	<i>13</i>	(218,403)	(35,531)
Other financial expense	<i>13</i>	(2,075,173)	(1,101,313)
<b>Finance expense</b>		<b>2,293,576</b>	<b>(1,136,844)</b>
<b>Net finance income/(expense)</b>		<b>(254,557)</b>	<b>119,681</b>
Share of profit/(loss) in joint venture	<i>2(b)</i>	(146,460)	(102,756)
<b>Profit before taxation</b>		<b>6,762,371</b>	<b>3,544,811</b>
Current income tax	<i>14</i>	(368,002)	(245,489)
Deferred tax	<i>14</i>	38,877	(21,127)
<b>Income tax expense</b>		<b>(329,125)</b>	<b>(266,616)</b>
<b>Profit for the year</b>		<b>6,433,246</b>	<b>3,278,195</b>
Exchange differences on translating foreign operations		361,249	2,005
<b>Other comprehensive income/(loss)</b>		<b>361,249</b>	<b>2,005</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>6,794,495</b>	<b>3,280,200</b>
<b>Total profit/(loss) for the year attributable to:</b>			
owners of the parent		7,453,022	3,348,916
non-controlling interests		(1,019,776)	(70,721)
<b>Total profit/(loss) for the year</b>		<b>6,433,246</b>	<b>3,278,195</b>
<b>Total comprehensive income attributable to:</b>			
owners of the parent		7,814,271	3,263,390
non-controlling interests		(1,019,776)	(70,721)
<b>Total comprehensive income for the year, net of tax</b>		<b>6,794,495</b>	<b>3,280,200</b>

*The notes on pages 7 to 85 are an integral part of these consolidated financial statements.*

Tóth  
György





## Consolidated Statement of Financial Position

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>31.12.2019</b>	<b>31.12.2018 Restated Note 23</b>	<b>01.01.2018 Restated Note 23</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	15(a)	196,905	187,856	136,988
Property, plant and equipment	15(b)	1,625,914	666,784	0
Long-term receivables from third parties		9,486	8,426	563,989
Long-term receivables from related parties	16(a)	1,010	1,150,746	11,493
Investments accounted for using equity method	2(b)	1,177,459	729,800	1,050,379
Deferred tax assets		127,714	124,939	135,090
Restricted cash	16	2,100,120	3,719,146	5,483,415
Long-term VAT receivables	15(f)	1,526,564	242,616	1,505,296
Other long-term assets	15(d)	613,036	577,376	353,714
<b>Total non-current assets</b>		<b>7,378,208</b>	<b>7,407,689</b>	<b>9,240,364</b>
<b>Current assets</b>				
Inventory	15(c)	102,954,301	58,713,306	37,536,704
Trade and other receivables	16(b)	328,946	191,521	332,278
Short-term receivables from related parties	16(a)	846,049	4,359,861	1,807,482
Other short-term assets	15(d)	11,468,750	301,199	23,054
Income tax receivables		58,410	30,040	819,580
Loan receivables		342,963	0	0
Short-term VAT receivables	15(f)	3,782,709	3,057,847	2,720,115
Restricted cash	16	3,062,290	240,281	30,119
Other financial assets	16	277,833	29,553	423,471
Cash and cash equivalents	16(c)	51,070,192	19,440,344	9,971,253
<b>Total current assets</b>		<b>174,192,443</b>	<b>86,363,952</b>	<b>53,664,056</b>
<b>Total</b>		<b>181,570,651</b>	<b>93,771,641</b>	<b>62,904,420</b>

*The notes on pages 7 to 85 are an integral part of these consolidated financial statements.*



## Consolidated Statement of Financial Position (cont'd)

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>31.12.2019</b>	<b>31.12.2018 Restated Note 23</b>	<b>01.01.2018 Restated Note 23</b>
<b>Equity<sup>1</sup></b>				
<b>Shareholders' equity</b>				
Share capital	17(a)	9,897,492	9,252,912	9,252,912
Share premium	17(b)	8,690,521	592,166	592,166
Currency translation reserve		505,126	143,877	141,872
Other reserves	17(c)	(286,680)	(234,382)	(189,439)
Retained earnings	17(d)	15,011,843	7,117,547	3,768,631
<b>Equity attributable to equity holders of the parent</b>		<b>33,818,302</b>	<b>16,872,120</b>	<b>13,566,142</b>
Non-controlling interests	2(d)	208,384	86,823	111,305
<b>Total equity</b>		<b>34,026,686</b>	<b>16,958,943</b>	<b>13,677,447</b>
<b>Net assets attributable to non-controlling investment unit holders</b>	2(c)	<b>17,514,452</b>	<b>16,286,632</b>	<b>7,468,455</b>
<b>Liabilities<sup>1</sup></b>				
<b>Non-current liabilities</b>				
Loans and borrowings	16(d)	14,108,026	4,829,609	5,746,263
Bonds	16(h)	44,421,137	0	0
Long-term liabilities to related parties	16(e)	0	4,429,058	2,274,895
Deferred tax liabilities		4,875	44,550	165,986
Customer advances	15(e)	29,104,998	7,635,951	5,337,026
Lease liabilities	15(g)	632,638	0	0
Amounts withheld for guarantees	16(g)	2,393,654	1,733,237	648,677
Other long-term liabilities		196,521	137,101	2,477
<b>Total non-current liabilities</b>		<b>90,861,849</b>	<b>18,809,506</b>	<b>14,175,324</b>
<b>Current liabilities</b>				
Trade and other payables	16(f)	10,314,925	4,471,907	2,949,018
Bonds	16(h)	68,892	0	0
Short-term liabilities to related parties	16(e)	542,695	3,124,653	3,450,854
Loans and borrowings	16(d)	11,506,888	5,239,689	735,812
Customer advances	15(e)	11,705,108	28,127,855	20,190,907
Lease liabilities	15(g)	2,328,719	0	0
Other tax liabilities		2,500,935	707,187	168,287
Other provision		102,151	0	88,316
Income tax liabilities		97,351	45,269	0
<b>Total current liabilities</b>		<b>39,167,664</b>	<b>41,716,560</b>	<b>27,583,194</b>
<b>Total liabilities</b>		<b>130,029,513</b>	<b>60,526,066</b>	<b>41,758,518</b>
<b>Total</b>		<b>181,570,651</b>	<b>93,771,641</b>	<b>62,904,420</b>

*The notes on pages 7 to 85 are an integral part of these consolidated financial statements.*

<sup>1</sup> excluding net assets attributable to non-controlling investment unit holders

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## Consolidated Statement of Changes in Equity

For the years ended 31 December 2019

Attributable to the equity holders of the parent

<i>In thousands of Hungarian Forints (THUF)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Currency translation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at 1 January 2018</b>	9,252,912	592,166	141,872	(189,439)	3,768,631	13,566,142	111,305	13,677,447
<b>Profit/(loss) for the year</b>	0	0	0	0	3,348,916	3,348,916	9,938*	3,358,854
<b>Other comprehensive income/(loss)</b>	0	0	2,005	0	0	2,005	0	2,005
Other change in reserves	0	0	0	(44,943)	0	(44,943)	0	(44,943)
Non-controlling interests arising on acquisition	0	0	0	0	0	0	40,551	40,551
Redemption of non-controlling interests	0	0	0	0	0	0	(74,971)	(74,971)
<b>Transactions with owners</b>	0	0	2,005	(44,943)	3,348,916	3,417,284	(24,482)	3,392,802
<b>Balance at 31 December 2018</b>	9,252,912	592,166	143,877	(234,382)	7,117,547	16,872,120	86,823	16,958,943
<b>Balance at 1 January 2019</b>	9,252,912	592,166	143,877	(234,382)	7,117,547	16,872,120	86,823	16,958,943
<b>Profit/(loss) for the year</b>	0	0	0	0	7,453,022	7,453,022	33,386*	7,486,408
<b>Other comprehensive income/(loss)</b>	0	0	361,249	0	0	361,249	0	361,249
<b>Proceeds from shares issues</b>	644,580	8,098,355	0	0	0	8,742,935	0	8,742,935
Other change in reserves 17(c)	0	0	0	(52,298)	0	(52,298)	0	(52,298)
Non-controlling interests arising on acquisition	0	0	0	0	0	0	88,175	88,175
Redemption of non-controlling interests	0	0	0	0	441,274	441,274	0	441,274
<b>Transactions with owners</b>	644,580	8,098,355	361,249	(52,298)	7,894,296	16,946,182	121,561	17,067,743
<b>Balance at 31 December 2019</b>	9,897,492	8,690,521	505,126	(286,680)	15,011,843	33,818,302	208,384	34,026,686

The significant movements in the equity items presented above are explained in details in Note 17.

\*Please also refer to Note 2 (c) about Net assets attributable to non-controlling investment unit holders.

*The notes on pages 7 to 85 are an integral part of these consolidated financial statements*

## Consolidated Statement of Cash Flows

For the year ended 31 December		2018	
<i>In thousands of Hungarian Forints (THUF)</i>		2019	Restated Note 23
		Note	
<b>Cash flows from/(used in) operating activities</b>			
Profit/ before taxation for the period		6,762,371	3,544,811
<i>Adjustments to reconcile profit before for taxation to net cash used in operating activities:</i>			
Depreciation	15(a),15(b)	504,285	154,930
Other non-cash movements*		568,872	616,823
Profit/loss on sale of tangible and intangible assets		(56,518)	21,261
Net finance income/expense	13	254,557	(119,681)
Increase in inventory	15(c)	(40,906,278)	(17,848,785)
Share of loss in joint venture	2(b)	146,460	102,756
Decrease/(increase) in trade and other receivables	16(b)	923,993	1,251,687
(Decrease)/increase in liabilities from related parties	16(a),16(e)	(786,133)	(2,552,379)
Increase in trade and other payables	16(f)	7,603,720	(810,345)
Increase in short-term loan receivables		(342,963)	0
Increase in provision		102,151	0
Increase in advances received	15(e)	5,046,300	10,235,873
Interest paid	13	(650,498)	(723,472)
Income tax paid	14	(347,863)	(427,934)
<b>Net cash from/(used in) operating activities</b>		<b>(21,177,544)</b>	<b>(6,554,456)</b>
<b>Cash flows from/(used in) investing activities</b>			
Consideration paid for the acquisition of subsidiaries	2(a)	(10,487,932)	(137,924)
Cash of acquired subsidiaries	2(a)	1,510,746	241,104
Acquisitions of tangible and intangible assets	15(a),15(b)	(262,024)	(316,631)
Sale of tangible and intangible assets		25,843	0
Investing in long-term financial assets	16	(8,470,402)	2,803,287
Increase of long-term loan receivables	16(a)	1,010	(182,387)
Repayment of short-term loan receivable		3,296,947	0
Repayment of long-term loan receivables	16(a)	1,130,988	147,940
Interest received	13	35,765	294,912
Investments accounted for using equity method	2(b)	(594,119)	(832,556)
<b>Net cash from/(used in) investing activities</b>		<b>(13,813,178)</b>	<b>2,017,745</b>
<b>Cash flows from/(used in) financing activities</b>			
Proceeds from loans and borrowings	16(d),16(e)	22,820,096	28,642,619
Repayment of loans and borrowings	16(e),16(b)	(11,467,294)	(23,302,397)
Capital increase	17(a)	8,742,935	0
Proceeds bond issue net of issuance cost	16(h)	44,236,063	0
Purchase of non controlling shares and investment notes	2(c),2(d)	10,058,175	10,240,551
Redemption of non controlling shares and investment notes	2(c),2(d)	(7,490,178)	(1,574,971)
Lease payments		(279,227)	0
<b>Net cash from financing activities</b>		<b>66,620,570</b>	<b>14,005,802</b>
<b>Net change in cash and cash equivalents</b>		<b>31,629,848</b>	<b>9,469,091</b>
Cash and cash equivalents at beginning of the year		19,440,344	9,971,253
<b>Cash and cash equivalents at end of the year</b>	16(c)	<b>51,070,192</b>	<b>19,440,344</b>

*The notes on pages 7 to 85 are an integral part of these consolidated financial statements*

\*The other non-cash movements derive mainly from foreign exchange differences on acquisitions and bond related interests

## Notes to the Consolidated 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 core business of the company 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, Romanian and Spanish 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 Romania and in Spain.

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 had the following owners:

- Cordia Holding B.V. - 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 direct controlling party does not prepare consolidated financial statements and there is no consolidated financial statement available into which the Company is consolidated.

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.

## 2. Interests in other entities

### (a) Group structure

The details of the Hungarian, Polish, Spanish and Romanian entities whose financial statements have been included in these Consolidated Financial Statements, the percentage of ownership and voting rights held by the Company and the classification of investments as at 31 December 2019 and 2018, are presented in the table.

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

Entity name	Place of operation	Share of ownership & voting rights at		Nature of relationship	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Villena Sp. z o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Wrocław I Sp. Z o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Zyrardów Sp.z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Futural Management Poland Sp. Z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
CORDIA Polska SP. Z.o.o..	Poland	100%	100%	Subsidiary	Subsidiary
Cereman Vagyonkezelő Zrt.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Lands Investment Ltd.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Property Management Kft.	Hungary	N/A	N/A	N/A	N/A
Cordia Development 1 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Development 2 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 1 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 2 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 3 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 4 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 5 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Ingatlanbefektetési Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Management Szolgáltató Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
CM-HoldCo Kft	Hungary	100%	100%	Subsidiary	Subsidiary
Sasad Resort 2 Kft	Hungary	72,50%	72,50%	Subsidiary	Subsidiary
IPOPEMA 146 Alapusz Inwestycyjny Zamkniety Aktywów Niepublicznych	Poland	N/A	N/A	N/A	N/A
Cordia Poland GP One Spółka Z	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Project Holding					
Cordia Poland GP One Spk.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 1					
Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 2					
Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 3					
Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary



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Entity name	Place of operation	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Projekt Warszawa 4 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Kraków 1 Cordia Poland GP One Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Central Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Finext Funds One SICAV-SIF	Luxembourg	100%	25%	Subsidiary	Subsidiary
Cordia Global 6 Alap	Hungary	50%	50%	Joint-venture	Joint-venture
Cordia Global 7 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 8 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 9 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 10 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 11 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 12 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 13 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 14 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 15 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 16 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 17 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 18 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 19 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 20 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
CORDIA Munkavállalói Rész tulajdonosi Program Szervezet	Hungary	100%	100%	Subsidiary	Subsidiary
CDS-Cordia Development Services Srl	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Parcului Residential Project Srl	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Belváros Ingatlanfejlesztő Kft.	Hungary	70%	70%	Subsidiary	Subsidiary
Cordia FM Társasházkezelő Kft	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia New Times Ingatlanfejlesztő Kft.	Hungary	70%	70%	Subsidiary	Subsidiary
Cordia New Homes Kft	Hungary	100%	100%	Subsidiary	Subsidiary
Finext Funds BP SICAV- SIF	Luxembourg	20%	20%	Subsidiary	Subsidiary
Cordia Romania Holding One Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Romania Holding Two Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Development 3 Spółka z	Poland	100%	100%	Subsidiary	Subsidiary

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Entity name	Place of operation	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Cordia Development 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Development 5 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Development 1 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 5 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Kraków 2 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Kraków 3 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Dante Project SRL	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Navigatorilor Project SRL	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Corarilor Development SRL	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Project Services SPV3 SRL	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Project Development SPV2 SRL	Romania	100%	100%	Subsidiary	Subsidiary
Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Partner 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Development 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Development 10 Sp. z o.o	Poland	100%	N/A	Subsidiary	N/A
Cordia Development 6 Sp. z o.o	Poland	100%	N/A	Subsidiary	N/A
Cordia Development 8 Sp. z o.o	Poland	100%	N/A	Subsidiary	N/A
Cordia Development 9 Sp. z o.o	Poland	100%	N/A	Subsidiary	N/A
Cordia Europe Holding Kft.	Hungary	100%	N/A	Subsidiary	N/A
Cordia Global 21 Alap	Hungary	100%	N/A	Subsidiary	N/A
Cordia Global 22 Alap	Hungary	100%	N/A	Subsidiary	N/A

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**Consolidated Financial Statements for the year ended 31 December 2019**

Entity name	Place of operation	31.12.2019	31.12.2018		31.12.2019	31.12.2018
Cordia Global 23 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 24 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 25 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 26 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 27 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 28 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 29 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Global 30 Alap	Hungary	100%	N/A		Subsidiary	N/A
Cordia Partner 5 Sp. z o.o.	Poland	100%	N/A		Subsidiary	N/A
Cordia Partner 6 Sp. z o.o.	Poland	100%	N/A		Subsidiary	N/A
Projekt Kraków 4 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A		Subsidiary	N/A
Projekt Trójmiasto 1 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A		Subsidiary	N/A
Projekt Warszawa 6 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A		Subsidiary	N/A
Projekt Warszawa 7 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A		Subsidiary	N/A
Cordia Project Company Sociedad Limitada	Spain	100%	N/A		Subsidiary	N/A
FUTUREAL DEVELOPMENT COMPANY Sociedad Limitada	Spain	100%	N/A		Subsidiary	N/A
Futureal Iberia Holding Sociedad Limitada	Spain	100%	N/A		Subsidiary	N/A
Futureal Project Company Sociedad Limitada	Spain	100%	N/A		Subsidiary	N/A
Cordia Development Company Sociedad Limitada	Spain	90%	N/A		Subsidiary	N/A
Cordia Fuengirola Development Company Sociedad Limitada	Spain	90%	N/A		Subsidiary	N/A
Cordia Spain Holding Kft. Universo CG13 Kft.	Hungary	100%	N/A		Subsidiary	N/A
KERTÉSZ CG15 Kft.	Hungary	100%	N/A	N/A	Subsidiary	N/A
GrandCorvin2 CG19 Kft.	Hungary	100%	N/A	N/A	Subsidiary	N/A
FUTÓ CG21 Kft.	Hungary	100%	N/A	N/A	Subsidiary	N/A
Millenium Residence Első Ütem CG22 Kft.	Hungary	100%	N/A	N/A	Subsidiary	N/A
Millenium Residence Második Ütem CG23 Kft.	Hungary	100%	N/A	N/A	Subsidiary	N/A
Finext Optimum 2 értékpapír alapok alapja részalap	Hungary	100%	N/A	N/A	Subsidiary	N/A
Projekt Kraków 5 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	N/A
Projekt Kraków 6 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	N/A
Projekt Trójmiasto 2 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	N/A
Projekt Warszawa 8 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	N/A
Projekt Warszawa 9 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	N/A

Please refer to next page for the list of newly acquired entities.

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

Please also refer to Note 3(a) about critical judgments and significant accounting policies.



Cordia International Zrt. established the following entities in 2019:

**Newly established entities**

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Cordia Development 10 Sp. z o.o.  
Cordia Development 6 Sp. z o.o.  
Cordia Development 7 Sp. z o.o.  
Cordia Development 8 Sp. z o.o.  
Cordia Development 9 Sp. z o.o.  
Cordia Europe Holding Kft.  
Cordia Global 21 Alap  
Cordia Global 22 Alap  
Cordia Global 23 Alap  
Cordia Global 24 Alap  
Cordia Global 25 Alap  
Cordia Global 26 Alap  
Cordia Global 27 Alap  
Cordia Global 28 Alap  
Cordia Global 29 Alap  
Cordia Global 30 Alap  
Univerzo CG13 Kft.  
KERTÉSZ CG15 Kft.  
GrandCorvin2 CG19 Kft.  
FUTÓ CG21 Kft.  
Millenium Residence Első Ütem CG22 Kft.  
Millenium Residence Második Ütem CG23 Kft.  
Finext Optimum 2. Értékpapír Alapok Alapja Részalap  
Cordia Fuengirola Development Company Sociedad Limitada  
Cordia Partner 5 Sp. z o.o.  
Cordia Partner 6 Sp. z o.o.  
Projekt Kraków 4 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Kraków 5 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Kraków 6 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Trójmiasto 1 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Trójmiasto 2 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Warszawa 6 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Warszawa 7 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Warszawa 8 Cordia Partner 2 Sp. z o.o. Sp.k  
Projekt Warszawa 9 Cordia Partner 2 Sp. z o.o. Sp.k

Cordia International Zrt. acquired the following entities in 2019. All of the acquisitions were at market prices from entities under common control. In line with the accounting policy of the Group, the acquisitions were considered to be asset acquisitions, because the acquired entities did not meet the definition of business under IFRS 3. No goodwill was recognized as a result of the transactions.

**Newly acquired entities**

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Cordia Project Company Sociedad Limitada  
FUTUREAL DEVELOPMENT COMPANY Sociedad Limitada  
Futureal Iberia Holding Sociedad Limitada  
Futureal Project Company Sociedad Limitada  
Cordia Development Company Sociedad Limitada  
Cordia Spain Holding Kft.

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**(b) Interests in joint-ventures**

Set out below is the joint venture of the group as at 31 December 2019 and as of 31 December 2018. The entity listed below have share capital consisting solely of ordinary shares, which are held directly by the group.

Entity name	Nature of relationship	Measurement method
Cordia Global 6 Alap	Joint-venture	Equity method

Cordia Global 6 Alap entity consists projects named Marina Life 1 and 2. The entity is jointly controlled with a partner which is another Hungarian legal entity operating in the real estate industry.

<b>Cordia Global 6</b> <i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Net assets	<b>2,354,919</b>	<b>1,459,600</b>
Group's share in %	50	50
Group's share in THUF	1,177,459	729,800
<b>Carrying amount</b>	<b>1,177,459</b>	<b>729,800</b>

<b>Cordia Global 6</b> <i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Revenue	624	12
Profit/(Loss) as subsidiary	0	(849)
Profit/(Loss) as joint-venture	(292,919)	(205,512)
Other comprehensive income	0	0
Total comprehensive income	(292,919)	(206,361)

Reconciliation to carrying amounts:

<b>Cordia Global 6</b> <i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Opening	729,800	0
Change in investments	594,120	832,556
Profit/(Loss) attributable to Group	(146,460)	(102,756)
<b>Closing carrying amount</b>	<b>1,177,460</b>	<b>729,800</b>

**(c) Net assets attributable to non-controlling investment unit holders**

As described previously, the Group had controlling investment in two investment funds as of 31 December 2018 and 31 December 2019, namely Finext Real Estate Opportunities One SICAV-SIF Sub-Fund and Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund. Besides the Group, there were other non-controlling investors as owners of these two funds.

The two sub-funds operate under a similar scheme in which, the funds' life is limited and pre-determined upon establishment. The funds issue two classes of investment notes in form of shares, Class C is owned by the Group, Class P is purchased by the non-controlling investors. The two share classes provide different rights and they have different risk profile. Based on the funds' prospectus, repayment of the original investments and distributions of profits and losses are to be made as follows:

- First, original investments into Class P and Class C shares shall be returned pro-rata and pari passu. Potential losses are therefore suffered pro-rata, based on the invested capital.
- After distributions equal to the invested capital to all unit holders, the potential profits are not distributed on pro-rata basis but in different proportions, with such proportions changing based on IRR achieved by the Class P unitholders versus pre-agreed IRR hurdles.

The Group does not provide any guarantee on the return on the capital invested by the non-controlling investment unit holders. In case the projects in the fund generate losses, the losses are shared between the Group and the non-controlling investment unit holders on a pro-rata basis up to the amount of the capital invested. Each parties' liability is limited to the amount of capital invested in the fund.

The Group has no unconditional obligation to pay back any amount invested by the non-controlling investment unit holders, however – after the completion of any project in the fund – the generated free cash shall be returned to the investors and the Group has no sole right to decide about potential reinvestments into potential new projects. Therefore the Management believes that presenting these balances among general liabilities or among the Group equity would be misleading and it would not provide a fair picture about the financial position of the Group. Based on the above, and based on the industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated statement of financial position.

Please see below the movements in the balances during the period.

*In thousands of Hungarian Forints (HUF)*

<b>Balance 31 December 2017</b>	<b>7,468,455</b>
Investment made by non-controlling parties	10,200,000
Redemption	(1,500,000)
Change in net assets attributable non-controlling investment unit holders	(80,660)
Profit distribution to be paid out	198,837
<b>Balance 31 December 2018</b>	<b>16,286,632</b>
Investment made by non-controlling investment unit holders	9,970,000
Redemption	(7,490,178)
Loss attributable to non-controlling parties	(1,053,162)
Other change in non-controlling interests	(198,840)
<b>Closing balance 31 December 2019</b>	<b>17,514,452</b>

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance among net assets attributable to non-controlling investment unit holders.

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Please see below the most important financial information regarding these two funds. Please note, that these figures are based on the funds' stand-alone statutory financial statements, therefore consolidation adjustments are not included. In their stand-alone statutory financial statements, the funds measure their investments in other entities within the Group at fair value with gains and losses recognized through the P&L.

<b>31.12.2019</b>	<b>Finext Funds BP</b>	<b>Finext Funds One</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>SICAV-SIF</b>	<b>SICAV-SIF</b>
Current assets	7,587,299	2,348,671
Current liabilities	18,379	10,917
Current net assets	7,568,920	2,337,754
Non-current assets*	22,850,138	0
Non-current liabilities	0	0
Non-current net assets	22,850,138	0
Net assets	<b>30,419,058</b>	<b>2,337,754</b>
Accumulated net assets attributable to non-controlling Class P investment unit holders	<b>17,514,452</b>	<b>0</b>

\*Majority of Non-current assets represent the investments in subsidiaries.

<b>2019</b>	<b>Finext Funds BP</b>	<b>Finext Funds One</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>SICAV-SIF</b>	<b>SICAV-SIF</b>
Revenue	0	0
Profit for period	3,321,876	2,165,751
Other comprehensive income	0	0
Total comprehensive income	3,321,876	2,165,751
Profit allocated	(1,494,436)	441,274
Dividends paid	0	1,490,178

<b>2019</b>	<b>Finext Funds BP</b>	<b>Finext Funds One</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>SICAV-SIF</b>	<b>SICAV-SIF</b>
Cash flow from operating activities	(1,494,436)	242,437
Cash flow from investing activities	0	0
Cash flow from financing activities	9,970,000	(7,490,178)
Net change in cash and equivalents	<b>8,475,564</b>	<b>(7,247,741)</b>

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<b>31.12.2018</b>	<b>Finext Funds BP</b>	<b>Finext Funds One</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>SICAV-SIF</b>	<b>SICAV-SIF</b>
Current assets	253,997	182,825
Current liabilities	9,519	11,621
Current net assets	244,478	171,204
Non-current assets	13,182,705	17,940,976
Non-current liabilities	0	0
Non-current net assets	13,182,705	17,940,976
Net assets	<b>13,427,183</b>	<b>18,112,180</b>
Accumulated net assets attributable to non-controlling Class P investment unit holders	<b>9,038,891</b>	<b>7,247,741</b>

<b>2018</b>	<b>Finext Funds BP</b>	<b>Finext Funds One</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>SICAV-SIF</b>	<b>SICAV-SIF</b>
Revenue	0	0
Profit for period	1,877,183	8,289,370
Other comprehensive income	0	0
Total comprehensive income	1,877,183	8,289,370
Profit allocated	(1,161,109)	1,080,449
Dividends paid	0	0

<b>2018</b>	<b>Finext Funds BP</b>	<b>Finext Funds One</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>SICAV-SIF</b>	<b>SICAV-SIF</b>
Cash flow from operating activities	19,819	(49,345)
Cash flow from investing activities	(11,265,822)	960,616
Cash flow from financing activities	11,500,000	(2,000,000)
Net change in cash and equivalents	<b>253,997</b>	<b>(1,088,729)</b>

**(d) Non-controlling interests**

Movements in non-controlling interests during the year ended 31 December 2018 and 31 December 2019 are as follows:

	<b>2019</b>	<b>2018</b>
<i>In thousands of Hungarian Forints (HUF)</i>		
<b>Opening balance</b>	<b>86,823</b>	<b>111,305</b>
Comprehensive income/(loss) attributable to non-controlling interests	33,386	9,938
Non-controlling interest arising on acquisition	88,175	40,551
Redemption of shares owned by non-controlling interest	0	(74,971)
<b>Closing balance</b>	<b>208,834</b>	<b>86,823</b>

### **3. Basis of preparation and measurement**

#### **(a) Basis of preparation and statement of compliance**

The consolidated financial statements of Cordia International Group 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). The financial statements are for the group consisting of Cordia International Plc and its subsidiaries.

The consolidated 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 consolidated financial statements were authorized by the Boards of Directors of Cordia International on the 11<sup>th</sup> May 2020.

The parent company and the subsidiaries operating in Hungary prepare their separate financial statements according to the Hungarian Accounting Standards 2000. C. (the HAS), the subsidiaries operating in Poland prepare their separate financial statements in accordance with accounting policies specified in the Polish Accounting Act dated 29 September 1994 with subsequent amendments and the regulations issued based on that Act (all together: 'Polish Accounting Standards'). The subsidiaries operating in Romania prepare their separate financial statements in accordance with accounting policies specified in Accounting Law no. 82/1991 with subsequent amendments and the regulations issued based on that Act (all together: 'Romanian Accounting Standards'). The subsidiaries operating in Spain prepare their separate financial statements in accordance with accounting policies specified in 'Plan General de Contabilidad 2008 (PGC2008)'. Some of the regulations in the Hungarian, Polish, Spanish or Romanian accounting standards are different from IFRS. These consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRSs as adopted by EU.

The preparation of consolidated 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 Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated 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 consolidated financial statements are disclosed in Note 3.

#### **(b) Basis of measurement**

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of those financial assets that have been measured at fair value through profit or loss. The methods used to measure fair values for the purpose to prepare the consolidated financial statements are discussed further in Note 18.

#### **(c) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of Hungarian Forint, which is the parent company's functional currency and the Group's presentation currency.

**(d) Basis of consolidation**

These Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All the Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for similar transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are fully eliminated, except where there are indications for impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. As these transactions meet the exception definition as of IAS 12.15.b deferred tax related to the acquisition is not recognized at the transaction date. In case the transaction is between parties under common control the difference between the fair value of the assets and liabilities acquired and the consideration paid is accounted for in the other capital if it arose from a transaction with owners in their capacity as owners based on the analysis of the substance.

Otherwise, in case an acquired subsidiary or group of assets meets the definition of “business” as defined by IFRS 3 the Group applies the acquisition method to account for business combinations. In this case the consideration transferred is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

#### **Joint arrangements:**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group

#### **(e) Use of estimates and critical judgments**

The Group estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### **Write-down revaluating the inventory:**

The company internally assesses the net realizable value of the inventory and decreases the value when the net realizable value is lower than the cost amount. In view of the situation in the Hungarian, Polish, Spanish and Romanian property market in which the Group operates, during the year ended 31 December 2019 and 31 December 2018 the Group performed an inventory review with regard to its valuation to net realizable value based on the valuation report issued by the independent property valuation expert. As a result, during the years ended 31 December 2019 and 31 December 2018, the Group did not make any write-down adjustment. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

#### **Revenue recognition**

IFRS 15, Revenue from Contracts with Customers (issued in May 2014 and effective for the periods beginning on or after 1 January 2018):

##### **(i) Capitalization of incremental costs to obtain a contract**

- Cordia Group has already (before the adaptation of IFRS 15) capitalized variable sales commission of real estate agents in case those commissions can be directly linked to the specific sales contract in the previous year's consolidated financial statements. Capitalized sales commission is recognized as other asset and reversed to selling and marketing expenses upon transferring the control of property to the customer and recording the revenue.



**(ii) Recognizing revenue**

- IFRS 15 changed the indicators required to be assessed in order to determine, when revenue shall be recognized. In case of Cordia Group, based on IFRS 15.35 revenue shall be recognized at a point time. This is the point, when control over the property is transferred to the customer.

Based on IFRS 15.38, there are five indicators that a customer has obtained control of an asset:

- The entity has a present right to payment.
- The customer has legal title.
- The customer has physical possession.
- The customer has the significant risks and rewards of ownership.
- The customer has accepted the asset.

**(iii) Significant financing component**

Notwithstanding the provisions of IFRS 15 para 61, a contract with a customer would not have a significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

Cordia Group believes that the customer pays in advance to ensure purchase of the apartment. This is the market practice and significant majority of the apartments are sold before completion of the projects. Selling price in case of paying in advance is not lower than the price that would be paid upon completion. Cordia Group believes that based on these arguments, payments are not made in advance to provide financing, therefore no significant financing component exists. Therefore transition to IFRS 15 had no impact on the financial statements.

**Subsidiaries with less than 50% ownership held by the Group**

As of 31 December 2019, the Group owns less than 50% of the investment units only in Finext BP SICAV-SIF, but it is capable of controlling the entities through the rights provided by its shares. As of 31 December 2018, in Finext Funds BP SICAV-SIF, Finext Funds One SICAV-SIF the Group owned less than 50% of the investment units, but it was capable of controlling the entities through the rights provided by its shares. This means that funds issued two classes of investment units, where the ones owned by the Group allow it to control the entities as required by IFRS 10 (i.e. all the major decisions are to be decided by Cordia International). Please also refer to Note 2 (c) about net assets attributable to non-controlling investment unit holders of these two funds.

#### **4. Significant accounting policies**

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

##### **(a) Foreign currency**

Foreign currency transactions are translated into the functional currency using the exchange rates 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 except for the exchange gains and losses related to cash flow hedges or hedges for qualified investments which shown in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance expense and finance income respectively, unless they are capitalized as explained in Note 4(i) ("Borrowing costs"). All other foreign exchange gains and losses are presented net also in the income statement within finance expense and finance income respectively.

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.

IAS 21 requires entities to translate foreign currency monetary items outstanding at the end of balance sheet date using the closing rate. The closing rate is the spot exchange rate at the balance sheet date.

A foreign currency transaction is recorded, on initial recognition, at the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. This process is known as 'translation' – that is, financial data denominated in one currency is expressed in terms of another currency.

The date of transaction is the date on which the transaction first qualifies for recognition in accordance with IFRS. For revenues, expenses, gains and losses, the spot exchange rate at the dates on which those elements are recognised should be used; however, this might be impracticable in practice. Management might, therefore, use a rate that approximates to the actual rate (such as an average rate).

##### **(b) Revenue**

Revenue is recorded based on IFRS 15 from 1 January 2018.

Below the accounting policy for IFRS 15 is described based on the 5-step model.

##### **Identifying the contract**

An agreement between two or more parties that creates enforceable rights and obligations meets the definition of a contract in the revenue standard. A contract can be written, oral, or implied by Cordia Group's customary business practices.

Cordia Group's customary business practices is to have always written contracts with customers.

The following criteria should be met before Cordia Group accounts for a contract with a customer:

- a. the contract has been approved (in writing, orally, or in accordance with other customary business practices) and the parties are committed to perform their respective obligations,
- b. the entity can identify each party's rights;
- c. the entity can identify the payment terms;
- d. the contract has commercial substance; and
- e. it is probable that the entity will collect the consideration to which it is entitled for transferring the goods and services to the customer.

Cordia Group believes that the criteria above is met in case of all its written customer contracts.

### **Identify the performance obligations**

Performance obligations are the unit of account for the purposes of applying the revenue standard, and they therefore determine when and how revenue is recognised.

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. At contract inception, Cordia Group assesses the goods or services promised to a customer, and identifies each promise to transfer as either:

- a. a good or service (or a bundle of goods or services) that is distinct; or
- b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Promises in a contract can be explicit, or implicit if they create a valid expectation that the entity will provide a good or service based on the entity's customary business practices, published policies or specific statements.

A series of distinct goods or services provided over a period of time is a single performance obligation if the distinct goods or services are substantially the same and have the same pattern of transfer to the customer. A series of distinct goods or services has the 'same pattern of transfer' if both of the following criteria are met:

- a. each distinct good or service meets the criteria to be a performance obligation satisfied over time; and
- b. the same measure of progress towards complete satisfaction of the performance obligation is used.

A good or service that is promised to a customer is distinct if:

- a. the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct); and
- b. the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

Cordia Group considers each property (i.e. apartment, parking lot, storage) as one performance obligation. Cordia Group transfers the control to the customer over the properties at the same time. Services are not sold together with the properties. Based on this, Cordia Group treats properties in each customer contract as a single performance obligation, because separation would not have an impact on the financial statements.

### **Determining the transaction price**

The transaction price in a contract reflects the amount of consideration that Cordia Group expects to be entitled to in exchange for goods or services transferred. The transaction price includes only those amounts to which the entity has rights under the present contract and excludes amounts collected on behalf of third parties. The consideration promised in a contract with a customer might include fixed amounts, variable amounts, or both. Contractually stated prices for goods or services might not represent the amount of consideration that Cordia Group expects to be entitled to as a result of its customary business practices with customers.

### **Allocating the transaction price to separate performance obligations**

The transaction price should be allocated to each separate performance obligation, or distinct good or service, so that revenue is recorded at an amount that depicts the amount of consideration that the entity expects to be entitled to in exchange for transferring the promised goods or services.

The transaction price should be allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer.

## **Recognizing revenue**

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer.

Control either transfers over time or at a point in time. Management needs to determine, at contract inception, whether control of a good or service transfers to a customer over time or at a point in time. If the performance obligation is not satisfied over time, it is satisfied at a point in time.

Revenue is recognised over time if any of the following three criteria are met:

- a. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- b. the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c. the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the criteria for satisfying a performance obligation over time are met. The guidance on control should be considered, to determine when the performance obligation is satisfied by transferring control of the good or service to the customer. In addition, there are five indicators that a customer has obtained control of an asset:

- The entity has a present right to payment.
- The customer has legal title.
- The customer has physical possession.
- The customer has the significant risks and rewards of ownership.
- The customer has accepted the asset. [IFRS 15 para 38]

Based on the indicators above, Cordia Group recognizes revenue based on date of transferring the control of the properties to the customers. Please see the detailed accounting policy in Note 3 (e) about critical judgments.

## **Other considerations**

Cordia Group capitalises the incremental costs of obtaining a contract with a customer if it expects to recover those costs. However, costs to obtain a customer do not include payments to customers.

Cordia Group capitalizes variable sales commission of real estate agents in case those commissions can be directly linked to the specific sales contract. Capitalized sales commission is recognized as other asset and reversed to selling and marketing expenses upon transferring the property to the customer and recording the revenue.

Advances received related to pre-sales of residential units, which represent deferred income, are deferred when they do not meet the criteria to be recognized as revenue. When they subsequently meet these criteria, they are recognized as revenue.

Other revenues include rental income, service charges and management charges from properties. Revenue from service and management charges is measured at the fair value of the consideration received or receivable, and amounts disclosed as net of rebates and VAT.

Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income. Revenues from the early termination of operating leases recognized at the date of occurrence.

**(c) Financial instruments**

As described previously, the Group applies IFRS 9 for accounting of financial instruments from 1 January 2018.

**Classification and measurement**

**Financial assets**

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument.

IFRS 9 has two measurement categories: amortised cost and fair value. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met, as described below.

If the financial asset is a debt instrument (or does not meet the definition of an equity instrument in its entirety), management should consider the following assessments in determining its classification:

- The entity's business model for managing the financial asset.
- The contractual cash flows characteristics of the financial asset.

A financial asset should be subsequently measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; 'principal' and 'interest'.

A financial asset should be subsequently measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

If the financial asset does not pass the business model assessment and SPPI criteria, or the fair value option is applied it is measured at FVTPL. This is the residual measurement category.

Cordia Group's business model refers to how an entity manages its financial assets in order to generate cash flows. IFRS 9 prescribes two business models: holding financial assets to collect contractual cash flows; and holding financial assets to collect contractual cash flows and selling. FVTPL is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into one of the two prescribed business models.

Investments in equity instruments are always measured at fair value. Equity instruments that are held for trading (including all equity derivative instruments, such as warrants and rights issues) are required to be classified at FVTPL, with dividend income recognised in profit or loss.

For all other equities within the scope of IFRS 9, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss.

Cordia Group's financial assets are debt instruments that are measured at amortized cost because those are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual term of the financial asset gives rise to cash flows that pass the SPPI test.

## **Financial liabilities**

Cordia Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. It is, therefore, necessary to measure those contractual rights and obligations on initial recognition.

All financial liabilities in IFRS 9 are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability.

There are two measurement categories for financial liabilities: fair value, and amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL or an entity has opted to measure a liability at FVTPL.

Trade receivables that do not have a significant financing component are initially measured at their transaction price. A similar concept is commonly applied to short-term trade payables where the effect of discounting would be immaterial, consistent with the requirements of paragraph 8 of IAS 8.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

All the financial liabilities of the Group are kept at amortized cost.

## ***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***

Cordia Group applies IFRS 9 impairment model to:

- investments in debt instruments measured at amortised cost;
- investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- all loan commitments not measured at fair value through profit or loss;
- financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at fair value through profit or loss; and
- lease receivables that are within the scope of IFRS 16, 'Leases', trade receivables and contract assets within the scope of IFRS 15 that give rise to a conditional right to consideration.

The model does not apply to investments in equity instruments.

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).

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

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material.

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.

For trade receivables, contract assets and lease receivables Cordia Group applies simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. As a practical expedient, a provision matrix is used to estimate ECL for these financial instruments

**(d) Trade and other receivables**

Financial assets recognized in the consolidated statement of financial position as trade receivables are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment.

**(e) Receivables from related parties**

Financial assets recognized in the consolidated statement of financial position as receivables from related parties consist of contract amount receivable in the normal business activity for goods and services, as well as loans granted to affiliates. 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.

**(f) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less, except for collateralized deposits, treasury bills if those are considered highly liquid assets with no significant risk furthermore the advance payment received from customers for project financing purposes if withdraw process is considered perfunctory.

The restricted cash classified as cash equivalent are related to cash received from customers as advance payment for financing the projects and the cash withdrawn from the project loan facilities. The banks providing loan financing have light restriction over these funds to secure their loan facility however the approval process to use these funds are considered perfunctory.

Cordia's model of operations assumes that instead of using payments received from customers directly to cover the development costs, majority of the cash received is deposited at accounts with restricted use as cash securing construction loans received. The banks allow however for full or partial the use of such funds, (sometimes subject to utilization fees) and these balances are presented as cash and cash equivalents in the financial information.

The control over the use of the deposited sums is always with Cordia based upon the agreement between the respective bank and Cordia and such action of unlocking deposited cash can take place in due time after such decision of Cordia management, i.e. without any unnecessary delay (but in any case not later than within a few banking days). This means, that the cash, which is deposited in the accounts with some restrictions applicable, can be fully and immediately exploited by the subsidiaries in order to net with the pre-agreed financial liabilities (e.g. bank loans) as well as to finance the relevant costs of the projects co-financed by the customers buying apartments.

The overdrafts are shown in current liabilities in borrowings line.

**(g) Trade and other payables**

Trade payables are contract amount payable in the normal business activity for goods and services. Trade payables are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**(h) Liabilities to related parties**

Liabilities to related parties are contract amount payable in the normal business activity for goods and services, as well as loans payable to affiliates. Liabilities to related parties are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

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



**(i) Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down (and should be calculated with in the effective interest calculation and the amortized cost of the loan). In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

**(j) Property and equipment**

*i. Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

*ii. Depreciation*

Depreciation is calculated on the straight-line basis over the estimated useful life of each component of an item of property and equipment.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Buildings: 50 years;
- Equipment's: 7 years;
- Fixtures and fittings: 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date, and adjusted prospectively since the beginning of the following year, if appropriate.

**(k) Leases**

This section summarizes the new accounting policies by reason of adaption of IFRS 16 Leases. The group leases various offices, parking places and cars. Rental contracts are typically made for fixed periods of 4 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The group has adopted IFRS 16 simplified method retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option .

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are wholly immaterial.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The Group separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The group does not provide residual value guarantees in relation to equipment leases.

### **Rights of perpetual usufruct of land (Poland)**

On 20 July 2018, the Act on the transformation of perpetual usufruct of land developed for residential purposes into ownership of that land came into force. In respect of land on which as of 1 January residential buildings were built for which an occupancy permit had been issued prior to that date, the perpetual usufruct of that land shall be transformed into ownership of that land. As regards land developed with multi-family residential buildings that have not been commissioned before 1 January 2019, the conversion date for such properties will be the day on which the decision permitting the occupancy of the building becomes final.

The Group is legally released from the debt arising from the obligation to pay perpetual usufruct fees or transformation fees only upon the legal (notarised) transfer to the buyer of the interest in the land appurtenant to the unit sold.

From 1 January 2019, costs related to lease of perpetual usufruct of land are recognized as inventories for the duration of the property project development. Before implementation of IFRS 16, these fees were expensed as incurred. Since these fees related to the land, no depreciation is recorded on these right-of-use assets.

The related lease liability is recognised under short-term liabilities.

Until the time of transfer of the above mentioned ownership, land-related lease liabilities remain on the balance sheet of the Group. At the time of handover of the unit (which is also the time of recognition of the revenue from the sale of the unit), the portion of the asset related to the lease is transferred from Inventory to Receivables from the customer, in the amount corresponding to the recognised land-related lease liability.

Until the time of transfer of the ownership to the customer, both the receivable and the liability are recognised as a short-term receivable or liability, because they will be settled through the transfer to the customer within the "operating cycle". At the date of ownership transfer to the buyer, land-related lease liability and the related receivables from the buyer of the unit are reversed from the accounting records.

The Group has decided to present right-of-use assets within the same item in which the relevant underlying assets would be presented if they were owned by the Group (as lessee).

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**(l) Inventories of residential units**

Inventories consist of multi-family residential real estate projects to individual customers.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred relating to the construction of a project. Costs relating to the construction of a project are included in inventories of residential units as follows: costs incurred relating to projects or a phase of a project which are not available for sale (work in progress), costs incurred relating to units unsold associated with a project.

Project construction costs include:

- land or leasehold rights for land;
- construction costs paid to the general contractor building the residential project;
- planning and design costs;
- perpetual usufruct fees and real estate taxes incurred during the period of construction;
- borrowing costs to the extent they are directly attributable to the development of the project (see accounting policy (p));
- professional fees attributable to the development of the project;
- construction overheads and other directly related costs.

Inventory is recognized as a cost of sales in the statement of comprehensive income when the sale of residential units is recognized.

**(n) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's or a cash generating unit's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(o) 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.

**(p) Dividend distribution**

Dividend distribution to the parent company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved.

**(q) Borrowing costs**

Borrowing costs directly attributable to the inventory of properties which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized equals the gross interest incurred on those borrowings. Interest is capitalized as from the commencement of the development work until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The Group has carried out a successful bond issue on 5 November 2019 (Cordia 2026/I). The financial settlement date is 7 November 2019, the maturity is 7 November 2026. The amount of funds raised is HUF 44.4 billion. The capitalization rate equals to the effective interest rate of the Bonds.

There was no general borrowing in financial year 2018

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**(r) Interest income and expense**

Interest income and expense are recognized within 'finance income' and 'finance expense' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Group has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not. Properties built in residential property development projects are considered to be qualifying assets for the Group.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**(s) Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or equity - in which case, the tax is also recognized in other comprehensive income or equity.

The Group based on the operation of the mother company considers the following taxes as income tax defined by IAS 12:

- corporate income tax;
- local trade tax;
- innovation duty.

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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group established a tax-efficient legal structure, as the property development funds and subfunds are not obliged to pay income taxes under the current laws and regulations, therefore the Group's effective tax rate is low (please see effective tax reconciliation in Note 14).

#### **(t) Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **(u) Amounts withheld for guarantees**

As of 30 June 2019, the Group presents separately the amounts withheld for guarantees in its statement of financial position. Please refer to Note 23 for the impact on change in presentation.

Amounts withheld for guarantees is the contractual amount that the Group withholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Cordia Group's warranty rights. At the end of the warranty period, the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

#### **(v) Bonds**

Bonds are initially recognised at fair value, net of transaction costs incurred then 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.

Based on IAS23 general and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

## 5. Adoption of new and revised Standards

### A) New and amended standards adopted by the group

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.

The group also elected to adopt the following amendments early:

- Definition of Material – Amendments to IAS 1 and IAS 8.

Except for IFRS 16, these new standards and amendments had no significant impact on the consolidated financial statements of the group.

### B) Adjustments recognised on adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16 Leases on the group's financial information and discloses the new accounting policies that have been applied from 1 January 2019. The group has adopted IFRS 16 simplified method retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2%.

The Group has not classified any leases as financial lease in 2018, so this not resulted adjustments in measurement.

<i>In thousands of Hungarian Forints (THUF)</i>		<b>01.01.2019</b>
<u>Operating lease commitments disclosed as at 31 December 2018</u>		<u>1,809,764</u>
Rights of perpetual usufruct of land	<i>a</i>	1,333,390
Discounted using the lessee's incremental borrowing rate at the date of initial application	<i>b</i>	(83,156)
Change in office rental extension option	<i>c</i>	(633,008)
<b>Lease liability recognised as at 1 January 2019</b>		<b>2,426,990</b>
Of which are		
<b>Current lease liabilities</b>		<b>1,817,866</b>
<b>Non-current lease liabilities</b>		<b>609,124</b>



“a” Perpetual usufruct fees payable by Polish subsidiaries were not disclosed as operating lease commitments as at 31 December 2018. Management reassessed the classification of perpetual usufruct fees based on IFRS 16 and considered them to be leases. This causes a difference between the IFRS 16 lease liability as of 1 January 2019 and the operating lease commitment presented in prior year’s financial statements. Please see the accounting policies paragraph (k) Leases for more details about perpetual usufruct fees and their accounting under IFRS 16.

“b” Operating lease commitment were presented – in line with IAS 17 – using undiscounted amounts. IFRS 16 lease liabilities are discounted.

“c” Upon implementation of IFRS 16, Management analysed the lease contracts and the lease term based on IFRS 16 requirements and calculated lease liability accordingly. In case of certain office lease agreements, Management considers it to be reasonably certain to use termination options provided by the lease contracts for early termination. Amounts disclosed in IAS 17 operating lease commitment table were incorrectly calculated using the full contractual term, without considering termination options.

The associated right-of-use assets for property leases were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as of 1 January 2019, as permitted by IFRS 16. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The Group has decided to present right-of-use assets within the same item in which the relevant underlying assets would be presented if they were owned by the Group (as lessee).

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.12.2019</b>	<b>01.01.2019</b>
Buildings	845,367	1,045,718
Machinery and vehicles	49,088	47,882
Rights of perpetual usufruct of land (inventory)	2,060,816	1,333,390
<b>Total right of use asset</b>	<b>2,955,271</b>	<b>2,426,990</b>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment – increase by 1,093,600
- inventory – increase by 1,333,390
- lease liabilities – increase by 2,283,024

The net impact on retained earnings on 1 January 2019 was 0.

### **Practical expedients applied**

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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**(i) Impact on segment disclosures**

Segment assets and segment liabilities for December 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments were affected by the change in policy:

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Segment asset</b>	<b>Segment liability</b>
Hungary	428,403	430,884
Poland	2,505,695	2,509,234
Romania	21,174	21,240
Spain	0	0
<b>Total</b>	<b>2,955,271</b>	<b>2,961,358</b>

**(ii) Impact on balance sheet**

**31.12.2019**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31 December 2019</b>	<b>Impact of IFRS 16</b>	<b>31 December 2019 as presented</b>
Current assets	172,131,627	2,060,816	174,192,443
Current liabilities	36,838,945	2,328,719	39,167,664
Current net assets	135,292,683	(267,904)	135,024,779
Non-current assets	6,483,752	894,456	7,378,208
Non-current liabilities	90,229,211	632,638	90,861,849
Non-current net assets	(83,745,458)	261,817	(83,483,641)
<b>Net assets</b>	<b>51,547,224</b>	<b>(6,086)</b>	<b>51,541,138</b>

**01.01.2019**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31 December 2018 as presented</b>	<b>Impact of IFRS 16</b>	<b>1 January 2019</b>
Current assets	86,363,952	1,333,390	87,697,342
Current liabilities	41,716,560	1,817,866	43,534,426
Current net assets	44,647,392	(484,476)	44,162,916
Non-current assets	7,407,689	1,093,600	8,501,289
Non-current liabilities	18,809,506	609,124	19,418,630
Non-current net assets	(11,401,817)	484,476	(10,917,341)
<b>Net assets</b>	<b>33,245,575</b>	<b>0</b>	<b>33,245,575</b>

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**(iii) Impact on profit and loss**

<b>01.01.2019-31.12.2019</b>			
<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>Impact of IFRS16</b>	<b>2019 as presented</b>
Operating profit	7,217,104	(53,716)	7,163,388
Finance cost	(314,359)	59,802	(254,557)
Share of loss/(profit) in joint venture	(146,460)	0	(146,460)
Profit before tax	6,756,285	6,086	6,762,371
Income tax expense	(329,125)	0	(329,125)
<b>Profit for the year</b>	<b>6,427,160</b>	<b>6,086</b>	<b>6,433,246</b>

**(iv) Impact on cash flow**

<b>01.01.2019-31.12.2019</b>			
<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>Impact of IFRS 16</b>	<b>2019 as presented</b>
Cash flow from operating activities	(21,237,346)	59,802	(21,177,544)
Cash flow from investing activities	(13,813,178)	0	(13,813,178)
Cash flow from financing activities	66,680,372	(59,802)	66,620,570
Net change in cash and equivalents	31,629,848	<b>0</b>	31,629,848

**C) Impact of standards issued but not yet applied by the Group**

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.

## 6. Revenue

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Revenue from sale of real estate	33,631,034	16,885,450
Other revenue	847,361	2,968,556
<b>Total revenue</b>	<b>34,478,395</b>	<b>19,854,006</b>

Revenue from sales of real estate is recognized at point in time and consists of sale of residential units and related parking lots and storage. Other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot. Revenues from service and rental charges are recognized over time, other fees are recorded at a point in time.

During the financial year 2019, the Group finished two projects in Hungary and two in Poland and started to hand over the apartments to its customers. Revenue was also recognized from delivering apartments on projects finished in the previous period.

In total the Company delivered 843 apartments to its customers during 2019, of which 560 units were delivered in Hungary and 283 units were delivered in Poland, while during 2018 the relevant results amount to 353 and 183 units respectively.

Please refer also to note 20 about related party transactions.

For the period ended 31 December	2019
<i>In thousands of Hungarian Forints (THUF)</i>	
<b>Opening balance of capitalized variable sales commissions</b>	<b>426,173</b>
Increase	406,533
Amortization	299,621
<b>Closing balance of capitalized variable sales commissions</b>	<b>533,085</b>

Capitalized variable sales commission are presented among other long-term assets and other short-term assets based on the expected delivery date of the related construction project.

Please refer also to note 19 about investment commitments, and contracted sales, and note 25 about the sales breakdown by segment.

## 7. Cost of sales

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Cost of sales of main activities	21,175,967	11,920,952
Cost of sales of other revenue	10,259	228,703
<b>Total cost of sales</b>	<b>21,186,226</b>	<b>12,149,655</b>

## 8. Selling and marketing expenses

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Advertising	1,095,831	1,245,256
Sales and other	1,648,350	711,535
<b>Total selling and marketing expenses</b>	<b>2,744,181</b>	<b>1,956,791</b>

The majority of selling and marketing expenses is related to advertising residential properties under construction. Sales and other costs includes all the sales costs not directly related and not incremental to a specific customer contract. Incremental sales bonuses are capitalized as “Other long-term assets” in an amount of THUF 533,085 as of 31 December 2019 (THUF 426,173 as of 31 December 2018).

## 9. Administrative expenses

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Personnel expenses and external services	2,351,515	1,366,235
Materials and energy	58,218	46,579
Depreciation	198,466	154,930
Bank fees and other charges	153,984	61,516
<b>Total administrative expenses</b>	<b>2,762,183</b>	<b>1,629,260</b>

Personnel expenses are related to staff of the Hungarian, Polish and the Romanian management companies (Cordia Management Szolgáltató Kft., Futureal Management Poland Sp. Z.o.o. and Cordia Development Services Srl.). This does not include construction and engineering staff costs, which are capitalized as inventory.

Personnel expenses include also the payments to the key management team responsible for development of the residential projects made via participation in the earnings generated by relevant subsidiaries or funds dedicated to particular investments. These expenses are not capitalized to inventories and are disclosed as personnel expenses.

## 10. Breakdown of expenses by nature

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Employee benefits expenses	1,061,166	481,838
Material type expenditures	4,246,732	2,949,283
Depreciation and amortization	198,466	154,930
<b>Total</b>	<b>5,506,364</b>	<b>3,586,051</b>

Material type expenditures consist of Selling and Marketing related services provided by external suppliers in the amount of HUF 2,744,181 thousand, externally provided General Administrative type services in the amount of HUF 1,290,350 thousand and of Bank Fees, material and Energy Costs in the amount of HUF 212,202 thousand.

## 11. Other expenses

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Taxes	103,292	152,182
Fines, penalties, default interest and compensation	194,294	189,189
Other	416,656	268,613
<b>Total other expense</b>	<b>714,242</b>	<b>609,984</b>

## 12. Other income

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Other	91,825	19,570
<b>Total other income</b>	<b>91,825</b>	<b>19,570</b>

### 13. Finance income and expense

<b>For the year ended 31 December 2019</b>	
<i>In thousands of Hungarian Forints (THUF)</i>	<b>Total amount</b>
Interest income	35,764
Other finance income	2,003,255
<b>Finance income</b>	<b>2,039,019</b>
Interest expense	218,403
Other finance expense	2,075,173
<b>Finance expense</b>	<b>2,293,576</b>
<b>Net finance income / (expense)</b>	<b>(254,557)</b>

Finance expense include these finance expenses that are not capitalized – directly nor indirectly – to the inventories. Cost of the bank financing, if relates to securing the needs of the asset under development (work in progress) are typically capitalized (directly) to the particular asset. Part of the finance expense related to bonds issued by the Company is indirectly capitalized to the inventories, as the funds raised by the Company via the bonds issues are used – among the other needs – for financing of the properties acquisition and their preparations and development.

<b>For the year ended 31 December 2018</b>	
<i>In thousands of Hungarian Forints (THUF)</i>	<b>Total amount</b>
Interest income	294,912
Other finance income	961,613
<b>Finance income</b>	<b>1,256,525</b>
Interest expense	35,531
Other finance expense	1,101,313
<b>Finance expense</b>	<b>1,136,844</b>
<b>Net finance income / (expense)</b>	<b>119,681</b>

Other finance income and cost is mainly related to realized foreign exchange differences on borrowing and trade payables.

Please refer to Note 16(a) about loans granted to related parties, which generates most of the interest income. Interest expense is recognized mainly for bank loans, related party loans and non-capitalizable interest of bonds. Please also refer to Note 16(d) about loans, Note 16(e) about liabilities to related parties and Note 16(h) about bond related liabilities.

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**14. Income tax**

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
<b>Current tax</b>		
Current period	368,002	245,489
Taxation in respect of previous periods	0	0
<b>Total current tax expense / (benefit)</b>	<b>368,002</b>	<b>245,489</b>
<b>Deferred tax</b>		
Origination and (reversal) of temporary differences	(38,877)	21,227
Tax losses utilized / (recognized)	0	0
<b>Total deferred tax expense / (benefit)</b>	<b>(38,877)</b>	<b>21,227</b>
<b>Total income tax expense / (benefit)</b>	<b>329,125</b>	<b>266,616</b>

**Reconciliation of effective tax rate**

For the year ended 31 December	2019	2018
<i>In thousands of Hungarian Forints (THUF)</i>		
Profit / (loss) for the year	6,433,246	3,278,195
Total income tax expense / (benefit)	329,125	266,616
<b>Profit / (loss) before income tax</b>	<b>6,762,371</b>	<b>3,544,811</b>
<b>Expected income tax using the Hungarian tax rate (9%)</b>	<b>608,613</b>	<b>305,058</b>
<b>Tax effect of:</b>		
Impact of other income taxes <sup>1</sup>	58,757	49,466
Non-taxable profit <sup>2</sup>	(348,640)	(126,867)
Other differences <sup>3</sup>	10,395	38,959
<b>Tax expense for the period</b>	<b>329,125</b>	<b>266,616</b>
<b>Effective tax rate</b>	<b>5%</b>	<b>7%</b>

<sup>1</sup> This line mainly includes the impact of Hungarian local business tax, which is also classified as income tax based on IAS 12.

<sup>2</sup> Hungarian investments funds are not subject to income tax.

<sup>3</sup> Other differences contain non-deductible expenses, impacts of different tax rates used at foreign entities and foreign exchange differences. None of these items are material separately.



## 15. Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability:

- Intangible assets (note 15(a))
- Property, plant and equipment (note 15(b))
- Inventories (note 15(c))
- Other assets (note 15(d))
- Customer advances (note 15(e))
- VAT receivables (note 15(f)).

### 15.(a) Intangible assets

For the year ended 31 December 2019	Software	Intellectual property and rights	Total
<i>In thousands of Hungarian Forints (THUF)</i>			
<b>Cost or deemed cost</b>			
Balance at 1 January	19,433	237,351	256,784
Additions	56,104	29,281	85,385
Sales and disposals	0	94	94
<b>Closing balance</b>	<b>75,537</b>	<b>266,538</b>	<b>342,075</b>
<b>Depreciation and impairment losses</b>			
Balance at 1 January	9,984	58,944	68,928
Depreciation for the period	24,842	53,111	77,953
Sales and disposals	0	46	46
<b>Closing balance</b>	<b>34,826</b>	<b>112,009</b>	<b>146,835</b>
Currency Translation Adjustment	1,642	23	1,665
<b>Carrying amounts</b>			
At 1 January	9,449	178,407	187,856
<b>Closing balance</b>	<b>42,353</b>	<b>154,552</b>	<b>196,905</b>

The increase in intangible assets consists of the normal office software and the implementation of IT systems. All intangible assets has finite useful lives and they are amortized using the straight-line method. Average useful life is 3 years.

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For the year ended 31 December 2018	Software	Intellectual property and rights	Total
<i>In thousands of Hungarian Forints (THUF)</i>			
<b>Cost or deemed cost</b>			
Balance at 1 January	15,502	142,963	158,465
Additions	9,117	96,717	105,834
Sales and disposals	(5,186)	(2,329)	(7,515)
<b>Closing balance</b>	<b>19,433</b>	<b>237,351</b>	<b>256,784</b>
<b>Depreciation and impairment losses</b>			
Balance at 1 January	3,930	17,547	21,477
Depreciation for the period	7,347	42,510	49,857
Sales and disposals	(1,293)	(1,113)	(2,406)
<b>Closing balance</b>	<b>9,984</b>	<b>58,944</b>	<b>68,928</b>
<b>Carrying amounts</b>			
At 1 January	11,572	125,416	136,988
<b>Closing balance</b>	<b>9,449</b>	<b>178,407</b>	<b>187,856</b>

**15.(b) Property, plant and equipment**

For the year ended 31 December 2019	Buildings	Machinery and vehicles	Furniture, fittings and equipment	Assets under construction	Total
<i>In thousands of Hungarian Forints (THUF)</i>					
<b>Cost or deemed cost</b>					
Balance at 1 January	348,347	52,820	479,429	7,017	887,613
Recognition of right-of-use asset on initial application of IFRS 16	1,045,718	47,882	0	0	1,093,600
<b>Adjusted balance at 1 January</b>	<b>1,394,065</b>	<b>100,702</b>	<b>479,429</b>	<b>7,017</b>	<b>1,981,213</b>
Additions	135,508	4,933	110,358	298,959	549,758
Sales and disposals	0	0	17,988		17,988
Capitalization				250,799	250,799
<b>Closing balance</b>	<b>1,529,573</b>	<b>105,635</b>	<b>571,799</b>	<b>55,177</b>	<b>2,262,184</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 January	25,533	15,274	180,022	0	220,829
Depreciation charge for the period	289,647	23,866	112,820	0	426,333
Sales and disposals	-	-	7,714	0	7,714
<b>Closing balance</b>	<b>315,180</b>	<b>39,140</b>	<b>285,128</b>	<b>0</b>	<b>639,448</b>
Currency Translation Adjustment	800	601	1,496	281	3,178
<b>Carrying amounts</b>					
At 1 January	322,814	37,546	299,407	7,017	666,784
<b>Closing balance</b>	<b>1,215,193</b>	<b>67,096</b>	<b>288,167</b>	<b>55,459</b>	<b>1,625,914</b>

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The following table shows the movements of Right of use asset:

**For the year ended 31 December 2019**

*In thousands of Hungarian Forints (THUF)*

	<b>Right of use Asset</b>
<b>Cost or deemed cost</b>	
Balance at 1 January	1,093,600
Additions to right of use assets	86,164
Termination of contracts	
<b>Closing balance</b>	<b>1,179,764</b>
<b>Depreciation and impairment losses</b>	
Balance at 1 January	285,309
Depreciation charge for right of use assets	0
Termination of contracts	0
<b>Closing balance</b>	<b>285,309</b>
<b>Carrying amounts</b>	
At 1 January	0
<b>Closing balance</b>	<b>894,455</b>

**For the year ended 31 December 2018**

*In thousands of Hungarian Forints (THUF)*

	<b>Buildings</b>	<b>Machinery and vehicles</b>	<b>Furniture, fittings and equipment</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost or deemed cost</b>					
Balance at 1 January	264,320	45,983	373,218	0	683,521
Additions	84,027	6,837	112,916	210,797	414,577
Sales and disposals	0	0	(6,705)	0	(6,705)
Capitalization	0	0	0	(203,780)	(203,780)
<b>Closing balance</b>	<b>348,347</b>	<b>52,820</b>	<b>479,429</b>	<b>7,017</b>	<b>887,613</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 January	8,073	12,210	99,249	0	119,532
Depreciation for the period	17,460	3,064	80,766	0	101,290
Sales and disposals	0	0	(3)	0	(3)
<b>Closing balance</b>	<b>25,533</b>	<b>15,274</b>	<b>180,022</b>	<b>0</b>	<b>220,829</b>
<b>Carrying amounts</b>					
At 1 January	256,247	33,773	273,969	0	563,989
<b>Closing balance</b>	<b>322,814</b>	<b>37,546</b>	<b>299,407</b>	<b>7,017</b>	<b>666,784</b>

**Impairment loss**

In the years ended 31 December 2019 and 31 December 2018, the Group did not recognize any impairment loss with respect to property and equipment.

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**15.(c). Inventory**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<i>Lands and Acquisition costs</i>	43,088,118	23,848,389
<i>Construction and Engineering costs</i>	46,190,554	24,846,020
<i>Planning</i>	2,846,612	2,094,340
<i>Borrowing costs</i>	1,358,735	802,936
<i>Other, including capitalized VAT</i>	3,248,666	629,647
<b>Work in progress</b>	<b>96,732,685</b>	<b>52,221,332</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<b>Finished goods</b>	<b>4,013,992</b>	<b>6,424,014</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<b>Goods for resale</b>	<b>146,809</b>	<b>67,960</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<b>Advances for delivery of goods</b>	<b>0</b>	<b>0</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<b>Rights of perpetual usufruct of land (lease)</b>	<b>2,060,815</b>	<b>0</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<b>Write-down</b>	<b>0</b>	<b>0</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 31.12.2019</b>	<b>Closing balance 31.12.2018</b>
<b>Total inventories at the lower of cost or net realizable value</b>	<b>102,954,301</b>	<b>58,713,306</b>

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The valuation of inventory is as follows:

<b>As at 31 December</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<i>In thousands of Hungarian Forints (HUF)</i>		
Net realizable value exceeding cost	102,954,301	58,713,306
Valued at net realizable value*	0	0
<b>Total inventory</b>	<b>102,954,301</b>	<b>58,713,306</b>

\*These inventories had to be impaired to net realizable value since their costs exceeded their net realizable value.

For information about future commitments to the general contractor for construction services related to inventory construction, see Note 19.

Inventory is pledged and used to secure bank loans. Please refer to note 16(d) about the pledging.

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**15.(d) Other assets**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018 as restated</b>
Consideration paid for the acquisition of subsidiaries	10,472,932	0
Advances and prepayments made for inventories	313,425	0
Advances and prepayments made for services	629,258	33,985
Prepaid expenses	588,141	844,590
Other	78,030	0
<b>Total closing balance</b>	<b>12,081,786</b>	<b>878,575</b>
<b>Closing balance includes:</b>		
Other long-term assets	613,036	577,376
Other short-term assets	11,468,750	301,199
<b>Total closing balance</b>	<b>12,081,786</b>	<b>878,575</b>

Balances presented as other assets are not a financial assets based on IFRS 9.

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**15.(e) Customer advances received**

The table below presents the project level breakdown of the liability originated from customer advances received.:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Cordia Development 1. Development Fund	Corvin Átrium	880	1,718,788
Cordia Development 2. Development Fund	Thermal Zugló 2	0	751,494
Cordia Development 2. Development Fund	Thermal Zugló 3	2,717,965	1,466,090
Cordia Global 1. Development Subfund	Kapás 21	75,226	3,272,616
Cordia Global 10. Development Subfund	Sasad Hilltop	1,192,212	362,959
Cordia Global 11. Development Subfund	Grand Corvin	3,619,833	1,353,576
Cordia Global 12. Development Subfund	Marina Portside	1,583,568	397,942
Cordia Global 13. Development Subfund	Universo	2,820,664	0
Cordia Global 14. Development Subfund	N/A	0	184,279
Cordia Global 17. Development Subfund	Young City 3	765,586	0
Cordia Global 18. Development Subfund	Akadémia Garden	1,372,184	145,137
Cordia Global 19. Development Subfund	Grand Corvin 2	6,480,881	0
Cordia Global 2. Development Subfund	Corvin Átrium 2	913,816	6,754,793
Cordia Global 3. Development Subfund	Young City	1,429,614	1,372,536
Cordia Global 3. Development Subfund	Young City 2	2,017,741	1,625,524
Cordia Global 4. Development Subfund	Rózsa55	1,326,021	4,059,227
Cordia Global 5. Development Subfund	Grand'Or	968,666	696,197
Cordia Global 7. Development Subfund	Marina Garden	7,805,922	5,515,641
Cordia Global 8. Development Subfund	Sasad Resort Hill	1,204,576	1,115,162
Cordia Global 8. Development Subfund	Sasad Resort Sun	1,193,490	1,049,102
Cordia Global 9. Development Subfund	Centropolitan	737,951	317,684
Cordia FM Társasházkezelő Kft	N/A	62,747	37,459
Cordia Parcului Residential project SRL	Parcului20	675,464	15,546
Projekt Krakow 1	Lotnicówka	489,104	0
Cordia Supernova Sp. Z o.o.	Supernova	66,804	2,347,030
Projekt Warszawa 1	Zielone Bemowo 1	517,817	1,176,157
Projekt Warszawa 1	Zielone Bemowo 2	715,039	0
Villena sp. z o.o.	Cystersów Garden 2	0	28,865
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	44,696	0
Projekt Kraków 3 Cordia Partner 2 Sp. z o.o. Sp.k.	Jerozolimska	11,639	0
<b>Total excluding JV</b>		<b>40,810,106</b>	<b>35,763,804</b>
Cordia Global 6. Development Subfund	Marina Life	1,843,563	1,104,495
Cordia Global 6. Development Subfund	Marina Life 2	982,397	0
<b>Total including JV</b>		<b>43,636,066</b>	<b>36,868,299</b>

**For the year ended**

**2019**

*In thousands of Hungarian Forints (THUF)*

<b>Opening balance of customer advances</b>	<b>35,763,806</b>
Increase in contract liabilities from customer advances received for not completed performance obligations	23,551,409
VAT related contract liability decrease that was included in the contract liability balance at the beginning of the period	853,806
Revenue recognised that was included in the contract liability balance at the beginning of the period	17,651,302
<b>Closing balance of customer advances</b>	<b>40,810,106</b>

### 15.(f) VAT receivables

Other tax receivables contains each year the receivables coming from different non-income tax type of taxes. The majority is VAT, balances from other taxes are not material. Since the Companies paid significant input VAT for their purchases and currently output VAT is not significant.

Based on the Hungarian legislation, in case advances from customers, VAT shall be paid by the Company upon receiving the advance from the customer. This amount is shown as other asset and it is deductible from the VAT payable upon invoicing the final invoice to the customer (i.e. upon handing over the finished apartments). Since finalizing the construction projects takes more than one year, the VAT related to project to be completed after 31 December 2020 is classified as non-current.

VAT receivables mainly contain VAT receivable relating to customer advance payments. Similarly to restricted cash, now Management's expectation is that these amounts may be realized within the normal operating cycle, therefore these balances are presented under current asset as at 31 December 2019.

### 15.(g) Lease liabilities

This note provides information for leases where the group is a lessee.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Opening balance	0	0
Recognition of lease liabilities on initial application of IFRS 16	<b>2,426,990</b>	0
Adjusted opening balance	2,426,990	0
Recognition of new lease liability	822,000	0
Derecognition of lease liability	(8,406)	0
Interest expense	59,802	0
Repayment of lease liability	(339,029)	0
<b>Total closing balance</b>	<b>2,961,357</b>	<b>0</b>
<b>Closing balance includes:</b>		
Long-term lease liabilities	632,638	0
Long-term lease liabilities	2,328,719	0
<b>Total closing balance</b>	<b>2,961,357</b>	<b>0</b>

The statement of profit or loss shows the following amounts relating to leases except for depreciation charges of Right of use assets:

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Note</i>	<b>2019</b>	<b>2018</b>
Interest expense	(13)	59,802	0
Expense relating to short-term leases	(9)	285,308	0
Expense relating to leases of low-value assets that are not shown above as short-term leases	(9)	0	0
Expense relating to variable lease payments not included in lease liabilities	(9)	0	0

The total cash outflow for leases in 2019 was HUF 345.110thousand.

## 16. Financial assets and financial liabilities

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

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

The group holds the following financial instruments:

### For the year ended 31 December 2019:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial assets at FV through P/L</b>	<b>Financial assets at amortized cost</b>	<b>Total</b>
<b>Non-current financial assets</b>			
Long-term receivables from related parties		1,010	1,010
Loans receivables from third parties		9,486	9,486
Restricted cash		2,100,120	2,100,120
<b>Current financial assets</b>			
Securities (Other short-term financial assets)	277,833	0	277,833
Restricted Cash	0	3,062,290	3,062,290
Short-term receivables from related parties	0	846,049	846,049
Trade and other receivables	0	328,946	328,946
Loan receivable	0	342,963	342,963
Cash and cash equivalents	0	51,070,192	51,070,192
<b>Total financial assets</b>	<b>277,833</b>	<b>57,761,056</b>	<b>58,038,889</b>

The Restricted Cash relating to the payments that were deposited in escrow accounts by the customers purchasing premises in the projects of the Cordia Group amounted to HUF 271,496 thousand as at 31 December 2019.

### For the year ended 31 December 2019

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
<b>Non-current financial liabilities</b>		
Loans and borrowings	14,108,026	14,108,026
Amount withheld for guarantees	2,393,654	2,393,654
Bond	44,421,137	44,421,137
Lease liabilities	632,638	632,638
<b>Total Non-current financial liabilities</b>	<b>61,555,455</b>	<b>61,555,455</b>
<b>Current financial liabilities</b>		
Trade and other payables	10,314,925	10,314,925
Loans and borrowings	11,506,888	11,506,888
Short-term liabilities to related parties	542,695	542,695
Bond	68,892	68,892
Lease liabilities	2,328,719	2,328,719
<b>Total Current financial liabilities</b>	<b>24,762,119</b>	<b>24,762,119</b>
<b>Total financial liabilities</b>	<b>86,317,574</b>	<b>86,317,574</b>



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**For the year ended 31 December 2018  
as restated:**

<i>n thousands of Hungarian Forints (HUF)</i>	<b>Financial assets at FV through P/L</b>	<b>Financial assets at amortized cost</b>	<b>Total</b>
<b>Non-current financial assets</b>			
Long-term receivables from related parties	0	1,150,746	<b>1,150,746</b>
Loans receivables from third parties	0	8,426	<b>8,426</b>
Restricted Cash	0	3,719,146	<b>3,719,146</b>
<b>Current financial assets</b>			
Securities	29,553	0	<b>29,553</b>
Restricted Cash	0	240,281	<b>240,281</b>
Short-term receivables from related parties	0	4,359,861	<b>4,359,861</b>
Trade and other receivables	0	192,521	<b>192,521</b>
Cash and cash equivalents	0	19,440,344	<b>19,440,344</b>
<b>Total financial assets</b>	<b>29,553</b>	<b>29,111,325</b>	<b>29,140,878</b>

**For the year ended 31 December 2018 as restated:**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
<b>Non-current financial liabilities</b>		
Loans and borrowings	4,829,609	4,829,609
Long-term liabilities to related parties	2,691,668	2,691,668
Amount withheld for guarantees	1,733,237	1,733,237
<b>Current financial liabilities</b>		
Trade and other payables	4,671,734	4,671,734
Loans and borrowings	5,239,689	5,239,689
Short-term liabilities to related parties	4,862,043	4,862,043
<b>Total financial liabilities</b>	<b>24,027,980</b>	<b>24,027,980</b>

## 16.(a) Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade receivables	137,501	36,448
Loan receivables	0	4,343,378
Accrued interest receivables	0	235,824
Accrued expenses	0	246,836
Accrued revenue	603,179	372,214
Other receivables	106,379	275,907
<b>Total closing balance</b>	<b>847,059</b>	<b>5,510,607</b>
<b>Closing balance includes:</b>		
Current assets	846,049	1,150,746
Non-current assets	1,010	4,359,861
<b>Total closing balance</b>	<b>847,059</b>	<b>5,510,607</b>

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
<b>Opening balance</b>	<b>4,343,378</b>
Loans granted (short-term)	0
Loans granted (long-term)	0
Loans repaid	<b>4,343,378</b>
Impact of acquisition	0
Revaluation	0
Other	0
<b>Total closing balance</b>	<b>0</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	580,002	380,331
EUR	121,051	604,322
PLN	146,006	4,525,898
RON	0	56
<b>Total closing balance</b>	<b>847,059</b>	<b>5,510,607</b>

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

**As of 31 December 2019 The Group has not provided loan to related parties.**

**As of 31 December 2018**

*In thousands of Hungarian Forints (HUF)*

<b>Counterparty</b>	<b>Balance</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Currency</b>
Related Party	1 084 815	2022.12.31	EURIBOR 3M + 3,2%	EUR
Related Party	3 258 563	on demand	WIBOR 1M +3,0%	PLN

### 16.(b) Trade and other receivables

The table below presents the breakdown of trade and other receivables:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Gross trade receivables</b>	214,966	87,029
Decreased by impairment	(4,940)	(6,950)
<b>Net trade receivables</b>	<b>210,026</b>	<b>80,079</b>
Vendor overpayment	0	37,357
Accrued revenue	66,788	150
Other receivables	52,132	73,935
<b>Total trade and other receivables</b>	<b>328,946</b>	<b>191,521</b>

### Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The group's impairment and other accounting policies for trade and other receivables are outlined in different notes respectively.

'Decrease/(increase) in trade and other receivables' from cash-flow statement perspective also includes the variance of restricted cash balance sheet line.

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## Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

The following tables presents the maturity of trade receivables:

<i>In thousands of Hungarian Forints (HUF)</i>		<b>31.12.2019</b>
<b>Trade receivables</b>		
Overdue	Not	210,026
	1-30 days	
	31-90 days	
	91-364 days	
	365+ day	4,940
<b>Total closing balance</b>		<b>214,966</b>

<i>In thousands of Hungarian Forints (HUF)</i>		<b>31.12.2018</b>
<b>Trade receivables</b>		
Overdue	Not	80,079
	1-30 days	0
	31-90 days	0
	91-364 days	0
	365+ day	6,950
<b>Total closing balance</b>		<b>87,029</b>

<b>As at 31 December</b>		
<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Opening	6,950	0
Impairment loss	0	6,950
Reversal of impairment	1,638	0
<b>Closing impairment balance</b>	<b>8,588</b>	<b>6,950</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	175,985	140,872
EUR	26,425	11,642
PLN	49,652	38,360
RON	76,884	647
<b>Total closing balance</b>	<b>328,946</b>	<b>191,521</b>

### 16.(c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits, highly liquid short-term Hungarian government bonds freely available for the Group and customer advances (restricted cash) available for project financing. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits have a duration varying between one day and three months depending on the immediate cash requirements of the Group. As at 31 December 2019 and 31 December 2018, they earn interest at the respective short-term deposit rates.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018 as restated</b>
Cash at bank and in hand	28,319,935	12,289,550
Short-term bank deposit	10,000,000	0
2-month discount treasury bill	2,299,968	0
Restricted cash	10,450,289	7,150,794
<b>Total cash and cash equivalents</b>	<b>51,070,192</b>	<b>19,440,344</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2018 As previously presented</b>	<b>Change</b>	<b>31.12.2018 Restated</b>
Cash at bank and in hand	12,289,550		12,289,550
Restricted cash	0	7,150,794	7,150,794
<b>Total cash and cash equivalents</b>	<b>12,289,550</b>	<b>7,150,794</b>	<b>19,440,344</b>

The Company made bank deposit which had a maturity of one week.

The Company purchased 2 month discount treasury bills which were sold on the 2<sup>nd</sup> of January 2020. Treasury bills have an active and liquid market.

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
EUR	2,677,768	1,630,604
USD	0	4,898
PLN	2,810,885	2,590,243
HUF	45,465,384	15,205,368
RON	115,236	9,231
Other	919	0
<b>Total cash and cash equivalents</b>	<b>51,070,192</b>	<b>19,440,344</b>

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
A	11,081,235	4,982,613
A-	17,739,125	1,101,760
AA-	4,119,015	436,822
BBB+	11,616,661	7,564,695
BBB	2,023,625	1,063,601
BBB-	1,022,867	2,010,981
BB+	0	2,255,312
BB	106,864	0
A2	832,259	0
Cash at hand	121,990	24,560
N/A	2,406,551	0
<b>Total cash and cash equivalents</b>	<b>51,070,192</b>	<b>19,440,344</b>

\*The presented credit ratings are based on S&P's and Moody's long-term ratings where available.

For information about the fair value of cash and cash equivalents see Note 17.

There is no pledge over cash and cash equivalents see.

#### **16.(d) Loans and borrowings**

The table below presents the movement in loans and borrowings from third parties:

For the year ended 31 December		2019
<i>In thousands of Hungarian Forints (HUF)</i>		
<b>Opening balance</b>		<b>10,069,298</b>
Acquisitions		0
New bank loan drawdown		22,694,512
Loan repayments		(4,078,605)
Other changing (FX, other)		(3,070,291)
<b>Total closing balance</b>		<b>25,614,914</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Closing balance includes:</b>		
Current liabilities	11,506,888	5,239,689
Non-current liabilities	14,108,026	4,829,609
<b>Total closing balance</b>	<b>25,614,914</b>	<b>10,069,298</b>
<i>In thousands of Hungarian Forints (HUF)</i>		
	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	23,425,487	7,668,640
EUR	0	669,315
PLN	2,189,427	1,731,343
<b>Total closing balance</b>	<b>25,614,914</b>	<b>10,069,298</b>

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**Conditions of significant loans and borrowings:**

Legal entity	Bank	Loan Type	Maturity	currency	Loan facility	Withdrawn loan amount in THUF	Interest rate base
Cordia Global 8 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2020.03.30	HUF	5,700,000,000	1,951,339	BUBOR 1M+margin
Cordia Global 8 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2020.03.30	HUF	200,000,000	0	BUBOR 1M+margin
Cordia Global 7 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2020.03.30	HUF	2,000,000,000	1,434,068	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.03.16	HUF	2,600,000,000	1,930,539	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.03.16	HUF	100,000,000	4,160	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.03.16	HUF	4,730,000,000	3,075,112	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.03.16	HUF	100,000,000	48,285	BUBOR 1M+margin
Cordia Global 5 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.11.26	HUF	3,030,000,000	1,022,580	BUBOR 1M+margin
Cordia Global 5 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.11.26	HUF	100,000,000	15,406	BUBOR 1M+margin
Cordia Global 11 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2021.10.26	HUF	5,335,000,000	1,124,130	BUBOR 1M+margin
Cordia Global 11 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2021.10.26	HUF	100,000,000	57,660	BUBOR 1M+margin
Cordia Development 2 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.10.08	HUF	5,620,000,000	4,206,592	BUBOR 1M+margin
Cordia Development 2 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.10.08	HUF	100,000,000	70,506	BUBOR 1M+margin
Cordia Global 10 Ingatlanfejlesztési Részalap	Sberbank Magyarország Zrt.	Construction loan	2022.03.25	HUF	1,300,000,000	885,740	BUBOR 1M+margin
Cordia Global 18 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.12.31	HUF	7,260,000,000	1,856,540	BUBOR 1M+margin
Cordia Global 18 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.12.31	HUF	200,000,000	54,752	BUBOR 1M+margin
Cordia Global 17 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2022.04.02	HUF	5,580,000,000	1,867,629	BUBOR 1M+margin
Cordia Global 17 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2022.04.02	HUF	100,000,000	69,316	BUBOR 1M+margin
Cordia Global 9 Ingatlanfejlesztési Részalap	KERESKEDELMI ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	2,700,000,000	475,588	BUBOR 1M+margin
Cordia Global 9 Ingatlanfejlesztési Részalap	KERESKEDELMI ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	778	BUBOR 1M+margin
Cordia Global 12 Ingatlanfejlesztési Részalap	KERESKEDELMI ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	7,500,000,000	3,254,650	BUBOR 1M+margin
Cordia Global 12 Ingatlanfejlesztési Részalap	KERESKEDELMI ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	18,738	BUBOR 1M+margin
Projekt Krakow 1	PKO Bank Polski	Construction loan	2021.08.31	PLN	24,800,000	370,964	WIBOR 3M+margin
Projekt Krakow 1	PKO Bank Polski	VAT loan	2021.08.31	PLN	1,000,000	35,315	WIBOR 3M+margin
Projekt Warszawa 1	Santander Bank Polaks SA	Construction loan	2022.06.19	PLN	46,901,525	1,780,823	WIBOR 1M+margin
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	PKO Bank Polski	Construction loan	2022.06.30	PLN	61,725,000	0	WIBOR 3M+margin
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	PKO Bank Polski	VAT loan	2022.06.30	PLN	3,000,000	0	WIBOR 3M+margin
<b>Total excluding JV</b>						<b>25,611,210</b>	
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.09.30	HUF	10,230,720,000	3,287,026	BUBOR 1M+margin
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.09.30	HUF	400,000,000	53,847	BUBOR 1M+margin
<b>Total including JV</b>						<b>28,952,083</b>	

No bank covenants were breached. The bank loans are secured by real estate property mortgages.

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As of 31 December 2018

	Bank	Loan currency	Maturity	Interest %	31.12.2018  Withdrawn	Real estate property mortgage	Covenant breached?
Cordia Development 2 Fund	Takarék Bank	HUF	2020.10.08	1 month BUBOR + margin	1,152,186	Yes	NO
Cordia Development 2 Fund	Takarék Bank	HUF	2020.10.08	1 month BUBOR + margin	50,114		
Cordia Global 3 Fund	Takarék Bank	HUF	2019.12.21	1 month BUBOR + margin	2,006,176	Yes	NO
Cordia Global 3 Fund	Takarék Bank	HUF	2019.12.21	1 month BUBOR + margin	33,863		
Cordia Global 4 Fund	Unicredit	HUF	2020.05.29	3 month BUBOR + margin	2,246,007	Yes	NO
Cordia Global 4 Fund	Unicredit	HUF	2020.05.29	3 month BUBOR + margin	231,819		
Cordia Global 5 Fund	Takarék Bank	HUF	2020.11.26	1 month BUBOR + margin	211,414	Yes	NO
Cordia Global 5 Fund	Takarék Bank	HUF	2020.11.26	1 month BUBOR + margin	2,394		
Cordia Global 7 Fund	OTP Bank	HUF	2020.03.20	1 month BUBOR + margin	422,116	Yes	NO
Cordia Global 8 Fund	OTP Bank	HUF	2020.03.20	1 month BUBOR + margin	1,312,550	Yes	NO
Cordia Global 8 Fund	OTP Bank	HUF	2020.03.20	1 month BUBOR + margin	0	Yes	NO
Sasad Resort 2	Hungarian Real Estate Financing Zrt	EUR	2019.06.30	1 month BUBOR + margin	669,315	Yes	NO

Loans related to the Polish entities:

As of 31 December 2018

Company	Bank	Currency	Withdrawn	Maturity	Interest rate	Collateral on property?	Covenant breached?
Cordia Supernova Sp. z o.o.	Alior Bank S.A.	PLN	69,955	2020-04-30 for construction facility ; 2019-12-31 for VAT loan	WIBOR 3M + margin	Yes	No
Projekt Warszawa 1 Cordia Poland GP One Sp. z o.o. Sp. k.	Santander Bank Polska S.A.	PLN	1,661,388	2020-12-19 for Phase I Tranche; 2022-06-19 for Phase II Tranche; 2020-12-19 for VAT loan; 2022-06-19 for VAT loan if Phase II Tranche is paid out	WIBOR 1M + margin	Yes	No



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### 16.(e) Liabilities to related parties

The table below presents the breakdown of liabilities to the related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade payables	264,349	0
Loan	51,820	7,028,529
Accrued expenses payables	226,526	525,182
Other liabilities	0	0
<b>Total closing balance</b>	<b>542,695</b>	<b>7,553,711</b>
<b>Closing balance includes:</b>		
Current liabilities	542,695	3,124,653
Non-current liabilities	0	4,429,058
<b>Total closing balance</b>	<b>542,695</b>	<b>7,553,711</b>

The table below presents the movement in loans and borrowings:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
<b>Opening balance</b>	<b>7,028,529</b>
New loan drawdown	51,820
Loan repayments	<b>7,028,529</b>
Other changing (revaluation, other correction)	0
<b>Total closing balance</b>	<b>51,820</b>

The tables below present the most important conditions of the significant related party loans of the Group:

<b>31.12.2019</b>				
<b>Entity</b>	<b>Counterparty</b>	<b>Balance (in THUF)</b>	<b>Maturity</b>	<b>Currency</b>
MT entity	Related Party	51,820	Current	EUR
<b>Total</b>		<b>51,820</b>		

<b>31.12.2018</b>				
<b>Entity</b>	<b>Counterparty</b>	<b>Balance (in THUF)</b>	<b>Maturity</b>	<b>Currency</b>
HU entity	Related Party	2,660,497	Current	EUR
PO Entity	Related Party	4,368,032	Non-Current	EUR
<b>Total</b>		<b>7,028,529</b>		

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<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	316,169	1,354,907
EUR	226,526	6,183,412
PLN	0	12,286
RON	0	3,106
<b>Total closing balance</b>	<b>542,695</b>	<b>7,553,711</b>

#### **16.(f) Trade and other payables**

The table below presents the breakdown of trade and other payables:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade payables	9,955,599	3,976,604
Accrued expenses	187,217	112,783
Other payables	172,109	382,520
<b>Closing balance</b>	<b>10,314,925</b>	<b>4,471,907</b>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	7,421,751	3,163,959
EUR	139,437	71,091
PLN	2,159,543	797,778
RON	591,631	438,573
GBP	2,563	506
<b>Total closing balance</b>	<b>10,314,925</b>	<b>4,471,907</b>

#### **16.(g) Amount withheld for guarantees**

As of 31 December 2019, the Group presents separately the amounts withheld for guarantees in its statement of financial position. Please refer to Note 23 for the impact on change in presentation.

Amounts withheld for guarantees is the contractual amount that the Group withholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Cordia Group's warranty rights. At the end of the warranty period, the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

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## 16.(h) Bonds

The table below presents the movement in bond related liabilities:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Cash received	44,402,643	0
Bond face value	44,000,000	0
Gain on Bond issuance	402,643	0
Premium on Bond issuance	2,881,809	0
Capitalized cost of Bond issuance	166,570	0
Fair Value of Bond related liabilities	41,354,264	0
Effective interest of Bonds for FY2019	314,679	0
Amortized Bond liability at 2019YE	41,668,943	0
Premium amortization	71,030	0
Liability recorded for premium at 2019YE	2,810,778	0
Other	10,308	0
Amortized cost of Bond related liabilities at YE	44,490,029	0
<b>Total closing balance</b>	<b>44,490,029</b>	<b>0</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Closing balance includes:</b>		
Current liabilities	68,892	0
Non-current liabilities	44,421,137	0
<b>Total closing balance</b>	<b>44,490,029</b>	<b>0</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>
HUF	44,490,029	0
EUR	0	0
PLN	0	0
<b>Total closing balance</b>	<b>44,490,029</b>	<b>0</b>

The Group has carried out a successful bond issue on 5 November (Cordia 2026/I). The financial settlement date is 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 is 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.

The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.

Bonds are initially recognised at fair value, net of transaction costs incurred then 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.

Based on IAS 23 the effective interest of HUF 118,946 thousand was capitalized on qualifying assets.

**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.

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<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>
Consolidated Debt (CD)	70,207,094
Cash and Cash Equivalents (C)	51,070,192
Restricted cash (RC)	271,496
<b>Net Consolidated Debt</b>	<b>18,865,406</b>
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
<b>Total Consolidated Assets net of Cash &amp; Customer Advances</b>	<b>89,418,857</b>
<b>Consolidated Leverage Ratio</b>	<b>21.1%</b>

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.

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<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>
Share capital	9,897,492
Share premium	8,690,521
Retained earnings	34,347,479
<b>Issuer Equity</b>	<b>52,935,492</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>
Bank Loans	0
Bonds (non-current)	44,421,137
Bonds (current)	68,891
Provision	0
<b>Issuer Debt</b>	<b>44,490,028</b>

<b>Cash and Cash Equivalents</b>	<b>16,043,682</b>
<b>Special Restricted Cash</b>	<b>0</b>

<b>Issuer Net Debt</b>	<b>28,446,346</b>
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<b>Issuer Net Debt to Equity Ratio</b>	<b>0.54</b>
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**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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
HUF	44,490,028	-	-
<b>Total bonds</b>	<b>44,490,028</b>	<b>-</b>	<b>-</b>

## 17. Shareholders' equity

### 17.(a) Share capital

The parent 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.

Company	31.12.2019			
	Nominal value of shares (THUF)	Ownership percentage	Nominal value of shares (THUF)	Ownership percentage
QED Investments Ltd	9,897,492	100.00%	9,897,492	100.00%
<b>Total</b>	<b>9,897,492</b>	<b>100.00%</b>	<b>9,897,492</b>	<b>100.00%</b>

Company	31.12.2018			
	Nominal value of shares (THUF)	Ownership percentage	Nominal value of shares (THUF)	Ownership percentage
Sparks Limited	9,252,912	100.00%	9,252,912	100.00%
<b>Total</b>	<b>9,252,912</b>	<b>100.00%</b>	<b>9,252,912</b>	<b>100.00%</b>

### 17.(b) Share premium

<i>In thousands of Hungarian Forints (HUF)</i>		2019
<b>Opening balance</b>		<b>592,166</b>
Proceeds from capital increase		8,098,355
<b>Closing balance</b>		<b>8,690,521</b>

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 2019.

### 17.(c) Other reserves

<i>In thousands of Hungarian Forints (HUF)</i>		2019
<b>Opening balance</b>		<b>(234,382)</b>
Other capital contribution		(52,298)
<b>Closing balance</b>		<b>(286,680)</b>

The effect of the acquisitions accounted for using the predecessor method is recorded in other reserves. Please refer to Note 2 (a) for the details about current year's transactions.

### 17.(d) Retained earnings

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
<b>Opening balance</b>	<b>7,117,547</b>
Profit of the year	7,453,022
Redemption of non-controlling interests	441,274
<b>Closing balance</b>	<b>15,011,843</b>

From the amount above THUF 441,274 is recorded as of 31 December 2019 (THUF 0 as of 31 December 2018) due to settlement with non-controlling parties of Finext Funds One SICAV-SIF. Please also refer to Note 2(c) for details.

### 18. Fair value estimation of financial assets and liabilities

The solely financial asset that is measured at fair value through profit or loss in the consolidated financial statements is another investment, that is not material in neither reporting period (the fair value of the listed investment is HUF 258,092 thousands at 2019 year-end and was HUF 29,553 thousands in 2018 respectively). All other financial assets and liabilities are measured at amortized cost.. Furthermore, there are no non-financial assets or liabilities that are measured at fair value.

The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are loans and receivables either with variable interest rate (e.g. in case of borrowings) or short-term receivables and liabilities, where the time value of money is not material (e.g. in case of related party loans).

The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.

Each Bond bears a coupon of 4.00 % per annum.



## 19. Commitments and contingencies

### Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Cordia Development 1. Development Fund	Corvin Átrium	0	119,489
Cordia Development 2. Development Fund	Thermal Zugló 2	0	18,414
Cordia Development 2. Development Fund	Thermal Zugló 3	1,487,768	2,792,538
Cordia Global 1. Development Subfund	Kapás 21	0	0
Cordia Global 2. Development Subfund	Corvin Átrium 2	0	228,970
Cordia Global 3. Development Subfund	Young City	0	519,005
Cordia Global 3. Development Subfund	Young City 2	1,221,385	2,574,529
Cordia Global 4. Development Subfund	Rózsa55	0	682,971
Cordia Global 5. Development Subfund	Grand'Or	1,203,964	4,466,720
Cordia Global 7. Development Subfund	Marina Garden	151,647	3,175,671
Cordia Global 8. Development Subfund	Sasad Resort Hill	132,059	1,194,080
Cordia Global 8. Development Subfund	Sasad Resort Sun	0	1,726,773
Cordia Global 9. Development Subfund	Centropolitan	1,842,943	6,005,825
Cordia Global 10. Development Subfund	Sasad Hilltop	2,680,487	1,313,702
Cordia Global 11. Development Subfund	Grand Corvin	1,859,910	3,716,726
Cordia Global 12. Development Subfund	Marina Portside	4,985,279	7,819,627
Cordia Global 13. Development Subfund	Universo	2,272,687	0
Cordia Global 17. Development Subfund	Young City 3	3,207,031	225,504
Cordia Global 18. Development Subfund	Akadémia Garden	4,318,705	7,200,000
Cordia Supernova Sp. Z o.o.	Supernova	0	579,129
Projekt Krakow 1	Lotniczówka	745,263	0
Projekt Warszawa 1	Zielone Bemowo 1	0	617,740
Projekt Warszawa 1	Zielone Bemowo 2	2,270,558	0
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	3,413,607	0
Cordia Parcului Residential project SRL	Parcului20	2,872,227	0
<b>Total excluding JV</b>		<b>34,665,520</b>	<b>44,977,413</b>
Cordia Global 6. Development Subfund	Marina Life	2,262,760	9,477,390
Cordia Global 6. Development Subfund	Marina Life 2	3,572,100	540,318
<b>Total including JV</b>		<b>40,500,380</b>	<b>54,995,121</b>

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**Unutilized construction loans:**

The table below presents the list of the construction loan facilities including VAT loan facility, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the bank loans available to the Company:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Cordia Development 2. Development Fund	Thermal Zugló 2	0	3,512,712
Cordia Development 2. Development Fund	Thermal Zugló 3	1,442,902	49,886
Cordia Global 3. Development Subfund	Young City	95,840	3,639,967
Cordia Global 3. Development Subfund	Young City 2	1,706,603	166,137
Cordia Global 4. Development Subfund	Rózsa55	0	650,174
Cordia Global 5. Development Subfund	Grand'Or	2,092,014	2,733,692
Cordia Global 7. Development Subfund	Marina Garden	565,932	1,577,884
Cordia Global 8. Development Subfund	Sasad Resort Sun	3,948,661	3,642,408
Cordia Global 9. Development Subfund	Centropolitan	2,373,634	0
Cordia Global 10. Development Subfund	Sasad Hilltop	414,260	0
Cordia Global 11. Development Subfund	Grand Corvin	2,673,273	0
Cordia Global 12. Development Subfund	Marina Portside	4,376,611	0
Cordia Global 17. Development Subfund	Young City 3	3,743,055	0
Cordia Global 18. Development Subfund	Akadémia Garden	5,548,708	0
Projekt Warszawa 1	Zielone Bemowo 1	0	4,639,890
Projekt Warszawa 1	Zielone Bemowo 2	1,858,267	0
Cordia Supernova Sp. Z o.o.	Supernova	0	6,279,308
Projekt Krakow 1	Lotniczówka	1,595,544	0
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	5,022,013	0
<b>Total excluding JV</b>		<b>37,457,317</b>	<b>26,892,058</b>
Cordia Global 6. Development Subfund	Marina Life	1,974,487	0
Cordia Global 6. Development Subfund	Marina Life 2	5,315,360	0
<b>Total including JV</b>		<b>44,747,164</b>	<b>26,892,058</b>

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**Contingent liabilities:**

The Group sold a commercial real estate in 2017. In the sales agreement the company made a commitment to keep the utilization rate above a certain level until April 2022 or pay compensation. Based on the best estimate the Group made a provision which has a balance of HUF 97,341 thousand at 31 December 2019 (0 as of 31 December 2018) which is expected to cover the upcoming compensations. The Group's Management is not aware of any other contingent liability.

**Contingent receivables - contracted sales not yet recognized:**

The table below presents amounts to be received from the customers having bought apartments from Cordia and its subsidiary companies and which are based on the value of the sale and purchase agreements signed with the clients until 31 December 2019 after deduction of payments received at reporting date (such payments being presented in the Consolidated Statement of Financial Position as customer advances):

<i>In thousands of Hungarian Forints (HUF)</i>		<b>Contracted sales</b>	<b>Contingent receivables</b>	
<b>Legal entity</b>	<b>Project name</b>	<b>31.12.2019</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Cordia Development 1. DF	Corvin Átrium	0	0	3,596,340
Cordia Development 2. DF	Thermal Zugló 2	0	0	906,721
Cordia Development 2. DF	Thermal Zugló 3	7,544,794	4,991,242	3,720,859
Cordia Global 1. DS	Kapás 21	336,086	264,913	2,082,483
Cordia Global 10. DS	Sasad Hilltop	4,108,772	2,988,948	1,521,405
Cordia Global 11. DS	Grand Corvin	7,792,339	4,356,892	5,155,482
Cordia Global 12. DS	Marina Portside	5,950,804	4,462,496	3,031,060
Cordia Global 17. DS	Young City 3	2,692,645	1,969,152	1,173,017
Cordia Global 2. DS	Corvin Átrium 2	1,278,972	419,228	4,202,352
Cordia Global 3. DS	Young City	4,445,049	3,100,414	3,073,001
Cordia Global 3. DS	Young City 2	7,007,544	5,110,681	4,392,593
Cordia Global 4. DS	Rózsa55	1,765,848	522,117	2,643,242
Cordia Global 5. DS	Grand'Or	3,892,578	2,994,436	2,555,958
Cordia Global 7. DS	Marina Garden	10,203,530	2,871,487	4,896,054
Cordia Global 8. DS	Sasad Resort Hill	4,155,170	3,020,974	3,039,785
Cordia Global 8. DS	Sasad Resort Sun	4,007,234	2,881,681	2,773,479
Cordia Global 9. DS	Centropolitan	2,623,005	1,924,279	1,382,800
Cordia Global 13. DS	Universo	3,341,043	661,536	0
Cordia Global 18. DS	Akadémia Garden	5,017,073	3,722,851	2,005,988
Cordia Global 19. DS	Grand Corvin 2	6,704,304	553,112	0
Cordia Parcului Residential SRL	Parcului20	2,237,574	1,583,573	0
Projekt Warszawa 1	Zielone Bemowo 1	643,016	125,218	1,271,685
Projekt Warszawa 1	Zielone Bemowo 2	2,174,005	1,486,543	0
Cordia Supernova Sp. Z o.o.	Supernova	317,974	251,560	1,536,889
Projekt Warszawa 2	Horyzont Praga	392,300	353,070	0
Projekt Kraków 1	Lotniczówka	1,061,921	578,998	0
<b>Total excluding JV</b>		<b>89,693,580</b>	<b>51,195,401</b>	<b>54,961,193</b>
Cordia Global 6. DS	Marina Life	6,528,251	4,790,559	3,400,102
Cordia Global 6. DS	Marina Life 2	3,652,656	2,728,569	0
<b>Total including JV</b>		<b>99,874,487</b>	<b>58,714,529</b>	<b>58,361,295</b>

## 20. Related parties

### Parent company

Please refer to Note 16(e) about loan received from the parent company. Besides this, there were no transactions with the parent company.

For a list of subsidiaries reference is made to Note 2.

### The main related parties' transactions arise on:

#### (a) Property plant and equipment

<i>In thousands of Hungarian Forints (HUF)</i>	<b>as at 31 December 2019</b>	<b>as at 31 December 2018</b>
Sister company	48,893	42,799
<b>Closing balance</b>	<b>48,893</b>	<b>42,799</b>

Property, plant and equipment from related parties are mainly purchasing of office equipment.

#### (b) Semi-finished products and work in progress

<i>In thousands of Hungarian Forints (HUF)</i>	<b>as at 31 December 2019</b>	<b>as at 31 December 2018</b>
Sister company	0	528,665
<b>Closing balance</b>	<b>0</b>	<b>528,665</b>

Semi-finished products and work in progress from related parties are mainly land plot and related costs, predevelopment works, technical project management fee and design cost.

#### (c) Other balances

Please refer to Note 16 for detailed description about balances with related parties.

#### (d) Sales revenue

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Sister company	534,573	988,127
<b>Closing balance</b>	<b>534,573</b>	<b>988,127</b>

The Group has sold residential apartments to a related parties outside of the consolidation group. The transactions were at market price and had a total value of HUF 360,084 thousand.

Sales revenue from related parties is mainly coming from administration, marketing and management fee in the amount. In FY2018 it contained land plot assignor fee and its related costs in the amount of 700,322 THUF.

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**(e) Services rendered**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Sister company	365,902	397,106
<b>Closing balance</b>	<b>365,902</b>	<b>397,106</b>

Services rendered from related parties are mainly utilities and rental costs, shared service center costs, recharged development costs, marketing and sales costs.

**(f) Other**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
Sister company	0	120,632
<b>Closing balance</b>	<b>0</b>	<b>120,632</b>

The row contains interest income.

**Transactions with key management personnel**

There was no transaction with key management personnel.

**Key Management Board personnel compensation**

Apart from the compensation listed below, there were no further benefits, including share based payments granted to key management personnel that were granted during 2018. Key management personnel compensation can be presented as follows:

<b>As at 31 December</b>	<b>2019</b>	<b>2018</b>
<i>In thousands of Hungarian Forints (HUF)</i>		
Salary and other short time benefit	70,755	24,993
Incentive plan linked to financial results	300,951	188,252
<b>Total</b>	<b>371,706</b>	<b>213,245</b>

**Loans to directors**

As at 31 December 2019 and 31 December 2018, there were no loans granted to directors.

## **21. Financial risk management, objectives and policies**

Financial risks are risks arising from financial instruments to which the Group 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 Group financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

### **(a) Market risk**

#### **(i) Foreign exchange risk**

The Group operates in foreign currencies too and therefore is exposed to foreign exchange risk, primarily with respect to Euro and Polish Zloty. Foreign exchange risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency

The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as residential sales revenue) are denominated. This is generally achieved by obtaining loan finance in the relevant currency.

The functional currency of the Company is the Hungarian forint and its subsidiaries have different functional currencies depending on the place of activity. The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. At 31 December 2019 if the Hungarian forint weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 126,577 THUF higher (31 December 2018: 63,326 THUF), which caused mainly by the exchange gain on trade receivables/payables and loans denominated in EUR.

#### **(ii) Price risk**

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

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property sales price risk.

The current sales price levels are in line with the market environments of the properties.

#### **(iii) Cash flow and fair value interest rate risks**

The group's cash-flow and fair value interest rate risk is predominantly controlled by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and mitigate financial risks in close co-operation with the group's operating units.

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents.

The Group has borrowings at fixed rates and therefore has exposure to fair value interest rate risk however this is considered insignificant. The Group issued Bonds which bears a coupon of 4.00 % per annum.

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The Group's individual development loans financing the projects have an average duration of less than two years, therefore the interest rate changes on these loans would not have material effect on the Group's result.

The management is constantly monitoring the Group's cash-flow forecasts which ensures to cover cash-flow risks.

Taking into consideration the current market environment the management expects no interest rate decrease, so only the effect of interest rate increase is shown in the following table:

<i>Interest rate increase:</i>	<b>Yearly effect on profit before tax (THUF)</b>
0,5 percentage point	<b>122,730</b>

Please also refer to Note 16(a), 16(d) and 16(e) for the main conditions of the loan agreements.

**(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, trade receivables and loan receivables. Credit is not material in case of cash, since it is held at major international banks. Trade receivables are not material. Loans are only granted for companies under common control and they are guaranteed by the parent company or the ultimate owner. Based on this, credit is considered to be minimal for the Group.

**(c) Liquidity risk**

The cash flow forecast is prepared by the operating units of the Group. The forecasts are summarized by the Group's finance department. The finance department monitors the rolling forecasts on the Group's required liquidity position in order to provide the necessary cash balance for the daily operation. The Group aims to maintain flexibility in funding by keeping committed credit lines available not to overdraw the credit lines and to meet the credit covenants. These forecasts take into consideration the Group's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

	<b>As at 31 December 2019</b>		
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>
Loans and borrowings	11,506,888	14,108,026	0
Trade and other payables	10,314,925	0	0
Liabilities to related parties	542,695	0	
Bonds	1,762,424	21,738,021	30,620,784
Lease liabilities	2,328,719	632,638	0
Net assets attributable to non-controlling investment unit holders	0	17,514,452	0
<b>Total</b>	<b>26,455,651</b>	<b>53,993,137</b>	<b>30,620,784</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>As at 31 December 2018</b>	
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>
Loans and borrowings	5,239,689	4,829,609
Trade and other payables	4,471,907	1,870,338
Liabilities to related parties	3,124,653	4,429,058
Net assets attributable to non-controlling investment unit holders	0	16,286,632
<b>Total</b>	<b>12,836,249</b>	<b>27,415,637</b>

## 22. Capital management

When managing capital, it is the Group's objective to safeguard the Group'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 Group may adjust the profit appropriation, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and leverage.

Banking covenants vary according to each loan agreement, but typically are not related directly to the gearing ratio of the Company but to the proportion of loan to value of the mortgage collateral which usually is required not to cross the limit of 70% or 80%.

During the period the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

There were no changes in the Groups approach to capital management during the year.

There are no covenants imposed on the Group by the terms and conditions of the Bonds issued by the Group. For the relevant calculation of the financial ratios which relate to the Undertakings committed by the Group see note 16. (h)

## 23. Changes in presentation of consolidated statement of financial position

The Group is rapidly expanding its activities and management would like to reflect these changes and provide the most useful information for the readers of the financial information. Based on the recent analysis performed, in 2019 the Group changed the presentation of the consolidated statement of financial position by adding new lines for items, that became material. This change did not have any impact on the profit, equity or the total assets, but it provides a more detailed breakdown of balances on the face of the statement of financial position. In previous period, these breakdowns were available in the relevant notes.

The Group reconsidered the items classified as as other financial assets and reclassified it based on its nature either to restricted cash as a new balance sheet line or restricted cash as within cash equivalents.

The restricted cash classified as cash equivalent are related to cash received from customers as advance payment for financing the projects and the cash withdrawn from the project loan facilities. The banks providing loan financing have light restriction over these funds to secure their loan facility however the approval process to use these funds are considered perfunctory.

Cordia's model of operations assumes that instead of using payments received from customers directly to cover the development costs, majority of the cash received is deposited at accounts with restricted use as cash securing construction loans received. The banks allow however for full or partial the use of such funds, (sometimes subject to utilization fees) and these balances are presented as cash and cash equivalents in the financial information.



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The control over the use of the deposited sums is always with Cordia based upon the agreement between the respective bank and Cordia and such action of unlocking deposited cash can take place in due time after such decision of Cordia management, i.e. without any unnecessary delay (but in any case not later than within a few banking days). This means, that the cash, which is deposited in the accounts with some restrictions applicable, can be fully and immediately exploited by the subsidiaries in order to net with the pre-agreed financial liabilities (e.g. bank loans) as well as to finance the relevant costs of the projects co-financed by the customers buying apartments.

In line with IAS 8, Group considered this to be a change in accounting policy and applied it retrospectively. Since the change had no impact on the statement of comprehensive income, no additional balance is presented.

The table below summarizes the impact of the change in presentation on the statements of financial position as of 31 December 2018:

	<b>31 December 2018</b>		<b>31 December 2018</b>
<i>In thousands of Hungarian Forints (THUF)</i>	<b>As stated</b>	<b>Reclassification</b>	<b>Restated</b>
<b>Non-current assets</b>			
Other long-term financial assets	10,869,940	(10,869,940)	0
Restricted cash (new line)	n.a.	3,719,146	3,719,146
Long-term VAT receivable (new line)	n.a.	242,616	242,616
Other long-term assets	819,992	(242,616)	577,376
<b>Current assets</b>			
Other financial assets	269,834	(240,281)	29,553
Restricted cash (new line)	n.a.	240,281	240,281
Short-term VAT receivable (new line)	n.a.	3,057,847	3,057,847
Other tax receivables	3,057,847	(3,057,847)	0
Cash and cash equivalents	12,289,550	7,150,794	19,440,344
<b>Non-current liabilities</b>			
Amounts withheld for guarantees (new line)	n.a.	1,733,237	1,733,237
Other long-term liabilities	1,870,338	(1,733,237)	137,101

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The table below summarizes the impact of the change in presentation on the statements of cash-flow as of 31 December 2018:

<i>In thousands of Hungarian Forints (THUF)</i>	<b>31.Dec.18 As stated</b>	<b>Change due to reclassification</b>	<b>31.Dec.18 Restated</b>
Investing in long-term financial assets	-4,347,507	7,150,794	2,803,287
<b>Net cash from/(used in) investing activities</b>	<b>-5,133,049</b>	<b>7,150,794</b>	<b>2,017,745</b>
<b>Net change in cash and cash equivalents</b>	<b>2,318,297</b>	<b>7,150,794</b>	<b>9,469,091</b>
Cash and cash equivalents at beginning of the year	9,971,253	0	9,971,253
<b>Cash and cash equivalents at end of the year</b>	<b>12,289,550</b>	<b>7,150,794</b>	<b>19,440,344</b>

The table below summarizes the impact of the change in presentation on the statements of financial position as of 1 January 2018:

<i>In thousands of Hungarian Forints (THUF)</i>	<b>01 January 2018 As stated</b>	<b>Reclassification</b>	<b>01 January 2018 Restated</b>
<b>Non-current assets</b>			
Other long-term financial assets	5,483,415	(5,483,415)	0
Restricted cash (new line)	n.a.	5,483,415	5,483,415
Long-term VAT receivable (new line)	n.a.	1,505,296	1,505,296
Other long-term assets	1,859,010	(1,505,296)	353,714
<b>Current assets</b>			
Other financial assets	2,750,234	(2,720,115)	30,119
Restricted cash (new line)	n.a.	2,720,115	2,720,115
Short-term VAT receivable (new line)	n.a.	819,580	819,580
Other tax receivables	819,580	(819,580)	0
<b>Non-current liabilities</b>			
Amounts withheld for guarantees (new line)	n.a.	648,677	648,677
Other long-term liabilities	651,154	(648,677)	2,477

## **24. 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 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 share-purchase agreement executed in December 2019, the Company purchased 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) newly issued T-Series 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 T-Series Shares on 10<sup>th</sup> 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 10<sup>th</sup> of April, when Cordia representatives were authorised to represent also Polnord towards third parties. As of 24<sup>th</sup> of April 2020, the extraordinary meeting of shareholders of Polnord appointed – following instructions from the Company - 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 Futreal 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 acquisitions**

#### 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 street- Váci road - Újpest Bay. The total area of the Plots affected with the acquisition is 11.2 hectares approximately.

Projekt Kraków 2 Cordia Partner 2 Spółka z o.o. has entered into a project construction facility loan with Alior Bank S.A. in an amount of PLN 55.3 million dedicated to financing of the new project in Kraków at Jerozolimska Street, the maturity of the loan is September 30st, 2022.

## 25. Segment report

### Segment information

The Board of Directors is the Group's chief operating decision-maker body. The Group's operating segments are defined as separate entities developing particular residential projects, which for the reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations.

The Board of Directors considers the business from a geographic perspective. Geographically, management considers the performance in Hungary, Poland, Spain and Romania. The segments derive their revenue primarily from the sales of residential properties to individual customers. According to the assessment of the Board of Directors, the operating segments identified have similar economic characteristics.

The Board of Directors monitors the budgeted and forecasted financial results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

### Revenue

Management believe, 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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Total segment revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>
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
<b>Total</b>	<b>34,478,395</b>	<b>0</b>	<b>34,478,395</b>

#### Year ended 31 December 2018

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Total segment revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>
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
<b>Total</b>	<b>19,454,467</b>	<b>88,868</b>	<b>19,365,599</b>

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**Gross profit**

**Year ended 31 December 2019**

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

**Year ended 31 December 2018**

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

**Net profit**

**Year ended 31 December 2019**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
Hungary	6,484,183
Poland	664,449
Romania	(415,820)
Spain	(41,038)
Other	(258,527)
<b>Total</b>	<b>6,433,247</b>

**Year ended 31 December 2018**

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

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**Assets as 31.12.2019**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Assets</b>					
<b>Non-current assets</b>					
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	0
Other long-term assets	587,386	25,650	0	0	0
<b>Total non-current assets</b>	<b>6,629,929</b>	<b>685,425</b>	<b>62,850</b>	<b>0</b>	<b>4</b>
<b>Current assets</b>					
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	1,719,373	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
<b>Total current assets</b>	<b>117,536,761</b>	<b>43,502,521</b>	<b>6,504,968</b>	<b>6,648,193</b>	
<b>Total assets</b>	<b>124,166,690</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>
<b>Fair value difference on inventories*</b>	13,647,348			-	
<b>Adjusted total assets</b>	<b>137,814,038</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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.

CORDIA International Zrt.  
**Consolidated Financial Statements for the year ended 31 December 2019**

**Liabilities as of 31.12.2019**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Non-current liabilities</b>					
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	27,410,213	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
<b>Total non-current liabilities</b>	<b>86,400,163</b>	<b>3,664,185</b>	<b>797,501</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>					
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	-
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
<b>Total current liabilities</b>	<b>32,760,241</b>	<b>5,525,997</b>	<b>637,377</b>	<b>106,401</b>	<b>137,648</b>
<b>Total liabilities</b>	<b>119,160,404</b>	<b>9,190,182</b>	<b>1,434,878</b>	<b>106,401</b>	<b>137,648</b>



CORDIA International Zrt.  
**Consolidated Financial Statements for the year ended 31 December 2019**

**Assets as 31.12.2018**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Other</b>
<b>Assets</b>				
<b>Non-current assets</b>				
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
<b>Total non-current assets</b>	<b>11,213,527</b>	<b>3,315,067</b>	<b>29,889</b>	<b>0</b>
<b>Current assets</b>				
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
<b>Total current assets</b>	<b>62,886,044</b>	<b>13,225,194</b>	<b>2,173,740</b>	<b>948,180</b>
<b>Total assets</b>	<b>74,079,571</b>	<b>16,540,261</b>	<b>2,203,629</b>	<b>948,180</b>
<b>Fair value difference on inventories*</b>	12,104,048			
<b>Adjusted total assets</b>	<b>86,183,619</b>	<b>16,540,261</b>	<b>2,203,629</b>	<b>948,180</b>

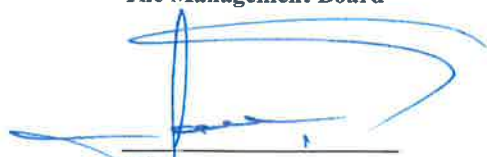
\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local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

CORDIA International Zrt.  
Consolidated Financial Statements for the year ended 31 December 2019

Liabilities as of 31.12.2018

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Other</b>
<b>Non0current liabilities</b>				
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
<b>Total non0current liabilities</b>	<b>12,542,035</b>	<b>6,267,471</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>				
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
<b>Total current liabilities</b>	<b>37,061,005</b>	<b>4,391,169</b>	<b>77,554</b>	<b>385,669</b>
<b>Total liabilities</b>	<b>49,603,040</b>	<b>10,658,640</b>	<b>77,554</b>	<b>385,669</b>

The Management Board

  
Tibor Földi  
Chief Executive Officer

  
Tomasz Łapiński  
Chief Financial Officer

  
Pál Darida

Budapest, 11 May 2020



# CORDIA

INTERNATIONAL ZRT.

IFRS SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2019



## 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**

<i>Overall materiality</i>	Overall materiality applied was THUF 993 000
<i>Key Audit Matters</i>	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.

<i>Materiality</i>	THUF 993 000
<i>Determination</i>	1% of the total assets
<i>Rationale for the materiality benchmark applied</i>	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.



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**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.

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**How our audit addressed the 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.

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**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

A handwritten signature in blue ink, consisting of a large, stylized 'R' followed by a series of loops and a final flourish.

László Radványi

Partner

PricewaterhouseCoopers Könyvvizsgáló Kft.



CORDIA International Zrt.  
IFRS Separate Financial Statements for the year ended 31 December 2019

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CORDIA International Zrt.  
IFRS Separate Financial Statements for the year ended 31 December 2019

**Statement of Profit or Loss and Other Comprehensive Income**

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





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

CORDIA International Zrt.  
IFRS Separate Financial Statements for the year ended 31 December 2019

**Statement of Financial Position**

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
<b>Assets</b>				
<b>Non-current assets</b>				
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
<b>Total non-current assets</b>		<b>53 111 899</b>	<b>1 733 682</b>	<b>1 121 501</b>
<b>Current assets</b>				
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
<b>Total current assets</b>		<b>45 596 772</b>	<b>19 284 148</b>	<b>17 966 104</b>
<b>Total assets</b>		<b>98 708 671</b>	<b>21 017 830</b>	<b>19 087 605</b>
<b>Equity and liabilities</b>				
<b>Shareholders' equity</b>				
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
<b>Total equity</b>		<b>52 935 492</b>	<b>17 447 971</b>	<b>16 182 417</b>
<b>Non-current liabilities</b>				
Related party liabilities	5(b)	1 125 055	0	0
Bonds	5(e)	44 421 137	0	0
<b>Total non-current liabilities</b>		<b>45 546 192</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>				
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
<b>Total current liabilities</b>		<b>226 987</b>	<b>3 569 859</b>	<b>2 905 188</b>
<b>Total liabilities</b>		<b>45 773 179</b>	<b>3 569 859</b>	<b>2 905 188</b>
<b>Total equity and liabilities</b>		<b>98 708 671</b>	<b>21 017 830</b>	<b>19 087 605</b>

The notes on pages 37 to 40 are an integral part of these separate financial statements

CORDIA International Zrt.  
IFRS Separate Financial Statements for the year ended 31 December 2019

**Statement of Changes in Equity**

**For the year ended 31  
December 2019**

*In thousands of Hungarian  
Forints (THUF)*

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Balance at 01 January 2018</b>	<b>9 252 912</b>	<b>592 166</b>	<b>6 337 339</b>	<b>16 182 417</b>
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)
<b>Balance as at 31 December 2018</b>	<b>9 252 912</b>	<b>592 166</b>	<b>7 602 893</b>	<b>17 447 971</b>
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
<b>Balance at 31 December 2019</b>	<b>9 897 492</b>	<b>8 690 521</b>	<b>34 347 479</b>	<b>52 935 492</b>

\*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 Rész tulajdonosi Program Szervezet. The Company has no direct interest in CORDIA Munkavállalói Rész tulajdonosi 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 its 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*

CORDIA International Zrt.  
IFRS Separate Financial Statements for the year ended 31 December 2019

**Statement of Cash Flows**

<i>In thousands of Hungarian Forints (THUF)</i>		2019	2018
<b>Profit before tax</b>		26 808 668	2 274 263
<b>Adjustments to reconcile profit for the period to net cash used in operating activities:</b>			
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)
<b>Net cash (used in)/from operating activities</b>		<b>(26 908 669)</b>	<b>713 820</b>
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
<b>Net cash from/(used in) investing activities</b>		<b>(11 201 677)</b>	<b>(53 958)</b>
Capital increase received		7 8 742 935	0
Proceeds bond issue net of issuance costs	5(f)	44 236 062	0
<b>Net cash from financing activities</b>		<b>52 978 997</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>		<b>14 868 651</b>	<b>659 862</b>
Cash and cash equivalents at beginning of the year		1 175 031	515 169
<b>Cash and cash equivalents at end of the year</b>		<b>16 043 682</b>	<b>1 175 031</b>

\*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 Futoreal 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<sup>1</sup>. 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.

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<sup>1</sup> Published financial statements are available on company website: <https://cordiahomes.com/>

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

The financial statements have been prepared on a going concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. The financial statements were authorized by the Boards of Directors of Cordia International on 11<sup>th</sup> 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 exemption 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.



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(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).

<i>In thousands of Hungarian Forints</i>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>1 January 2018</b>
<b>EQUITY UNDER HAR</b>	<b>53 245 354</b>	<b>17 506 612</b>	<b>16 740 991</b>
<b>Effects of changes in accounting policies:</b>			
<b>a) Application of the equity method for investment in subsidiaries</b>	<b>(371 223)</b>	<b>(6 071)</b>	<b>(558 574)</b>
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>b) Impact of different functional currency</b>	<b>(140 247)</b>	<b>(52 570)</b>	<b>n/a</b>
<b>c) Amortization of bond issuance costs</b>	<b>163 969</b>	<b>n/a</b>	<b>n/a</b>
<b>d) other</b>	<b>37 639</b>	<b>0</b>	<b>0</b>
<b>IFRS EQUITY</b>	<b>52 935 492</b>	<b>17 447 971</b>	<b>16 182 417</b>

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).

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- 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 1<sup>st</sup> 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.

<i>In thousands of Hungarian forints</i>	01.01.2019- 12.31.2019	01.01.2018- 12.31.2018
<b>PROFIT UNDER HAR</b>	<b>26 326 966</b>	<b>151 881</b>
<i>Effects of changes in accounting policies:</i>		
(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
<b>TOTAL COMPREHENSIVE INCOME UNDER IFRS</b>	<b>26 744 586</b>	<b>2 249 274</b>

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).

<i>As at 31 December 2019 in thousands of Hungarian Forints</i>	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
<b>IFRS Equity</b>	<b>53 245 354</b>	<b>140 247</b>	<b>(371 223)</b>	<b>163 969</b>	<b>37 639</b>	<b>52 935 492</b>

<i>As at 31 December 2018 in thousands of Hungarian Forints</i>	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
<b>IFRS EQUITY</b>	<b>17 506 612</b>	<b>(52 570)</b>	<b>(6 071)</b>	<b>17 447 971</b>

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

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- 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).

<i>As of 31 December 2019</i> <i>In thousands of Hungarian Forints</i>	<b>HAR</b>	<b>Treasury bill</b>	<b>IFRS</b>
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 2<sup>nd</sup> 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.

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

\*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:
  - o whether the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets,
  - o if the dividend exceeds the total comprehensive income of the subsidiary.

In May 2019 the subsidiary Cordia Lands Investments Limited paid a dividend to the Company of a substantial amount compared to its equity as it was considered as an impairment trigger. As of 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).

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<i>Calculated in thHUF</i>	<b>31.12.2019</b>
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 financial instruments below).

Dividend income is recognized in line with IAS 28. For detailed accounting 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.

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## 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

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
<b>Non-current assets</b>				
Investment in subsidiary	6	23 136 400	0	0
Long-term receivables from related parties	5(a)	24 891 477		
<b>Current financial assets</b>				
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
<b>Total financial assets</b>		<b>83 147 102</b>	<b>19 235 454</b>	<b>17 964 138</b>

### Financial liabilities at amortized costs

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
<b>Non-current financial liabilities</b>				
Long-term liabilities to related parties	5(b)	1 125 055		
Bonds	(5e)	41 610 359		
<b>Current financial liabilities</b>				
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
<b>Total financial liabilities</b>		<b>42 931 056</b>	<b>3 551 586</b>	<b>2 894 175</b>

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**5(a) Receivables related parties**

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
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:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
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
<b>Closing balance</b>	<b>42 369 528</b>	<b>17 432 888</b>

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 activities include acting as a financial intermediary for its subsidiaries, cash flows related to these related party loan receivables are presented within cash flows from operating activities.

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

*As at 31.12.2019*

<b>Loan currency</b>	<b>Balance in thHUF</b>	<b>Interest rate</b>
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*

<b>Loan currency</b>	<b>Balance in thHUF</b>	<b>Interest rate</b>
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*

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

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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

<b>Nature of relationship</b>	<b>Partner</b>	<b>Balance in thHUF</b>
Loan receivable	Subsidiary	42 369 528

As at 31.12.2018

<b>Nature of relationship</b>	<b>Partner</b>	<b>Balance in thHUF</b>
Loan receivable	Sister company	3 258 186
Loan receivable	Subsidiary	14 174 702

As at 01.01.2018

<b>Nature of relationship</b>	<b>Partner</b>	<b>Balance in thHUF</b>
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

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
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 intermediary for its subsidiaries, cash flows related to these related party loan liabilities are presented within cash flows from operating activities.

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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:

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

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

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## 5 (c) Cash and Cash equivalents

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
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
<b>Total cash and cash equivalents</b>	<b>16 043 682</b>	<b>1 175 031</b>	<b>515 169</b>

The Company purchased 2 month discount treasury bills which were sold on the 2<sup>nd</sup> 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:

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

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
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
<b>Total cash and cash equivalents</b>	<b>16 043 682</b>	<b>1 175 031</b>	<b>515 169</b>

\*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.

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**5 (d) Other current assets**

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

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 10<sup>th</sup> 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**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
<b>Opening balance</b>	<b>0</b>
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
<b>Proceeds from bond issuance (net of issuance costs)</b>	<b>44 236 062</b>
Interest Accrued	253 966
<b>Closing balance</b>	<b>44 490 028</b>

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 premium 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.

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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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>
Consolidated Debt (CD)	70 207 094
Cash and Cash Equivalents (C)	51 070 192
Restricted cash (RC)	271 496
<b>Net Consolidated Debt</b>	<b>18 865 406</b>
 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
<b>Total Consolidated Assets net of Cash &amp; Customer Advances</b>	<b>89 418 857</b>
<b>Consolidated Leverage Ratio</b>	<b>21.1%</b>



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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.

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

**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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
HUF	44 490 028	0	0
<b>Total bonds</b>	<b>44 490 028</b>	<b>0</b>	<b>0</b>

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**5 (f) Loan receivables**

*In thousands of Hungarian Forints (HUF)* **2019**

<b>Opening balance</b>	<b>-</b>
Loans granted	1 300 000
Loans repaid	(1 000 000)
Revaluation (FX difference)	42 963
<b>Closing balance</b>	<b>342 963</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
HUF	342 963	0	0
<b>Total loan receivables</b>	<b>342 963</b>	<b>0</b>	<b>0</b>

**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)*

<b>As at 01.01.2018</b>	<b>1 119 381</b>
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
<b>As at 31.12.2018</b>	<b>1 728 296</b>
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
<b>As at 31.12.2019</b>	<b>5 057 160</b>

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.

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

*In thousands of Hungarian Forints (HUF)*

<b>As at 31.12.2018</b>	<b>0</b>
New purchases (Cordia Lands Ltd.)	22 643 460
Year-end unrealized foreign exchange gain	492 940
<b>As at 31.12.2019</b>	<b>23 136 400</b>

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

	<i>Note</i>	<b>2019</b>	<b>2018</b>
<b>Consideration paid for investment in subsidiaries</b>		<b>(36 824 159)</b>	<b>(95 197)</b>
investment in subsidiaries under equity method	6	(3 707 736)	(95 197)
investment in subsidiaries treated as receivable	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
<b>Closing balance 31.12.2018</b>	<b>30 000</b>	<b>9 252 912</b>	<b>592 166</b>	<b>9 845 078</b>
Capital increase	2000	644 580	8 098 355	8 742 935
<b>Closing balance 31.12.2019</b>	<b>32 000</b>	<b>9 897 492</b>	<b>8 690 521</b>	<b>18 588 013</b>

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.

	<b>31.12.2019</b>	
<b>Company</b>	<b>Nominal value of shares (THUF)</b>	<b>Ownership percentage</b>
Cordia Holding B.V.	9 699 542	<b>98.00%</b>
Finext Consultants Limited	197 950	<b>2.00%</b>
<b>Total</b>	<b>9 897 492</b>	<b>100.00%</b>

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

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%
<b>Total</b>	<b>9 252 912</b>	<b>100.00%</b>

#### 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
<b>Total</b>		<b>23 700 763</b>	<b>0</b>

*\*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. Therefore 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 subsidiaries), 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
<b>Total</b>	<b>24 195 431</b>	<b>494 668</b>	<b>23 700 763</b>

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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**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>	<b>2018</b>
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	<b>2019</b>	<b>2018</b>
<b>Interest</b>		
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 subsidiary'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				
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Repayable on-demand</b>	<b>Less than 1 year</b>	<b>1-4 years</b>	<b>More than 5 years</b>
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
<b>Total</b>	<b>79 876</b>	<b>1 848 148</b>	<b>6 325 179</b>	<b>47 078 806</b>

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

## 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 Company'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 separately reportable segments the Company's separate IFRS financial statements. For geographical breakdown 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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Total segment revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>
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
<b>Total</b>	<b>34,478,395</b>	<b>0</b>	<b>34,478,395</b>



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<b>Year ended 31 December 2018</b>			
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Total segment revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>
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
<b>Total</b>	<b>19,454,467</b>	<b>88,868</b>	<b>19,365,599</b>

**Gross profit**

<b>Year ended 31 December 2019</b>	
<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
Hungary	10,175,776
Poland	3,112,225
Romania	4,168
Spain	0
Other	0
<b>Total</b>	<b>13,292,169</b>

<b>Year ended 31 December 2018</b>	
<i>In thousands of Hungarian Forints (HUF)</i>	<b>2018</b>
Hungary	5,752,657
Poland	1,594,951
Romania	2,608
Other	0
<b>Total</b>	<b>7,350,216</b>

**Net profit**

<b>Year ended 31 December 2019</b>	
<i>In thousands of Hungarian Forints (HUF)</i>	<b>2019</b>
Hungary	6,484,183
Poland	664,449
Romania	(415,820)
Spain	(41,038)
Other	(258,527)
<b>Total</b>	<b>6,433,246</b>

<b>Year ended 31 December 2018</b>	
<i>In thousands of Hungarian Forints (HUF)</i>	<b>2018</b>
Hungary	3,626,881
Poland	333,080
Romania	(75,916)
Other	(605,850)
<b>Total</b>	<b>3,278,195</b>

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**Assets as 31.12.2019**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Assets</b>					
<b>Non-current assets</b>					
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
<b>Total non-current assets</b>	<b>6,629,929</b>	<b>685,425</b>	<b>62,850</b>	<b>0</b>	<b>4</b>
<b>Current assets</b>					
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	171,937	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
<b>Total current assets</b>	<b>117,536,761</b>	<b>43,502,521</b>	<b>6,504,968</b>	<b>6,648,193</b>	<b>0</b>
<b>Total assets</b>	<b>124,166,690</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>
<b>Fair value difference on inventories*</b>	13,647,348				
<b>Adjusted total assets</b>	<b>137,814,038</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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.

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**Liabilities as of 31.12.2019**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Non-current liabilities</b>					
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
<b>Total non-current liabilities</b>	<b>86,400,163</b>	<b>3,664,185</b>	<b>797,501</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>					
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
<b>Total current liabilities</b>	<b>32,760,241</b>	<b>5,525,997</b>	<b>637,377</b>	<b>106,401</b>	<b>137,648</b>
<b>Total liabilities</b>	<b>119,160,404</b>	<b>9,188,978</b>	<b>1,434,878</b>	<b>106,401</b>	<b>137,648</b>

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**Assets as 31.12.2018**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Other</b>
<b>Assets</b>				
<b>Non-current assets</b>				
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
<b>Total non-current assets</b>	<b>11,213,527</b>	<b>3,315,067</b>	<b>29,889</b>	<b>0</b>
<b>Current assets</b>				
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
<b>Total current assets</b>	<b>62,886,044</b>	<b>13,225,194</b>	<b>2,173,740</b>	<b>948,180</b>
<b>Total assets</b>	<b>74,079,571</b>	<b>16,540,261</b>	<b>2,203,629</b>	<b>948,180</b>
<b>Fair value difference on inventories*</b>	12,104,048			
<b>Adjusted total assets</b>	<b>86,183,619</b>	<b>16,540,261</b>	<b>2,203,629</b>	<b>948,180</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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.

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**Liabilities as of 31.12.2018**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Other</b>
<b>Non-current liabilities</b>				
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
<b>Total non-current liabilities</b>	<b>12,542,035</b>	<b>6,267,471</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>				
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
<b>Total current liabilities</b>	<b>37,061,005</b>	<b>4,391,169</b>	<b>77,554</b>	<b>385,669</b>
<b>Total liabilities</b>	<b>49,603,040</b>	<b>10,658,640</b>	<b>77,554</b>	<b>385,669</b>

## **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 share purchase 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 10<sup>th</sup> 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

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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 10<sup>th</sup> of April, when Cordia representatives were authorised to represent also Polnord towards third parties. As of 24<sup>th</sup> 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 Lapiński  
Chief Financial Officer



Pál Darida

*Budapest, 11 May 2020*





# **CORDIA**

## **INTERNATIONAL ZRT.**

CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION FOR THE PERIOD ENDED  
**30 JUNE 2020**





## **Report on review of the condensed interim consolidated financial information**

**To the shareholders of Cordia International Zrt.**

### **Introduction**

We have reviewed the accompanying condensed interim consolidated financial information of Cordia International Zrt. ("the Company") and its subsidiaries (together the "Group") which comprise the condensed interim consolidated statement of financial position as at 30 June 2020, the related condensed interim consolidated statement of profit or loss and other comprehensive income, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated statement of cash flows for the six-month period then ended and the summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Budapest, 9 November 2020

A handwritten signature in blue ink, appearing to read 'László Radványi'.

László Radványi  
Partner  
PricewaterhouseCoopers Könyvvizsgáló Kft.

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## Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>2020H1</b>	<b>2019H1</b>
<b>Revenue</b>	<b>4</b>	<b>28,449,193</b>	<b>7,831,397</b>
<b>Cost of sales</b>	<b>5</b>	<b>(24,618,062)</b>	<b>(4,210,879)</b>
<b>Gross profit</b>		<b>3,831,131</b>	<b>3,620,518</b>
Selling and marketing expenses		(1,127,898)	(775,255)
Administrative expenses	<b>6</b>	(1,782,990)	(1,670,134)
Other expenses		(904,530)	(485,222)
Other income	<b>3, 7</b>	2,574,000	23,034
<b>Operating profit</b>		<b>2,589,713</b>	<b>712,941</b>
Interest income		111,026	59,945
Other financial income		3,792,996	1,611,515
<b>Finance income</b>		<b>3,904,022</b>	<b>1,671,461</b>
Interest expense		(425,249)	(242,449)
Other financial expense		(3,067,422)	(1,169,181)
<b>Finance expense</b>		<b>(3,492,671)</b>	<b>(1,411,630)</b>
<b>Net finance income/(expense)</b>		<b>411,351</b>	<b>259,831</b>
Share of profit/(loss) in associate and joint venture	<b>3, 10</b>	13,924,353	(11,308)
<b>Profit before taxation</b>		<b>16,925,417</b>	<b>961,463</b>
Current income tax		130,704	(75,459)
Deferred tax		(375,665)	(13,127)
<b>Income tax expense</b>		<b>(244,961)</b>	<b>(88,586)</b>
<b>Profit for the period</b>		<b>16,680,456</b>	<b>872,877</b>
Exchange differences on translating foreign operations		582,422	(474,534)
<b>Other comprehensive income/(loss)</b>		<b>582,422</b>	<b>(474,534)</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>17,262,878</b>	<b>398,343</b>
<b>Total profit/(loss) for the period attributable to:</b>			
owners of the parent		16,815,810	917,017
non-controlling interests		(135,354)	(44,140)
<b>Total profit/(loss) for the period</b>		<b>16,680,456</b>	<b>872,877</b>
<b>Total comprehensive income attributable to:</b>			
owners of the parent		17,461,703	442,483
non-controlling interests		(198,825)	(44,140)
<b>Total comprehensive income for the period, net of tax</b>		<b>17,262,878</b>	<b>398,343</b>

The notes on pages 7 to 44 are an integral part of these consolidated financial statements.

**Condensed Interim Consolidated Statement of Financial Position**

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		202,696	196,905
Investment properties	8	21,153,967	0
Property, plant and equipment		2,050,671	1,625,914
Long-term receivables from third parties	9	7,440,958	9,486
Long-term receivables from related parties	13	1,097	1,010
Investments accounted for using equity method	10	18,681,036	1,177,459
Deferred tax assets		924,935	127,714
Restricted cash		131,048	2,100,120
Long-term VAT receivables		600,597	1,526,564
Other long-term assets		644,443	613,036
<b>Total non-current assets</b>		<b>51,831,448</b>	<b>7,378,208</b>
<b>Current assets</b>			
Inventory	11	147,688,649	102,954,301
Trade and other receivables	15	1,839,450	328,946
Short-term receivables from related parties	13	120,877	846,049
Other short-term assets		2,078,171	11,468,750
Income tax receivables		169,333	58,410
Loan receivables	14	5,437,237	342,963
Short-term VAT receivables		4,015,420	3,782,709
Restricted cash		6,316,331	3,062,290
Other financial assets		258,608	277,833
Cash and cash equivalents	16	38,291,995	51,070,192
<b>Total current assets</b>		<b>206,216,071</b>	<b>174,192,443</b>
<b>Disposal group of assets classified as held for sale</b>			
Assets classified as held for sale		614,767	0
<b>Total disposal group of assets classified as held for sale</b>		<b>614,767</b>	<b>0</b>
<b>Total</b>		<b>258,662,286</b>	<b>181,570,651</b>

The notes on pages 7 to 44 are an integral part of these consolidated financial statements.

**Condensed Interim Consolidated Statement of Financial Position (cont'd)**

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
<b>Equity<sup>1</sup></b>			
<b>Shareholders' equity</b>	<b>24</b>		
Share capital		18,013,760	9,897,492
Share premium		13,461,608	8,690,521
Currency translation reserve		1,087,548	505,126
Other reserves		(286,680)	(286,680)
Retained earnings		30,941,427	15,011,843
<b>Equity attributable to equity holders of the parent</b>		<b>63,217,663</b>	<b>33,818,302</b>
Non-controlling interests	<b>25</b>	2,673,377	208,384
<b>Total equity</b>		<b>65,891,040</b>	<b>34,026,686</b>
 <b>Net assets attributable to non-controlling investment unit holders</b>	 <b>26</b>	 <b>17,479,619</b>	 <b>17,514,452</b>
<b>Liabilities<sup>1</sup></b>			
<b>Non-current liabilities</b>			
Loans and borrowings	<b>17</b>	23,764,777	14,108,026
Bonds	<b>23</b>	44,383,497	44,421,137
Deferred tax liabilities		758,848	4,875
Other provision	<b>22</b>	1,095,504	0
Customer advances	<b>18</b>	12,145,093	29,104,998
Lease liabilities		6,030,152	632,638
Amounts withheld for guarantees	<b>21</b>	1,699,249	2,393,654
Other long-term liabilities		549,473	196,521
<b>Total non-current liabilities</b>		<b>90,426,593</b>	<b>90,861,849</b>
 <b>Current liabilities</b>			
Trade and other payables	<b>20</b>	13,822,927	10,314,925
Bonds	<b>23</b>	9,916,192	68,892
Short-term liabilities to related parties	<b>19</b>	154,381	542,695
Loans and borrowings	<b>17</b>	10,039,175	11,506,888
Customer advances	<b>18</b>	33,629,931	11,705,108
Lease liabilities		10,236,372	2,328,719
Other tax liabilities		973,005	2,500,935
Other provision	<b>22</b>	6,008,607	102,151
Income tax liabilities		84,444	97,351
<b>Total current liabilities</b>		<b>84,865,034</b>	<b>39,167,664</b>
 <b>Total liabilities</b>		 <b>175,291,627</b>	 <b>130,029,513</b>
 <b>Total</b>		 <b>258,662,286</b>	 <b>181,570,651</b>

The notes on pages 7 to 44 are an integral part of these consolidated financial statements.

<sup>1</sup> excluding net assets attributable to non-controlling investment unit holders

Condensed Interim Consolidated Financial Information for the period ended 30 June 2020

Condensed Interim Consolidated Statement of Changes in Equity

For the period ended 30 June 2020

Attributable to the equity holders of the parent

<i>In thousands of Hungarian Forints (THUF)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Currency translation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at 1 January 2019</b>	9,252,912	592,166	143,887	(234,382)	7,117,547	16,872,120	86,823	16,958,943
Profit/(loss) for the year	0	0	0	0	917,017	917,017	(1,850)	915,167
Other comprehensive income/(loss)	0	0	(474,534)	0	0	(474,534)	0	(474,534)
Proceeds from capital increase	644,580	8,098,355	0	0	0	8,742,935	0	8,742,935
Other equity contributions	0	0	0	(52,298)	0	(52,298)	0	(52,298)
Transactions with owners	644,580	8,098,355	0	(52,298)	0	8,690,637	0	8,690,637
<b>Balance at 30 June 2019</b>	<b>9,897,492</b>	<b>8,690,521</b>	<b>(330,657)</b>	<b>(286,680)</b>	<b>8,034,564</b>	<b>26,005,240</b>	<b>84,973</b>	<b>26,090,213</b>
<b>Balance at 1 January 2020</b>	<b>9,897,492</b>	<b>8,690,521</b>	<b>505,126</b>	<b>-286,680</b>	<b>15,011,843</b>	<b>33,818,302</b>	<b>208,384</b>	<b>34,026,686</b>
Proceeds from shares issues	7,431,040	4,570,090	0	0	0	12,001,130	0	12,001,130
Reclassification due to legal changes	685,228	200,997	0	0	-886,225	0	0	0
Profit/(loss) for the year	0	0	0	0	16,815,810	16,815,810	-100,521	16,715,289
Other comprehensive income/(loss)	0	0	582,422	0	0	582,422	0	582,422
Non-controlling interests arising on acquisition	0	0	0	0	0	0	2,565,514	2,565,514
Transactions with owners	8,116,268	4,771,087	582,422	0	15,929,585	29,399,362	0	31,864,355
<b>Balance at 30 June 2020</b>	<b>18,013,760</b>	<b>13,461,608</b>	<b>1,087,548</b>	<b>-286,680</b>	<b>30,941,428</b>	<b>63,217,664</b>	<b>2,673,377</b>	<b>65,891,040</b>

The significant movements in the equity items presented above are explained in details in Note 24.

\*Please also refer to Note 25 about Net assets attributable to non-controlling investment unit holders.

The notes on pages 7 to 44 are an integral part of these consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the period ended 30 June

In thousands of Hungarian Forints (THUF)

	Note	2020H1	2019H1
<b>Adjustments to reconcile profit before for taxation to net cash used in operating activities:</b>			
Profit/(loss) before taxation for the period		16,925,417	961,463
<b>Adjustments to reconcile profit before for taxation to net cash used in operating activities:</b>			
Depreciation		273,057	241,386
Other non-cash movements*		(2,012,651)	855,013
Profit on sale of non-current assets classified as held for sale			0
(Profit)/loss on sale of tangible and intangible assets			(41,381)
Net finance (income)/expense		411,351	(259,381)
Increase in inventory	11	(6,742,666)	(20,591,792)
Share of (Profit)/loss in joint venture	2, 10	(13,924,353)	11,308
Decrease/(increase) in trade and other receivables		(591,531)	(8,560,606)
(Decrease)/increase in liabilities from related parties		0	1,780,458
Decrease/(increase) in receivables from related parties	13	725,172	0
Increase in trade and other payables	20	(1,091,571)	2,845,477
Increase in short-term loan receivables	14	(5,094,274)	0
Increase/(decrease) in provision		(90,720)	50,223
Increase/(decrease) in advances received	9	(8,289,812)	6,375,209
Interest paid		(1,327,039)	(431,490)
Income tax paid		(307,904)	(71,905)
<b>Net cash from/(used in) operating activities</b>		<b>(21,137,524)</b>	<b>(16,836,458)</b>
<b>Cash flows from/(used in) investing activities</b>			
Consideration paid for the acquisition of POLNORD group	3	(7,615,691)	0
Cash paid for acquisition of subsidiaries		0	(15,000)
Cash of acquired subsidiaries	3	7,418,656	1,510,746
Acquisitions of tangible and intangible assets		(74,231)	(118,129)
Sale of tangible and intangible assets		1,308	0
Investing in other long-term financial assets		897,206	(431,142)
Increase of long-term loan receivables		0	0
Proceeds from repayment of long-term financial assets		0	
Repayment of short-term loan receivables		0	3,159,575
Repayment of long-term loan receivables		0	1,150,746
Interest received		111,026	59,945
Purchase of investment in associate	3	(12,051,352)	0
Purchase of investments in joint ventures		0	(579,652)
<b>Net cash from/(used in) investing activities</b>		<b>(11,313,078)</b>	<b>4,737,089</b>
<b>Cash flows from/(used in) financing activities</b>			
Proceeds from loans and borrowings	17	20,143,579	20,521,503
Repayment of loans and borrowings	17	(12,342,855)	(19,478,930)
Capital increase	24	12,001,129	8,742,935
Issuance of non controlling shares and investment notes		0	5,000,000
Redemption of non controlling shares and investment notes		0	(2,700,000)
Repayment of lease liability		(129,449)	(195,371)
other long term liabilities		0	0
<b>Net cash from financing activities</b>		<b>19,672,404</b>	<b>11,890,137</b>
<b>Net change in cash and cash equivalents</b>		<b>(12,778,198)</b>	<b>(209,232)</b>
Cash and cash equivalents at beginning of the year		51,070,192	12,289,550
<b>Cash and cash equivalents at end of the period</b>	16	<b>38,291,995</b>	<b>12,080,318</b>

\*The other non-cash movements derive mainly from foreign exchange differences on acquisitions and bond related interests.

The notes on pages 7 to 44 are an integral part of these consolidated financial statements.



## Summary of significant accounting policies and other explanatory notes

### 1. Background and business of the Company

**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 core business of the company 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, Romanian and Spanish 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 Romania and in Spain.

As of 30 June 2020 the Company had the following owners:

- Cordia Holding B.V. - 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, Cyprus)

The ultimate controlling parties have not been changed during 2020. 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. The ultimate consolidating entity is FR Group B.V. A list of the companies from which the financial data are included in this condensed interim consolidated financial information and the extent of ownership and control are presented in Note 3.

Preparation of the condensed interim consolidated financial information ('financial statements') is not mandatory for the Company. These financial statements are prepared on a voluntary basis to provide useful information for bond holders.

### 2. Basis of preparation and measurement

This condensed interim consolidated financial information for the half-year reporting period ended 30 June 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The condensed interim consolidated financial statements were authorized by the Boards of Directors of Cordia International on 9<sup>th</sup> November 2020.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Cordia International Zrt. during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The above amendments and improvements to IFRSs do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

Seasonality of operations has no significant impact on the interim condensed consolidated financial information.



### 3. Group composition

#### (a) Change in group structure

In comparison to 31 December 2019 there were the following changes in the group structure.

##### Newly established entities:

Entity name	Place of operation	Voting rights	Nature of relationship
European Residential Investments	Hungary	100%	Subsidiary
Cordia Real Estate Funds Luxembourg SICAV-RAIF	Luxembourg	100%	Subsidiary

##### Newly acquired entities:

Entity name	Place of operation	Voting rights	Nature of relationship
Argo Properties N.V.	Germany	20,6%	Associate
Polnord S.A.	Poland	92,92%	Subsidiary

No divestment occurred in the current reporting period.

#### (b) Significant acquisitions

##### Argo Properties N.V.

On 24<sup>th</sup> March 2020 European Residential Investment Vagyonkezelő Kft. a wholly owned subsidiary of the Company entered into a share sale and purchase agreement as Buyer with Futuereal Holding B.V. (a sister company) 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.

##### Polnord S.A:

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 share-purchase agreement executed in December 2019, the Company purchased 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) newly issued T-Series 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.

On February 10th 2020 as a result of the registration of the share capital increase Cordia International Zrt. has completed the acquisition of 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) T-Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights. Cordia purchased 373,309 number of shares of POLNORD from the market which represents 0.39% of total shares by which reached a 65,66% ownership. Despite Cordia became the leading shareholder the operational control was not yet obtained by which Polnord was classified as associate from consolidation perspective.

The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held plus the fair value of any additional consideration transferred as of the date when the investment became an associate. As this method is based on the analogy with the revised IFRS 3 guidance on step acquisition of subsidiaries, any acquisition-related costs are expensed in the period in which the costs are incurred. All the consideration was paid in cash.

<i>In thousands of Hungarian Forints (THUF)</i>	<i>10th February 2020</i>
Fair Value of Polnord consolidated Net Asset	35,922,586
Cordia Ownership	65.66%
Proportionate share from Polnord Net Asset	23,586,770
Consideration paid in cash	10,560,242
<b>Bargain Gain on Polnord investment</b>	<b>13,026,528</b>

The abovementioned bargain gain appears on 'Share of profit/(loss) in associate and joint venture' PnL line.

#### (c) Acquisition of NCI and Subsidiary

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 - new supervisory board members, which day after appointed also Cordia's representatives to the management board of Polnord. All the consideration transferred was paid in cash.

<i>In thousands of Hungarian Forints (THUF)</i>	<i>9th April 2020</i>
Fair Value of Polnord consolidated NetAsset	35,847,146
Cost of purchasing shares from public call (consideration transferred)	7,528,145
Remaining Non-Controlling Interest (7,08%)	2,537,978
Fair Value of previously held interest	23,537,236
Other	95,560
<b>Bargain Gain on recognizing Polnord as subsidiary</b>	<b>2,148,227</b>

The fair value of previously held interest is calculated based on quoted share price.

The abovementioned bargain gain appears on 'Other Income' PnL line.

## Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of POLNORD Group with the exception of the abovementioned KB DOM.

*In thousands of Hungarian Forints (THUF)*

### Assets

Intangible assets	18,387
Investment properties	20,894,295
Property, plant and equipment	612,295
Long-term receivables from third parties	7,272,574
Investments accounted for using equity method	4,214,705
Deferred tax assets	915,539
Restricted cash	2,646
Inventory	39,300,855
Trade and other receivables	1,288,577
Other short-term assets	26,042
Income tax receivables	135,009
Short-term VAT receivables	1,539,568
Loan receivables	7,069
Other financial assets	638,526
Cash and cash equivalents	7,418,656

### Liabilities

Deferred tax liabilities	946,413
Other provision	882,451
Lease liabilities	5,492,506
Other long-term liabilities	112,018
Trade and other payables	2,857,297
Bonds	10,649,566
Customer advances	13,254,730
Income tax liabilities	455,280
Other provision	6,210,229
Lease liabilities	7,577,110

<b>Total identifiable net assets acquired</b>	<b>35,847,143</b>
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### Measurement period:

Based on IFRS3.45 The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

The Group considers the accounting for business combination of POLNORD incomplete. The preliminary purchase price allocation has been performed, subject to change in the next twelve months from the acquisition date, presented below.

A related party of Polnord S.A. called KB DOM S.A. and its effect has not yet been reflected in the consolidated accounts of Polnord S.A. due to reasons described below.

**DETERMINING WHETHER POLNORD S.A. has control over KORPORACJA BUDOWLANA DOM S.A. ("KB DOM S.A.")**

The question of control in some aspects are ambiguous and therefore the determination of the degree of influence of Polnord S.A. over KB DOM S.A. requires judgment. The management board of Polnord SA has been consistently of the opinion that the key issue is to assess the possibility of other shareholders to attend freely the General Meeting of KB DOM SA and, consequently, to be able to have more votes than Polnord S.A. Given that currently Polnord SA holds only 34.65% of shares in KB DOM S.A. (41.25% of voting rights taking into consideration the treasury shares of KB DOM S.A.), and other shareholders have always been free to attend the General Meeting of KB DOM SA, the management board of Polnord SA has never decided to consolidate KB DOM SA.

The need to revisit the above issue of control over KB DOM resulted from the recommendation of the Polish Financial Supervision Authority ("PFSA") received by Polnord S.A. on 22 September, 2020 ("**Recommendation**"). In the opinion of the PFSA, the course of general meetings of KB DOM in 2016-2019 show that Polnord S.A. has had the ability to control KB DOM despite not having the majority of votes in the share capital of KB DOM. On these general meetings Polnord S.A. was present but other shareholders were not, so Polnord SA had the majority of the votes. In the opinion of PFSA, this confirms that Polnord S.A. has had the ability to exercise control over KB DOM S.A. and consequently needs to consolidate it as a subsidiary into Polnord S.A.'s consolidated financial statement in 2019 in accordance with par. 20 of IFRS 10.

In light of the above, the Management Board of Polnord S.A. has decided to respect and follow PFSA's recommendation and change its previous assessment recognizing that Polnord S.A. may indeed exercise control over KB DOM S.A. in meaning of IAS and consequently to prepare the periodic report of Polnord S.A. in accordance with PFSA's Recommendation.

Due to lack of sufficient time required to prepare corrected financial statements for 1H2020 between the time of the official recommendation of PFSA and the publishing date of Polnord S.A.'s financial report for 1H2020, Polnord S.A. presented only the potential impact of KB DOM SA's consolidation according to the best it's knowledge. This assessment however does not take into consideration any fair value adjustments on the assets and liabilities. Polnord is working on preparing the consolidation of KB DOM SA as fast as possible.

<i>In thousands of Polish Zloty (TPLN)</i>	<b>For the period of 3 months ended on March 31, 2020</b>	<b>For the year ended on December 31, 2019</b>
<b>Continued operations</b>		
<b>Sales revenue</b>	<b>3,058</b>	<b>12,661</b>
Revenues from the sale of products and services	3,040	12,154
Revenues from the sale of goods and materials	18	507
<b>Cost of sale</b>	<b>-2,424</b>	<b>-10,129</b>
Cost of sale of products and services	-2,416	-9,688
Cost of sale of goods and materials	-8	-441
<b>Gross profit / (loss) from sales</b>	<b>634</b>	<b>2,532</b>
Selling and marketing expenses	-156	-552
Administrative expenses	-854	-3,234
Other expenses	-1	-852
Other income	16	749
<b>Operating results</b>	<b>-361</b>	<b>-1,356</b>
Finance expenses	-575	-2,336
Finance income	138	111
<b>Profit/(loss) before taxation</b>	<b>-798</b>	<b>-3,581</b>
Income tax benefit /(expense)	24	44
<b>Profit/(loss) for the period</b>	<b>-774</b>	<b>-3,537</b>

<i>In thousands of Polish Zloty (TPLN)</i>	<b>As at 31.03.2020</b>	<b>As at 31.12.2019</b>
<b>Assets</b>		
<b>Non - current assets</b>	<b>24,354</b>	<b>24,541</b>
Intangible assets	30	37
Investment properties	760	760
Property, plant and equipment	14,509	14,704
Goodwill	7,942	7,942
Deferred tax assets	1,010	986
Other financial assets	103	112
<b>Current assets</b>	<b>16,558</b>	<b>15,571</b>
Inventory	1,094	1,097
Trade and other receivables	8,735	8,478
Tax assets	897	905
Cash and cash equivalents	5,832	5,090
<b>Total assets</b>	<b>40,912</b>	<b>40,112</b>

<i>In thousands of Polish Zloty (TPLN)</i>	<b>As at 31.03.2020</b>	<b>As at 31.12.2019</b>
<b>Equity</b>		
<b>Shareholders equity</b>	<b>-43,280</b>	<b>-42,391</b>
Share capital	39,707	39,707
Treasury shares	-2,052	-1,937
Other reserves	13	13
Retained earnings	-80,948	-80,174

<i>In thousands of Polish Zloty (TPLN)</i>		
<b>Liabilities</b>	<b>As at 31.03.2020</b>	<b>As at 31.12.2019</b>
<b>Non-current liabilities</b>	<b>4,224</b>	<b>4,247</b>
Provision	18	18
Other long-term financial liabilities	233	285
Other long-term liabilities	3,973	3,944
<b>Current liabilities</b>	<b>79,968</b>	<b>78,256</b>
Trade and other payables (current)	54,687	53,953
Loans	18,955	18,489
Tax liabilities	3,836	3,311
Provision	2,172	2,157
Other short-term financial liabilities	318	346
<b>Total liabilities and equity</b>	<b>40,912</b>	<b>40,112</b>

**TRANSACTIONS WITH THE KB DOM GROUP RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CORDIA GROUP FOR THE PERIODS**

Statement of Financial position	As at 30.06.2020
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<i>In thousands of Polish Zloty (TPLN)</i>		
	<b>Gross value</b>	<b>Write down</b>
Investment (shares) in the companies of GK KB Dom	23,821	-23,821
Loans granted	3,443	-3,344
Trade and other receivables	10,166	-10,057
Trade and other payables (current)	178	0

As at 31.12.2019
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<i>In thousands of Polish Zloty (TPLN)</i>		
	<b>Gross value</b>	<b>Write down</b>
Investment (shares) in the companies of GK KB Dom	23,821	-23,821
Loans granted	3,443	-3,344
Trade and other receivables	10,026	-10,026
Trade and other payables (current)	178	0

**Transactions with GK KB DOM included in the consolidated profit or loss statements of the Polnord Group in the periods**

<i>In thousands of Polish Zloty (TPLN)</i>	<b>2020H1</b>
Sales revenue	3
Cost of sale	17
Other expenses	0
Finanse income	0

#### 4. Revenue

For the period ended 30 June	2020H1	2019H1
<i>In thousands of Hungarian Forints (THUF)</i>		
Revenue from sale of real estate	27,664,926	7,190,775
Other revenue	784,267	640,622
<b>Total revenue</b>	<b>28,449,193</b>	<b>7,831,397</b>

Revenue from sales of real estate is recognized at point in time and consists of sale of residential units and related parking lots and storage. Other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot. Revenues from service and rental charges are recognized over time, other fees are recorded at a point in time.

During the financial year 2020, the Group finished four projects in Hungary and started to hand over the apartments to its customers. Revenue was also recognized from delivering apartments on projects finished in the previous period.

In total the Company delivered 792 apartments to its customers during the first half of 2020, of which 439 units were delivered in Hungary and 353 units were delivered in Poland, while during 2019 the relevant results amount to 160 apartments to its customers of which 156 units were delivered in Hungary and 4 units were delivered in Poland.

For the period ended 30 June	2020
<i>In thousands of Hungarian Forints (THUF)</i>	
<b>Opening balance of capitalized variable sales commissions</b>	<b>533,085</b>
Increase	186,185
Amortization	82,501
<b>Closing balance of capitalized variable sales commissions</b>	<b>636,769</b>

Capitalized variable sales commission are presented among other long-term assets and other short-term assets based on the expected delivery date of the related construction project.

Please refer also to note 28 about investment commitments, and contracted sales, and note 30 about the sales breakdown by segment.

#### 5. Cost of sales

For the period ended 30 June	2020H1	2019H1
<i>In thousands of Hungarian Forints (THUF)</i>		
Cost of sales of main activities	24,426,665	3,906,705
Cost of sales of other revenue	191,398	304,174
<b>Total cost of sales</b>	<b>24,618,062</b>	<b>4,210,879</b>

## 6. Administrative expenses

For the period ended 30 June	2020H1	2019H1
<i>In thousands of Hungarian Forints (THUF)</i>		
Personnel expenses and external services	1,371,766	1,381,761
Materials and energy	49,495	28,013
Depreciation	273,057	241,386
Bank fees and other charges	88,675	18,974
<b>Total administrative expenses</b>	<b>1,782,993</b>	<b>1,670,134</b>

Personnel expenses are related to staff of the Hungarian, Polish and the Romanian management companies (Cordia Management Szolgáltató Kft., Cordia Management Poland Sp. Z.o.o., Cordia Development Services Srl. and Polnord S.A. ). This does not include construction and engineering staff costs, which are capitalized as inventory.

Personnel expenses include also the payments to the key management team responsible for development of the residential projects made via participation in the earnings generated by relevant subsidiaries or funds dedicated to particular investments. These expenses are not capitalized to inventories and are disclosed as personnel expenses.

## 7. Other income

For the period ended 30 June	2020H1	2019H1
<i>In thousands of Hungarian Forints (THUF)</i>		
Bargain Gain on Acquisition of Polnord NCI	2,148,227	0
Net gain (loss) on investment property and property, plant and equipment sold	5,873	0
Reversal of provision	185,116	0
Other	234,784	23,034
<b>Total other income</b>	<b>2,574,000</b>	<b>23,034</b>

See detailed calculation of the Bargain Gain on the acquisition of Polnord in note 3 (c).



## 8. Investment properties

Based on IAS40 Investment property is a real estate (land, building or part of a building or both) owned or leased, treated as a source of income from rents or held due for capital appreciation.

The Group acquired investment properties as part of the acquisition of POLNORD. These are land plots hold for capital appreciation.

At the moment of initial recognition, investment properties are measured at the purchase price or production cost, taking into account the costs of the transaction. After the initial recognition of the property, based on the accounting policy choice of the Group it is using the fair value model and measures all investment properties at fair value, except when the entity is unable to reliably and regularly measure the fair value of the investment property.

The valuation of investment properties are usually carried out once a year as at the balance sheet date, primarily on the basis of reports prepared by independent appraisers who have appropriate experience and qualifications in the field of valuation of this type of property. Information presented by experts - assumptions and model adopted for the valuation - are reviewed by the Management Board. This analysis includes a review of changes in fair value from the previous measurement.

Due to the acquisition of Polnord, all the assets (including investment property) were re-evaluated. All owned investment properties have been appraised with the involvement of external appraisers (Ernst & Young sp. Z o.o. Corporate Finance sp. K.). The market values of the properties have been estimated using the comparative approach, the average price adjustment method or the pairwise comparison method.

*In thousands of Hungarian Forints (HUF)*

<b>Opening balance</b>	<b>0</b>
Acquisition	20,894,312
Increases / (decreases)	0
Revaluation of investment property to fair value	0
Translation differences	259,655
<b>Closing balance</b>	<b>21,153,967</b>

## 9. Long-term receivables from third parties

**For the period ended 30 June**

*In thousands of Hungarian Forints (THUF)*

	<b>2020</b>	<b>2019</b>
Claim against the City of Warsaw (Case 10H)	4,460,022	0
Claim against Pol-Aqua S.A. (not paid rent for the office building)	1,872,488	0
Amounts kept in the escrow account in connection with the sale of office buildings	984,108	0
Receivables from long-term deposits (office rental)	99,081	0
Other	25,259	9,486
<b>Total Long-term receivables from third parties</b>	<b>7,440,958</b>	<b>9,486</b>

This balance has increased due to the acquisition of Polnord Group. The balances were recognized on fair value at acquisition date. Claims and receivables are considered recoverable by the Management.

The so called 10H case is Polnord's claim against the Town Hall of Warsaw. On 28 June 2013 Polnord SA' subsidiary tabled a motion with the Mayor of the Capital City of Warsaw, pursuant to Article 98, paragraphs. (1) and (3) of the Real Property Management Act, for undertaking negotiations on determination and payment of indemnities for plots of land, located in the district of Wilanów in the City of Warsaw, with the total area of 10 hectares, allocated for public roads ("the Plots of Land"). On July 29th 2020 the Head of Legionowo County has issued a decision determining a compensation for plots of land comprising an area of 8.4 ha in the sum of PLN 49.5 Million. With respect to the remaining properties, proceedings are still pending in relation to the value of the appraisal.

## 10. Interests in joint-ventures and associates

The investment in its joint-ventures increased (proportionally with the other investor) in 2020 as below. For the period between 10<sup>th</sup> of February to the 9<sup>th</sup> of April Polnord Group was considered an associate from consolidation perspective. See detailed description at note 2.

### Cordia Global 6 development sub-fund

Cordia Global 6 Alap entity consists projects named Marina Life 1 and 2. The entity is jointly controlled with a partner which is another Hungarian legal entity operating in the real estate industry.

*In thousands of Hungarian Forints (HUF)*

<b>Opening</b>	<b>1,177,459</b>
Purchase of investments	70,000
Profit or (Loss) attributable to the Group	(36,562)
<b>Closing carrying amount</b>	<b>1,210,897</b>

### Argo Properties N.V

Cordia Group acquired 20,6% of the shares in Argo Properties N.V. by which it obtained significant influence.

*In thousands of Hungarian Forints (HUF)*

<b>Opening</b>	<b>0</b>
Purchase of investments	12,051,352
Bargain gain on purchase	217,782
Profit or (Loss) attributable to the Group	883,802
<b>Closing carrying amount</b>	<b>13,152,936</b>

### Stacja Kazimierz

The Stacja Kazimierz project is carried out jointly with Grupa Holdingowa Waryński S.A. Throughout Polnord S.A. Cordia Group is holding 50% directly in Stacja Kazimierz I Sp. z o.o., Stacja Kazimierz II Sp. z o.o. and Kazimierz Station III Sp. z o.o. Sp. k.

*In thousands of Hungarian Forints (HUF)*

<b>Opening</b>	<b>0</b>
Purchase of investments	1,369,010
Profit or (Loss) attributable to the Group	8,325
<b>Closing carrying amount</b>	<b>1,377,335</b>

### Fadesa:

Polnord S.A. is holding 49% directly in Fadesa Polnord Polska Sp. z o.o. and 49% indirectly (via Fadesa Polnord Polska Sp. z o.o.) in FPP Powsin Sp. z o.o., Osiedle Innova Sp. z o.o., FPP Osiedle Moderno Sp. z o.o.

*In thousands of Hungarian Forints (HUF)*

<b>Opening</b>	<b>0</b>
Purchase of investments	2,868,454
Profit or (Loss) attributable to the Group	71,415
<b>Closing carrying amount</b>	<b>2,939,868</b>

## 11. Inventory

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<i>Lands and Acquisition costs</i>	66,283,611	43,088,118
<i>Construction and Engineering costs</i>	49,742,167	46,190,554
<i>Planning</i>	2,815,355	2,846,612
<i>Borrowing costs</i>	1,912,123	1,358,735
<i>Other, including capitalized VAT</i>	3,695,961	3,248,666
<b>Work in progress</b>	<b>124,449,217</b>	<b>96,732,685</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<b>Finished goods</b>	<b>18,069,035</b>	<b>4,013,992</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<b>Goods for resale</b>	<b>276,159</b>	<b>146,809</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<b>Advances for delivery of goods</b>	<b>384,416</b>	<b>0</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<b>Rights of perpetual usufruct of land (lease)</b>	<b>4,509,822</b>	<b>2,060,815</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<b>Write-down</b>	<b>0</b>	<b>0</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>Closing balance 30.06.2020</b>	<b>Closing balance 31.12.2019</b>
<b>Total inventories at the lower of cost or net realizable value</b>	<b>147,688,649</b>	<b>102,954,301</b>

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Group performed an inventory review with regard to its valuation to net realizable value based on the valuation report issued by the independent property valuation expert. As a result, during the period ended 30 June 2020, the Group did not make any write-down adjustment. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

For information about future commitments to the general contractor for construction services related to inventory construction, see Note 28.

Inventory is pledged and used to secure bank loans. Please refer to note 11 about the pledging.

## 12. Financial assets and financial liabilities

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

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

The group holds the following financial instruments:

### For the period ended 30 June 2020:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial assets at FV through P/L</b>	<b>Financial assets at amortized cost</b>	<b>Total</b>
<b>Non-current financial assets</b>			
Long-term receivables from related parties	0	1,097	1,097
Loans receivables from third parties	0	7,440,958	7,440,958
Restricted cash	0	131,048	131,048
<b>Current financial assets</b>			
Securities (Other short-term financial assets)	258,608	0	258,608
Restricted Cash	0	6,316,331	6,316,331
Short-term receivables from related parties	0	120,877	120,877
Trade and other receivables	0	1,839,450	1,839,450
Loan receivable	0	5,437,237	5,437,237
Cash and cash equivalents	0	38,291,995	38,291,995
<b>Total financial assets</b>	<b>258,608</b>	<b>59,578,993</b>	<b>59,837,601</b>

The Restricted Cash relating to the payments that were deposited in escrow accounts by the customers purchasing premises in the projects of the Cordia Group.

### For the year ended 31 December 2019:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial assets at FV through P/L</b>	<b>Financial assets at amortized cost</b>	<b>Total</b>
<b>Non-current financial assets</b>			
Long-term receivables from related parties	0	1,010	1,010
Loans receivables from third parties	0	9,486	9,486
Restricted cash	0	2,100,120	2,100,120
<b>Current financial assets</b>			
Securities (Other short-term financial assets)	277,833	0	277,833
Restricted Cash	0	3,062,290	3,062,290
Short-term receivables from related parties	0	846,049	846,049
Trade and other receivables	0	328,946	328,946
Loan receivable	0	342,963	342,963
Cash and cash equivalents	0	51,070,192	51,070,192
<b>Total financial assets</b>	<b>277,833</b>	<b>57,761,056</b>	<b>58,038,889</b>

**For the period ended 30 June 2020**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
<b>Non-current financial liabilities</b>		
Loans and borrowings	23,764,777	23,764,777
Amount withheld for guarantees	1,699,249	1,699,249
Bond	44,383,497	44,383,497
Lease liabilities	6,030,152	6,030,152
<b>Total Non-current financial liabilities</b>	<b>75,877,675</b>	<b>75,877,675</b>
<b>Current financial liabilities</b>		
Trade and other payables	13,822,927	13,822,927
Loans and borrowings	10,039,175	10,039,175
Short-term liabilities to related parties	154,381	154,381
Bond	9,916,192	9,916,192
Lease liabilities	10,236,372	10,236,372
<b>Total Current financial liabilities</b>	<b>44,169,047</b>	<b>44,169,047</b>
<b>Total financial liabilities</b>	<b>120,046,722</b>	<b>120,046,722</b>

**For the year ended 31 December 2019**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
<b>Non-current financial liabilities</b>		
Loans and borrowings	14,108,026	14,108,026
Amount withheld for guarantees	2,393,654	2,393,654
Bond	44,421,137	44,421,137
Lease liabilities	632,638	632,638
<b>Total Non-current financial liabilities</b>	<b>61,555,455</b>	<b>61,555,455</b>
<b>Current financial liabilities</b>		
Trade and other payables	10,314,925	10,314,925
Loans and borrowings	11,506,888	11,506,888
Short-term liabilities to related parties	542,695	542,695
Bond	68,892	68,892
Lease liabilities	2,328,719	2,328,719
<b>Total Current financial liabilities</b>	<b>24,762,119</b>	<b>24,762,119</b>
<b>Total financial liabilities</b>	<b>86,317,574</b>	<b>86,317,574</b>

### 13. Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Trade receivables	0	137,501
Accrued revenue	120,877	603,179
Other receivables	0	106,379
<b>Total closing balance</b>	<b>120,877</b>	<b>847,059</b>
<b>Closing balance includes:</b>		
Current assets	120,877	846,049
Non-current assets	1,097	1,010
<b>Total closing balance</b>	<b>121,974</b>	<b>847,059</b>

As of 30 June 2020 The Group has not provided loan to related parties.

### 14. Loan receivable

The Parent company provided a short term interest free loan facility to Pedrano Construction Kft. and Pedrano Homes Kft. who are the general contractors in numerous Hungarian projects and are considered strategic partners. The provided amount can not exceed the consolidated liability of the Group to Pedrano therefor it is considered fully recoverable and so the Group did not account any impairment. The loan is constantly repaid by the borrower as the liabilities of the subsidiaries are settled.

### 15. Trade and other receivables

The table below presents the breakdown of trade and other receivables:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
<b>Gross trade receivables</b>	533,420	214,966
Decreased by impairment	(4,940)	(4,940)
<b>Net trade receivables</b>	<b>528,480</b>	<b>210,026</b>
Accrued revenue	357,548	66,788
Other receivables	953,422	52,132
<b>Total trade and other receivables</b>	<b>1,839,450</b>	<b>328,946</b>

#### Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The group's impairment and other accounting policies for trade and other receivables are outlined in different notes respectively.

## Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

## 16. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits or other highly liquid short-term financial instrument which are freely available for the Group and customer advances (restricted cash) available for project financing. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits have a duration varying between one day and three months depending on the immediate cash requirements of the Group. As at 30 June 2020 and 31 December 2019, they earn interest at the respective short-term deposit rates.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cash at bank and in hand	20,262,530	28,319,935
Short-term bank deposit	8,901,390	10,000,000
2-month discount treasury bill	0	2,299,968
Restricted cash	9,128,076	10,450,289
<b>Total cash and cash equivalents</b>	<b>38,291,996</b>	<b>51,070,192</b>

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
EUR	3,527,579	2,677,768
PLN	11,193,312	2,810,885
HUF	23,272,313	45,465,384
RON	298,429	115,236
Other	363	919
<b>Total cash and cash equivalents</b>	<b>38,291,996</b>	<b>51,070,192</b>

There is no pledge over cash and cash equivalents.

## 17. Loans and borrowings

The table below presents the movement in loans and borrowings from third parties:

### For the period ended 30 June

*In thousands of Hungarian Forints (HUF)*

**2020**

<b>Opening balance</b>	<b>25,614,914</b>
Acquisitions	0
New bank loan drawdown	20,381,113
Loan repayments	(12,342,855)
Other changing (FX, other)	150,780
<b>Total closing balance</b>	<b>33,803,952</b>

*In thousands of Hungarian Forints (HUF)*

**30.06.2020**

**31.12.2019**

<b>Closing balance includes:</b>		
Current liabilities	10,039,175	11,506,888
Non-current liabilities	23,764,777	14,108,026
<b>Total closing balance</b>	<b>33,803,952</b>	<b>25,614,914</b>

### For the period ended 30 June

*In thousands of Hungarian Forints (HUF)*

**2019**

<b>Opening balance</b>	<b>10,069,298</b>
Acquisitions	0
New bank loan drawdown	4,426,420
Loan repayments	(1,919,735)
Other changing (FX, other)	(50,703)
<b>Total closing balance</b>	<b>12,525,280</b>

*In thousands of Hungarian Forints (HUF)*

**30.06.2020**

**31.12.2019**

HUF	28,606,366	23,425,487
EUR	2,492,936	0
RON	137,162	0
PLN	2,567,488	2,189,427
<b>Total closing balance</b>	<b>33,803,952</b>	<b>25,614,914</b>



**Conditions of significant loans and borrowings:  
As at the period ended 30 June 2020:**

Legal entity	Bank	Loan Type	Maturity	currency	Loan facility	Withdrawn loan amount in THUF	Interest rate base
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.12.21	HUF	4,730,000,000	3,715,604	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.12.21	HUF	100,000,000	59,253	BUBOR 1M+margin
Cordia Global 5 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.11.26	HUF	3,030,000,000	1,577,309	BUBOR 1M+margin
Cordia Global 5 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.11.26	HUF	100,000,000	21,399	BUBOR 1M+margin
Cordia Global 11 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2021.10.26	HUF	5,335,000,000	1,363,465	BUBOR 1M+margin
Cordia Global 11 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2021.10.26	HUF	100,000,000	42,403	BUBOR 1M+margin
Cordia Development 2 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.10.08	HUF	5,620,000,000	4,321,423	BUBOR 1M+margin
Cordia Development 2 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.10.08	HUF	100,000,000	46,345	BUBOR 1M+margin
Cordia Global 10 Ingatlanfejlesztési Részalap	Sberbank Magyarország Zrt.	Construction loan	2022.03.25	HUF	4,610,000,000	2,031,717	BUBOR 1M+margin
Cordia Global 18 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.12.31	HUF	7,260,000,000	4,091,036	BUBOR 1M+margin
Cordia Global 18 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.12.31	HUF	200,000,000	100,644	BUBOR 1M+margin
Cordia Global 17 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2022.04.02	HUF	5,580,000,000	2,906,217	BUBOR 1M+margin
Cordia Global 17 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2022.04.02	HUF	100,000,000	72,513	BUBOR 1M+margin
Cordia Global 9 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	2,700,000,000	1,116,662	BUBOR 1M+margin
Cordia Global 9 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	17753.831	BUBOR 1M+margin
Cordia Global 12 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	7,500,000,000	5,246,968	BUBOR 1M+margin
Cordia Global 12 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	64,529	BUBOR 1M+margin
Cordia Global 27 Ingatlanfejlesztési Részalap	CIB Bank Zrt.	Construction loan	2027.02.03	HUF	3,250,000,000	1,811,385	BUBOR 6M+margin
Projekt Krakow 1	PKO Bank Polski	Construction loan	2021.08.31	PLN	24,800,000	3,612	WIBOR 3M+margin
Projekt Krakow 1	PKO Bank Polski	VAT loan	2021.08.31	PLN	1,000,000	41,632	WIBOR 3M+margin
Projekt Warszawa 1	Santander Bank Polaks SA	Construction loan	2022.06.19	PLN	46,901,525	1,561,496	WIBOR 1M+margin
Projekt Warszawa 1	Santander Bank Polaks SA	VAT loan	2020.12.19	PLN	5,000,000	0	WIBOR 1M+margin
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	PKO Bank Polski	Construction loan	2022.06.30	PLN	61,725,000	857,894	WIBOR 3M+margin
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	PKO Bank Polski	VAT loan	2022.06.30	PLN	3,000,000	102,597	WIBOR 3M+margin
CORDIA PARCULUI RESIDENTIAL PROJECT SRL	OTP Bank	Construction loan	2023.03.31	EUR	15,800,000	2,492,936	EURIBOR 3M+margin
CORDIA PARCULUI RESIDENTIAL PROJECT SRL	OTP Bank	VAT loan	2022.09.30	RON	4,779,800	137,163	RORIBOR 3M+margin
<b>Total of fully consolidated entities</b>						<b>33,803,952</b>	
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.09.30	HUF	5,115,360,000	4,570,322	BUBOR 1M+margin
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.09.30	HUF	200,000,000	12,945	BUBOR 1M+margin
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.09.30	HUF	5,115,360,000	2,197,017	BUBOR 1M+margin
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.09.30	HUF	200,000,000	25,135	BUBOR 1M+margin
<b>Total including JVs and associates</b>						<b>40,609,371</b>	

As at the year ended 31 December 2019:

Legal entity	Bank	Loan Type	Maturity	currency	Loan facility	Withdrawn loan amount in THUF	Interest rate base
Cordia Global 8 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2020.03.30	HUF	5,700,000,000	1,951,339	BUBOR 1M+margin
Cordia Global 8 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2020.03.30	HUF	200,000,000	0	BUBOR 1M+margin
Cordia Global 7 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2020.03.30	HUF	2,000,000,000	1,434,068	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.03.16	HUF	2,600,000,000	1,930,539	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.03.16	HUF	100,000,000	4,160	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.03.16	HUF	4,730,000,000	3,075,112	BUBOR 1M+margin
Cordia Global 3 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.03.16	HUF	100,000,000	48,285	BUBOR 1M+margin
Cordia Global 5 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.11.26	HUF	3,030,000,000	1,022,580	BUBOR 1M+margin
Cordia Global 5 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.11.26	HUF	100,000,000	15,406	BUBOR 1M+margin
Cordia Global 11 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2021.10.26	HUF	5,335,000,000	1,124,130	BUBOR 1M+margin
Cordia Global 11 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2021.10.26	HUF	100,000,000	57,660	BUBOR 1M+margin
Cordia Development 2 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.10.08	HUF	5,620,000,000	4,206,592	BUBOR 1M+margin
Cordia Development 2 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.10.08	HUF	100,000,000	70,506	BUBOR 1M+margin
Cordia Global 10 Ingatlanfejlesztési Részalap	Sberbank Magyarország Zrt.	Construction loan	2022.03.25	HUF	1,300,000,000	885,740	BUBOR 1M+margin
Cordia Global 18 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.12.31	HUF	7,260,000,000	1,856,540	BUBOR 1M+margin
Cordia Global 18 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.12.31	HUF	200,000,000	54,752	BUBOR 1M+margin
Cordia Global 17 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	Construction loan	2022.04.02	HUF	5,580,000,000	1,867,629	BUBOR 1M+margin
Cordia Global 17 Ingatlanfejlesztési Részalap	Takarék Kereskedelmi Bank Zrt.	VAT loan	2022.04.02	HUF	100,000,000	69,316	BUBOR 1M+margin
Cordia Global 9 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	2,700,000,000	475,588	BUBOR 1M+margin
Cordia Global 9 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	778	BUBOR 1M+margin
Cordia Global 12 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	7,500,000,000	3,254,650	BUBOR 1M+margin
Cordia Global 12 Ingatlanfejlesztési Részalap	KERESKEDELMi ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	18,738	BUBOR 1M+margin
Projekt Krakow 1	PKO Bank Polski	Construction loan	2021.08.31	PLN	24,800,000	370,964	WIBOR 3M+margin
Projekt Krakow 1	PKO Bank Polski	VAT loan	2021.08.31	PLN	1,000,000	35,315	WIBOR 3M+margin
Projekt Warszawa 1	Santander Bank Polaks SA	Construction loan	2022.06.19	PLN	46,901,525	1,780,823	WIBOR 1M+margin
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	PKO Bank Polski	Construction loan	2022.06.30	PLN	61,725,000	0	WIBOR 3M+margin
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	PKO Bank Polski	VAT loan	2022.06.30	PLN	3,000,000	0	WIBOR 3M+margin
<b>Total of fully consolidated entities</b>						<b>25,611,210</b>	
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	Construction loan	2021.09.30	HUF	10,230,720,000	3,287,026	BUBOR 1M+margin
Cordia Global 6 Ingatlanfejlesztési Részalap	OTP Bank Nyrt.	VAT loan	2021.09.30	HUF	400,000,000	53,847	BUBOR 1M+margin
<b>Total including JVs and associates</b>						<b>28,952,083</b>	

No bank covenants were breached. The bank loans are secured by real estate property mortgages.

**18. Customer advances received**

The table below presents the project level breakdown of the liability originated from customer advances received.:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cordia Development 1. Development Fund	Corvin Átrium	0	880
Cordia Development 2. Development Fund	Thermal Zugló 3	2,962,964	2,717,965
Cordia Global 1. Development Subfund	Kapás 21	23,210	75,226
Cordia Global 10. Development Subfund	Sasad Hilltop	1,242,562	1,192,212
Cordia Global 11. Development Subfund	Grand Corvin	4,273,805	3,619,833
Cordia Global 12. Development Subfund	Marina Portside	1,826,646	1,583,568
Cordia Global 13. Development Subfund	Universo	2,840,271	2,820,664
Cordia Global 17. Development Subfund	Young City 3	856,820	765,586
Cordia Global 18. Development Subfund	Akadémia Garden	1,706,580	1,372,184
Cordia Global 19. Development Subfund	Grand Corvin 2	6,644,967	6,480,881
Cordia Global 2. Development Subfund	Corvin Átrium 2	39,093	913,816
Cordia Global 3. Development Subfund	Young City	259,924	1,429,614
Cordia Global 3. Development Subfund	Young City 2	2,039,137	2,017,741
Cordia Global 4. Development Subfund	Rózsa55	0	1,326,021
Cordia Global 5. Development Subfund	Grand'Or	1,097,893	968,666
Cordia Global 7. Development Subfund	Marina Garden	2,824,172	7,805,922
Cordia Global 8. Development Subfund	Sasad Resort Hill	988,024	1,204,576
Cordia Global 8. Development Subfund	Sasad Resort Sun	1,158,251	1,193,490
Cordia Global 9. Development Subfund	Centropolitan	829,833	737,951
Cordia FM Társasházkezelő Kft	N/A	52,636	62,747
Cordia Parcului Residential project SRL	Parcului20	1,063,348	675,464
Projekt Krakow 1	Lotniczówka	1,484,561	489,104
Cordia Supernova Sp. z o.o.	Supernova	0	66,804
Projekt Warszawa 1	Zielone Bemowo 1	598	517,817
Projekt Warszawa 1	Zielone Bemowo 2	2,699,336	715,039
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	688,147	44,696
Projekt Kraków 2 Cordia Partner 2 Sp. z o.o. Sp.k.	Jerozolimska	9,102	0
Projekt Kraków 3 Cordia Partner 2 Sp. z o.o. Sp.k.	Bokszerska	11,976	11,639
Polnord Apartamenty Sp. z o.o.	Fotoplastykon II	2,384,400	N/A
Polnord Apartamenty Sp. z o.o.	Fotoplastykon III	1,069,741	N/A
Polnord Apartamenty Sp. z o.o.	Studio Morena	743,458	N/A
Polnord Brama Wilanowska Sp. z o.o.	Wilania	3,415,972	N/A
Polnord Rezydencje Sp. z o.o.	Wiktoria	138,690	N/A
Other	N/A	398,907	0
<b>Total of fully consolidated entities</b>		<b>45,775,024</b>	<b>40,810,106</b>
Cordia Global 6. Development Subfund	Marina Life	1,993,882	1,843,563
Cordia Global 6. Development Subfund	Marina Life 2	1,135,144	982,397
Stacja Kazimierz III Sp. z o.o. SK	Stacja Kazimierz III	247,579	N/A
Fadesa Polnord Polska Sp. z o.o.	Innova Concept	3,682,409	N/A
<b>Total including JVs and associates</b>		<b>52,834,038</b>	<b>43,636,066</b>

## 19. Liabilities to related parties

The table below presents the breakdown of liabilities to the related parties:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Trade payables	60,425	264,349
Loan	0	51,820
Accrued expenses payables	93,956	226,526
Other liabilities	0	0
<b>Total closing balance</b>	<b>154,381</b>	<b>542,695</b>
<b>Closing balance includes:</b>		
Current liabilities	154,381	542,695
Non-current liabilities	0	0
<b>Total closing balance</b>	<b>154,381</b>	<b>542,695</b>

The table below presents the movement in loans and borrowings:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2020H1</b>
<b>Opening balance</b>	<b>51,820</b>
New loan drawdown	0
Loan repayments	51,820
Other changing (revaluation, other correction)	0
<b>Total closing balance</b>	<b>0</b>

At the reporting date The Group did not provide loan to related parties outside of the consolidation group.

## 20. Trade and other payables

The table below presents the breakdown of trade and other payables:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Trade payables	13,455,425	9,955,599
Accrued expenses	271,667	187,217
Other payables	95,835	172,109
<b>Closing balance</b>	<b>13,822,927</b>	<b>10,314,925</b>

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 21. Amount withheld for guarantees

Amounts withheld for guarantees is the contractual amount that the Group withholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Cordia Group's warranty rights. At the end of the warranty period, the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more than 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

## 22. Provision

Most of the provisions are acquired with the acquisition of Polnord group.

### For the period ended 30 June

*In thousands of Hungarian Forints (THUF)*

	2020H1
Provision for severance pays, retirement benefits, holidays and similar	355,666
Provisions for liabilities and litigation	2,917,612
Provision for PWUG (interest and principal)	3,830,833
<b>Total provision</b>	<b>7,104,111</b>

### Provisions for liabilities and litigation

The main item in provisions for liabilities and litigations are for potential income tax payment in the amount of HUF 1,353,700 thousand, a provision for compensation payment for non-rented areas totalling HUF 756,000 thousand, provision for court cases in the amount of HUF 447,100 thousand as well as provision for warranty repairs HUF 292,012 thousand.

## 23. Bonds

The table below presents the movement in bond related liabilities:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>
<b>Opening balance</b>	<b>44,490,029</b>
Increase due to acquisition	10,649,566
Proceeds from bond loans	0
Repayment of bond loans	(816,164)
Effective interest	965,396
Interest payment	(1,049,693)
Other	60,556
<b>Total closing balance</b>	<b>54,299,689</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
<b>Closing balance includes:</b>		
Current liabilities	9,916,192	68,892
Non-current liabilities	44,383,497	44,421,137
<b>Total closing balance</b>	<b>54,299,689</b>	<b>44,490,029</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
HUF	44,455,912	44,490,029
PLN	9,843,777	0
<b>Total closing balance</b>	<b>54,299,689</b>	<b>44,490,029</b>

The Group has carried out a successful bond issue on 5 November 2019 (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 is HUF 44.4 billion.

The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.

Bonds are initially recognised at fair value, net of transaction costs incurred then 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.

**Bond terms and conditions of bond series Cordia 2026/I:**

**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 was made on 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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Consolidated Debt (CD)	88,103,641	70,207,094
Cash and Cash Equivalents (C)	38,291,995	51,070,192
Restricted cash (RC)	1,025,058	271,496
<b>Net Consolidated Debt</b>	<b>48,786,588</b>	<b>18,865,406</b>
Total Assets (TA)	258,662,287	181,570,651
Customer Advances (CA)	45,775,024	40,810,106
Cash and cash equivalents (C)	38,291,995	51,070,192
Restricted cash (RC)	1,025,058	271,496
<b>Total Consolidated Assets net of Cash &amp; Customer Advances</b>	<b>173,570,209</b>	<b>89,418,857</b>
<b>Consolidated Leverage Ratio</b>	<b>28.11%</b>	<b>21.10%</b>

Bond related Issuer Undertakings were fulfilled both at current reporting date and in previous periods as well.

**(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.



*The calculation presented below is based on the IFRS Separate Financial Statements of Cordia International Zrt.*

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Share capital	18,013,760	9,897,492
Share premium	13,461,608	8,690,521
Foreign currency translation reserve	180,395	0
Retained earnings	52,529,441	34,347,479
<b>Issuer Equity</b>	<b>84,185,204</b>	<b>52,935,492</b>
<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Bank Loans	0	0
Bonds (non-current)	44,383,497	44,421,137
Bonds (current)	72,415	68,891
Provision	0	0
<b>Issuer Debt</b>	<b>44,455,912</b>	<b>44,490,028</b>
<b>Cash and Cash Equivalents</b>	<b>7,468,538</b>	<b>16,043,682</b>
<b>Special Restricted Cash</b>	<b>0</b>	<b>0</b>
<b>Issuer Net Debt</b>	<b>36,987,374</b>	<b>28,446,346</b>
<b>Issuer Net Debt to Equity Ratio</b>	<b>0.44</b>	<b>0.54</b>

Bond related Issuer Undertakings were fulfilled both at current reporting date and in previous periods as well.

#### Polnord Bond description:

Due to the acquisition of POLNORD bond liability consist the following items at the reporting date.

As of the reporting date the following bonds are consolidated.

<b>Series</b>	<b>Nominal value</b>	<b>Coupon</b>	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Coupon Payment Date</b>
NS10	18,000 PLN	Wibor 3m + margin	29.09.2017	29.09.2020	quarterly
Series D	30,000 PLN	Wibor 6m + margin	18.12.2015	31.12.2020	semi-annually
Series P**	36,750 PLN	Wibor 3m + margin	07.03.2018	07.03.2021	quarterly
Series MB3	40,000 PLN	Wibor 6m + margin	22.06.2018	22.06.2021	semi-annually

Based on the conditions of bond series MB3 in each reporting period Polnord shall test the ratio of Net debt to Equity. The Ratio shall not exceed 70% on the Check Date.

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

Issuer Equity - mean total equity indicated in Polnord S.A. published Consolidated Financial Report prepared in accordance with IFRS.

Issuer Debt - mean indicated in Polnord S.A. published Consolidated Financial Report balance sheet or off-balance sheet obligation to pay the amount indicated in this report, resulting from a loan or lease agreement, factoring, bonds, granted

surety or guarantee, accession to a debt or takeover liabilities or other financial liabilities resulting from the concluded derivative transaction which is not a security in 1: 1 (one to one) ratio of another transaction concluded by the Issuer or another entity covered by the Report Financial in the ordinary course of business.

Issuer Net Debt - mean Issuer Debt less (i) Cash and Cash Equivalents of the Issuer and (ii) Special Restricted Cash ( up to 50 mln PLN)

As at 30.06.2020 Net Debt to Equity Ratio was equal 4% based POLNORD published consolidated financial statement.

## 24. Shareholders' equity

### Share capital

As at 31 December 2019 the parent company's share capital was 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.

As of 1<sup>st</sup> January 2020 the parent company changed its statutory book keeping currency from EUR to HUF which resulted in translating share capital and share premium to HUF. The effects of this legal change has been presented in the equity movement schedule.

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.

30.06.2020		
Company	Nominal value of shares (THUF)	Ownership percentage
Cordia Holding B.V.	17,653,485	98.00%
Finext Consultants Limited	360,275	2.00%
<b>Total</b>	<b>18,013,760</b>	<b>100.00%</b>

### Other reserves

*In thousands of Hungarian Forints (HUF)*

30.06.2020	
<b>Closing balance</b>	<b>(286,680)</b>

The effect of the acquisitions accounted for using the predecessor method is recorded in other reserves. There was no transaction effecting other reserve in current period.

## 25. Non-controlling interests

Movements in non-controlling interests during the period ended 30 June 2020 are as follows:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2020</b>
<b>Opening balance</b>	<b>208,384</b>
Comprehensive income/(loss) attributable to non-controlling interests	(100,521)
Non-controlling interest arising on acquisition	2,565,514
Redemption of shares owned by non-controlling interest	0
<b>Closing balance</b>	<b>2,673,377</b>

## 26. Net assets attributable to non-controlling investment unit holders

Just as in the previous period, this line represents the investment of the non-controlling investment unit holders in the investment subfund subsidiaries out of which only Finext Funds BP SICAV-SIF had such non-controlling investment unit holders.

Please see below the movements in the balances during the period.

<i>In thousands of Hungarian Forints (HUF)</i>	
<b>Opening</b>	<b>17,514,452</b>
Investment made by non-controlling investment unit holders	0
Change in net assets attributable to non-controlling investment unit holders*	(34,833)
Redemption of investment units of non-controlling investment unit holders	0
Profit distribution to be paid out	0
<b>Closing carrying amount</b>	<b>17,479,619</b>

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance in the statement of financial position among net assets attributable to non-controlling investment unit holders instead of non-controlling interests.

## 27. Fair value estimation of financial assets and liabilities

The solely financial asset that is measured at fair value through profit or loss in the consolidated financial statements is another investment, that is not material in neither reporting period (the fair value of the listed investment is HUF 258,608 thousands at the current period end of 30 June 2020 and was HUF 258,092 thousands at 2019 year-end respectively). All other financial assets and liabilities are measured at amortized cost. Furthermore, there are no non-financial assets or liabilities that are measured at fair value.

The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are loans and receivables either with variable interest rate (e.g. in case of borrowings) or short-term receivables and liabilities, where the time value of money is not material (e.g. in case of related party loans).

The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.

## 28. Commitments and contingencies

### Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cordia Development 2. Development Fund	Thermal Zugló 3	648,316	1,487,768
Cordia Global 3. Development Subfund	Young City 2	0	1,221,385
Cordia Global 5. Development Subfund	Grand'Or	1,082,865	1,203,964
Cordia Global 7. Development Subfund	Marina Garden	0	151,647
Cordia Global 8. Development Subfund	Sasad Resort Hill	0	132,059
Cordia Global 9. Development Subfund	Centropolitan	1,098,853	1,842,943
Cordia Global 10. Development Subfund	Sasad Hilltop	2,077,329	2,680,487
Cordia Global 11. Development Subfund	Grand Corvin	682,124	1,859,910
Cordia Global 12. Development Subfund	Marina Portside	4,076,546	4,985,279
Cordia Global 13. Development Subfund	Universo	5,334,103	2,272,687
Cordia Global 17. Development Subfund	Young City 3	2,252,207	3,207,031
Cordia Global 18. Development Subfund	Akadémia Garden	2,997,750	4,318,705
Projekt Krakow 1	Lotniczówka	75,146	745,263
Projekt Warszawa 1	Zielone Bemowo 2	731,744	2,270,558
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Horyzont Praga	2,518,130	3,413,607
Polnord Brama Wilanowska Sp. z o.o.	Wilania	64,441	N/A
Polnord Rezydencje Sp. z o.o.	Wiktoria	406,033	N/A
Śródmieście Wilanów Sp. z o.o.	Wioletta	1,188,426	N/A
Cordia Parcului Residential project SRL	Parcului20	995,947	2,872,227
<b>Total of fully consolidated entities</b>		<b>26,229,960</b>	<b>34,665,520</b>
Cordia Global 6. Development Subfund	Marina Life	1,338,331	2,262,760
Cordia Global 6. Development Subfund	Marina Life 2	2,481,328	3,572,100
FPP Osiedle Moderno Sp. z o.o.	Innova Concept	1,254,896	N/A
<b>Total including JVs and associates</b>		<b>31,304,514</b>	<b>40,500,380</b>

**Unutilized construction loans:**

The table below presents the list of the construction loan facilities including VAT loan facility, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the bank loans available to the Company:

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Project name</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cordia Development 2. Development Fund	Thermal Zugló 3	53,257	1,442,902
Cordia Global 3. Development Subfund	Young City	0	95,840
Cordia Global 3. Development Subfund	Young City 2	36,860	1,706,603
Cordia Global 5. Development Subfund	Grand'Or	1,211,307	2,092,014
Cordia Global 7. Development Subfund	Marina Garden	0	565,932
Cordia Global 8. Development Subfund	Sasad Resort Sun	0	3,948,661
Cordia Global 9. Development Subfund	Centropolitan	1,715,584	2,373,634
Cordia Global 10. Development Subfund	Sasad Hilltop	2,578,283	414,260
Cordia Global 11. Development Subfund	Grand Corvin	1,445,051	2,673,273
Cordia Global 12. Development Subfund	Marina Portside	2,338,503	4,376,611
Cordia Global 17. Development Subfund	Young City 3	2,701,382	3,743,055
Cordia Global 18. Development Subfund	Akadémia Garden	3,268,320	5,548,708
Cordia Global 27. Development Subfund	Marina City	1,438,615	N/A
Projekt Warszawa 1	Zielone Bemowo 2	1,005,672	1,858,267
Cordia Supernova Sp. Z o.o.	Supernova	1,004,293	1,595,544
Projekt Krakow 1	Lotnicówka	3,742,874	5,022,013
Projekt Warszawa 2	Horyzont Praga	4,413,659	0
Cordia Parcului srl	Parcului20 1	3,139,608	N/A
Cordia Parcului srl	Parcului20 2	214,726	N/A
<b>Total of fully consolidated entities</b>		<b>30,307,995</b>	<b>37,457,317</b>
Cordia Global 6. Development Subfund	Marina Life	732,093	1,974,487
Cordia Global 6. Development Subfund	Marina Life 2	3,093,306	5,315,360
<b>Total including JVs and associates</b>		<b>34,133,393</b>	<b>44,747,164</b>

**Contingent receivables - contracted sales not yet recognized:**

The table below presents amounts to be received from the customers having bought apartments from Cordia and its subsidiary companies and which are based on the value of the sale and purchase agreements signed with the clients until 30 June 2020 after deduction of payments received at reporting date (such payments being presented in the Consolidated Statement of Financial Position as customer advances):

<i>In thousands of Hungarian Forints (HUF)</i>		<b>Contracted sales</b>	<b>Contingent receivables</b>	<b>Contingent receivables</b>
<b>Legal entity</b>	<b>Project name</b>	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>31.12.2019</b>
Cordia Development 1. DF	Corvin Átrium	0	750	0
Cordia Development 2. DF	Thermal Zugló 2	0	0	0
Cordia Development 2. DF	Thermal Zugló 3	8,636,547	5,851,570	4,991,242
Cordia Global 1. DS	Kapás 21	48,141	27,257	264,913
Cordia Global 10. DS	Sasad Hilltop	4,297,946	3,130,657	2,988,948
Cordia Global 11. DS	Grand Corvin	8,088,539	4,023,441	4,356,892
Cordia Global 12. DS	Marina Portside	6,852,230	5,138,070	4,462,496
Cordia Global 17. DS	Young City 3	3,060,941	2,250,936	1,969,152
Cordia Global 2. DS	Corvin Átrium 2	58,251	21,003	419,228
Cordia Global 3. DS	Young City	440,674	198,666	3,100,414
Cordia Global 3. DS	Young City 2	6,974,302	5,057,234	5,110,681
Cordia Global 4. DS	Rózsa55	0	169	522,117
Cordia Global 5. DS	Grand'Or	4,295,238	3,277,203	2,994,436
Cordia Global 7. DS	Marina Garden	4,071,991	1,418,591	2,871,487
Cordia Global 8. DS	Sasad Resort Hill	2,080,494	1,156,763	3,020,974
Cordia Global 8. DS	Sasad Resort Sun	3,084,450	1,997,303	2,881,681
Cordia Global 9. DS	Centropolitan	2,965,906	2,180,492	1,924,279
Cordia Global 13. DS	Universo	3,329,897	631,101	661,536
Cordia Global 18. DS	Akadémia Garden	6,354,959	4,744,420	3,722,851
Cordia Global 19. DS	Grand Corvin 2	6,832,911	522,790	553,112
Cordia Parcului Residential SRL	Parcului20	4,836,762	3,774,317	1,583,573
Projekt Warszawa 1	Zielone Bemowo 1	2,218	1,620	125,218
Projekt Warszawa 1	Zielone Bemowo 2	4,551,703	1,878,684	1,486,543
Cordia Supernova Sp. Z o.o.	Supernova	N/A	N/A	251,560
Projekt Warszawa 2	Horyzont Praga	1,920,845	1,281,130	353,070
Projekt Kraków 1	Lotniczówka	2,082,760	601,279	578,998
Polnord Apartamenty	Fotoplastikon I	50,324	19,557	N/A
Polnord Apartamenty	Fotoplastikon II	3,013,963	641,134	N/A
Polnord Apartamenty	Fotoplastikon III	1,457,099	396,277	N/A
Polnord Apartamenty	Studio Morena	1,258,031	516,597	N/A
Polnord Rezydencje	Wiktoria	864,898	743,361	N/A
Polnord Brama Wilanowska	Wilania	4,483,272	1,087,199	N/A
Śródmieście Wilanów	Wioletta	112,951	112,951	N/A
Other	N/A	199,289	129,844	N/A
<b>Total of fully consolidated entities</b>		<b>96,307,533</b>	<b>52,812,367</b>	<b>51,195,401</b>
Cordia Global 6. DS	Marina Life	7,083,018	5,204,102	4,790,559
Cordia Global 6. DS	Marina Life 2	4,198,472	3,131,529	2,728,569
Stacja Kazimierz III	Stacja Kazimierz III	234,384	5,144	N/A
FPP Osiedle Moderno Sp. z o.o	Innova Concept	5,424,639	2,250,148	N/A
<b>Total including JVs and associates</b>		<b>113,248,046</b>	<b>63,403,291</b>	<b>58,714,529</b>

## 29. Segment report

### Segment information

The Board of Directors is the Group's chief operating decision-maker body. The Group's operating segments are defined as separate entities developing particular residential projects, which for the reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations.

The Board of Directors considers the business from a geographic perspective. Geographically, management considers the performance in Hungary, Poland, Spain and Romania. The segments derive their revenue primarily from the sales of residential properties to individual customers. According to the assessment of the Board of Directors, the operating segments identified have similar economic characteristics.

The Board of Directors monitors the budgeted and forecasted financial results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

### Revenue

Management believe, 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.

#### For the period ended 30 June 2020

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>	<b>Total</b>
Revenue	17,889,577	10,530,494	16,605	12,517	0	<b>28,449,193</b>
Gross Profit	3,704,447	97,561	16,605	12,517	0	<b>3,831,131</b>
Net Profit	19,612,064	(2,497,905)	(244,819)	(188,884)	0	<b>16,680,456</b>

#### For the period ended 30 June 2019

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>	<b>Total</b>
Revenue	7,726,822	104,202	0	0	0	<b>7,831,024</b>
Gross Profit	3,223,079	397,439	0	0	0	<b>3,620,518</b>
Net Profit	2,042,117	(624,050)	(107,639)	(124,669)	(312,882)	<b>872,877</b>

<b>Assets as 30.06.2020</b>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>
<i>In thousands of Hungarian Forints (THUF)</i>				
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	154,417	46,267	2,012	0
Investment properties	0	21,153,967	0	0
Property, plant and equipment	933,120	1,056,391	60,586	574
Long-term receivables from third parties	13,453	7,427,505	0	0
Long-term receivables from related parties	1,097	0	0	0
Investments accounted for using equity method	12,039,184	4,946,004	0	1,695,848
Deferred tax assets	49,986	874,949	0	0
Restricted cash	0	131,048	0	0
Long-term VAT receivables	600,597	0	0	0
Other long-term assets	631,337	13,106	0	0
<b>Total non-current assets</b>	<b>14,423,191</b>	<b>35,649,237</b>	<b>62,598</b>	<b>1,696,422</b>
<b>Current assets</b>				
Inventory	71,411,008	60,583,417	8,344,336	7,349,888
Trade and other receivables	663,305	1,071,167	12,877	92,101
Short-term receivables from related parties	120,877	0	0	0
Other short-term assets	1,212,926	357,403	507,842	0
Income tax receivables	19,404	149,929	0	0
Loan receivables	5,430,000	7,237	0	0
Short-term VAT receivables	1,423,143	2,104,813	444,320	43,144
Restricted cash	5,112,428	1,116,604	87,299	0
Other financial assets	258,608	0	0	0
Cash and cash equivalents	28,307,519	9,480,140	359,628	144,708
<b>Total current assets</b>	<b>113,959,217</b>	<b>74,870,710</b>	<b>9,756,302</b>	<b>7,629,841</b>
<b>Disposal group of assets classified as held for sale</b>				
Assets classified as held for sale	0	614,767	0	0
<b>Total disposal group of assets classified as held for sale</b>	<b>0</b>	<b>614,767</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>128,382,408</b>	<b>111,134,714</b>	<b>9,818,900</b>	<b>9,326,263</b>
Fair value difference on inventories*	18,048,438			
<b>Adjusted Total Assets</b>	<b>146,430,847</b>	<b>111,134,714</b>	<b>9,818,900</b>	<b>9,326,263</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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 30 June 2020. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.



**Liabilities as of 30.06.2020**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>
<b>Liabilities<sup>1</sup></b>				
<b>Non-current liabilities</b>				
Loans and borrowings	18,567,191	2,567,488	2,630,098	0
Bonds	44,383,497	0	0	0
Long-term liabilities to related parties	0	0	0	0
Deferred tax liabilities	0	758,377	471	0
Other provision	0	1,095,504	0	0
Customer advances	11,081,745	0	1,063,348	0
Lease liabilities	347,281	5,665,604	17,267	0
Amounts withheld for guarantees	1,699,249	0	0	0
Other long-term liabilities	72,436	258,877	218,160	0
<b>Total non-current liabilities</b>	<b>76,151,399</b>	<b>10,345,850</b>	<b>3,929,344</b>	<b>0</b>
<b>Current liabilities</b>				
Trade and other payables	8,849,430	3,974,747	910,550	88200
Bonds	72,415	9,843,777	0	0
Short-term liabilities to related parties	154,381	0	0	0
Loans and borrowings	10,039,175	0	0	0
Customer advances	20,889,335	12,740,596	0	0
Lease liabilities	0	10,236,372	0	0
Other tax liabilities	481,045	467,218	11,240	13502
Other provision	61,111	5,940,768	6,728	0
Income tax liabilities	36,667	47,777	0	0
<b>Total current liabilities</b>	<b>40,583,559</b>	<b>43,251,255</b>	<b>928,518</b>	<b>101,702</b>
<b>Total liabilities</b>	<b>116,734,958</b>	<b>53,597,105</b>	<b>4,857,862</b>	<b>101,702</b>

**Assets as 31.12.2019**

*In thousands of Hungarian Forints  
(THUF)*

	Hungary	Poland	Romania	Spain	Other
<b>Assets</b>					
<b>Non-current assets</b>					
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
<b>Total non-current assets</b>	<b>6,629,929</b>	<b>685,425</b>	<b>62,850</b>	<b>0</b>	<b>4</b>
<b>Current assets</b>					
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	1,719,373	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
<b>Total current assets</b>	<b>117,536,761</b>	<b>43,502,521</b>	<b>6,504,968</b>	<b>6,648,193</b>	
<b>Total assets</b>	<b>124,166,690</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>
<b>Fair value difference on inventories*</b>	13,647,348			-	
<b>Adjusted total assets</b>	<b>137,814,038</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Non-current liabilities</b>					
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	27,410,213	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
<b>Total non-current liabilities</b>	<b>86,400,163</b>	<b>3,664,185</b>	<b>797,501</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>					
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	-
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
<b>Total current liabilities</b>	<b>32,760,241</b>	<b>5,525,997</b>	<b>637,377</b>	<b>106,401</b>	<b>137,648</b>
<b>Total liabilities</b>	<b>119,160,404</b>	<b>9,190,182</b>	<b>1,434,878</b>	<b>106,401</b>	<b>137,648</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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.

### 30. Subsequent events

#### Change on the composition of the Board of Directors

Mr Tomasz Lapinski resigned from his position as the member of the Board of Directors of the Company as of 1 August 2020 and Mr Péter Bódis has been appointed by the General Meeting as new member of the Board of Directors as of 1 August 2020 for indefinite period.

Mr Péter Bódis has spent over 20 years in the investment fund management industry. In most of his career, he worked at UniCredit's investment management arm, Pioneer Investments and its preceding companies under Bank Austria. Between 2011 and 2018, he was Chief Investment Officer and Vice President of the Management Board at Pioneer Investments' Polish unit in Warsaw. Prior to that, he spent 8 years at Pioneer Investments' Vienna office, managing investment funds dedicated to Eastern Europe. He started his career in 1997 at Creditanstalt Securities' asset management department in Budapest. Mr Bódis earned his master's degree in Finance from the Budapest University of Economic Sciences in 1998, holds the Chartered Financial Analyst title and speaks 5 languages (English, German, Polish, Russian, Hungarian).

#### Bond issuance

The Group has successfully issued a new bond series named "CORDIA2030/I HUF" on the 27 July 2020. The issue consisted of 720 Bonds. Each Bond have been issued in Hungarian forint and with a face value of HUF 50,000,000 (fifty million Hungarian forint). Total Face Value of the Bonds issued is HUF 36,000,000,000 (i.e. thirty-six billion Hungarian forint). The term of the Bonds is a ten-year period commencing on the Issue Date and ending on 27 July 2030. Each Bond bears a coupon of 3.00 % per annum, with semi-annual coupon.

The Budapest stock exchange registered the bonds on its platform on the 16th of October.

#### Bond redemption

In September, 2020, in line with the maturity date, the Company redeemed series NS10 bonds in the amount of PLN 18 mln. In September, 2020, in line with the maturity date, the Company redeemed part of the series D bonds in the amount of PLN 7.5 mln.

#### Argo ownership percentage change

Argon decided on increasing its equity based on shareholder's resolution. Cordia Group has not paid its proportionate share therefore its interest decreased from 20.6% to 18%. The Group still considers to have significant influence in Argo.

#### Acquisition in UK

Cordia International Zrt., as a latest milestone of its international expansion strategy, has acquired UK developer Blackswan. Cordia financed the transaction by using funds collected from the bond issuance under National Bank of Hungary's Bond Funding for Growth Scheme. The acquisition allows Blackswan to deliver a GBP 550 million project pipeline across the West Midlands.

#### Acquisition of Finext Global 1 real estate sub-fund

The group acquired Finext Global 1 real estate sub-fund (FG1) from a sister company. The transaction was at market price. Majority of its assets are investment properties from which rental revenue is generated. The Fair Value of investment properties owned by the subsidiary at acquisition date is around EUR 10 million.

### Completion of projects

The Company's subsidiary involved in development of the residential project Lotniczówka in Kraków obtained the valid permit for occupancy of this project (comprising 70 apartments) in July and commenced delivery of the finished apartments to its customers.

The Company's subsidiary involved in development of the residential project Thermal Zugló III in Budapest obtained the valid permit for occupancy of this project (comprising 202 apartments) in August and commenced delivery of the finished apartments to its customers.

The Company's subsidiary involved in development of the residential project Zielone Bemowo II in Warsaw obtained the valid permit for occupancy of this project (comprising 200 apartments) in September and commenced delivery of the finished apartments to its customers.

### The Management Board



Tibor Földi  
Chief Executive Officer



Péter Bódis  
Chief Financial Officer



Pál Darida

Budapest, 9<sup>th</sup> November 2020



# **CORDIA**

## **INTERNATIONAL ZRT.**

CONDENSED INTERIM SEPARATE  
FINANCIAL INFORMATION FOR THE PERIOD ENDED  
**30 JUNE 2020**



## **Report on review of the condensed interim separate financial information**

**To the shareholders of Cordia International Zrt.**

### **Introduction**

We have reviewed the accompanying condensed interim separate financial information of Cordia International Zrt. ("the Company") which comprise the condensed interim separate statement of financial position as at 30 June 2020, the related condensed interim separate statement of profit or loss and other comprehensive income, the condensed interim separate statement of changes in equity, the condensed interim statement of cash flows for the six-month period then ended and the summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of the condensed interim separate financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express a conclusion on this condensed interim separate financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim separate financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Budapest, 9 November 2020

A handwritten signature in blue ink, appearing to read 'László Radványi'.

László Radványi  
Partner  
PricewaterhouseCoopers Könyvvizsgáló Kft.

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**Condensed Interim Separate Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>2020H1</b>	<b>2019H1</b>
Interest income		526,308	364,149
Other investment income		0	22,273,226
<b>Total investment income</b>		<b>526,308</b>	<b>22,637,375</b>
Administrative and other expenses		138,815	2,989
Interest expense		708,379	26,106
<b>Total operating expenses</b>		<b>847,194</b>	<b>29,095</b>
Foreign exchange gain	9	1,403,251	101,524
Foreign exchange loss		34,518	63,126
<b>Foreign exchange - net</b>		<b>1,368,733</b>	<b>38,398</b>
Share of net profit of investments accounted for using the equity method	6	18,022,854	274,249
<b>Profit/(loss) before taxation</b>		<b>19,070,700</b>	<b>22,920,928</b>
Income tax expense		2,514	49,185
<b>Profit/(loss) for the year</b>		<b>19,068,186</b>	<b>22,871,743</b>
Currency Translation Adjustment (CTA)		180,395	(4,338)
<b>Total comprehensive income for the year, net of tax</b>		<b>19,248,582</b>	<b>22,867,405</b>

*The notes on pages 7 to 27 are an integral part of these separate financial statements*

**Condensed Interim Separate Statement of Financial Position**

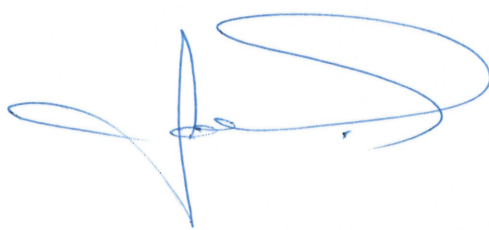
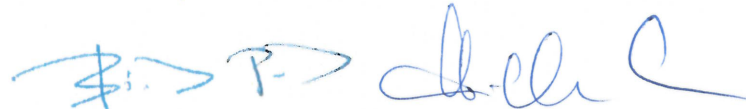
<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		5,135	4,862
Long-term receivables - related parties	5(a)	37,220,221	24,891,477
Investment in subsidiaries	7	64,069,910	28,215,560
<b>Total non-current assets</b>		<b>101,295,266</b>	<b>53,111,899</b>
<b>Current assets</b>			
Short-term receivables - related parties	5(a)	14,783,182	18,732,580
Other current assets	5(d)	2,786	10,476,515
Other short-term financial assets		591	0
Loan receivables	5(f)	5,430,000	342,963
Income tax receivable		1,032	1,032
Cash and cash equivalents	5(c)	7,468,538	16,043,682
<b>Total current assets</b>		<b>27,686,129</b>	<b>45,596,772</b>
<b>Total</b>		<b>128,981,395</b>	<b>98,708,671</b>

*The notes on pages 7 to 27 are an integral part of these separate financial statements*

CORDIA International Zrt  
Condensed Interim Separate Financial Information for the period ended 30 June 2020

<i>In thousands of Hungarian Forints (THUF)</i>	<i>Note</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital	8	18,013,760	9,897,492
Share premium	8	13,461,608	8,690,521
Foreign currency translation reserve		180,395	0
Retained earnings		52,529,441	34,347,479
<b>Total equity</b>		<b>84,185,204</b>	<b>52,935,492</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Related party liabilities	5(b)	241,682	1,125,055
Bonds	5(e)	44,383,497	44,421,137
<b>Total non-current liabilities</b>		<b>44,625,179</b>	<b>45,546,192</b>
<b>Current liabilities</b>			
Trade and other payables (current)		24,699	46,876
Bonds	5(e)	72,415	68,891
Related party liabilities	5(b)	50,793	79,876
Other tax liabilities		3,851	612
Income tax liabilities		19,254	30,732
<b>Total current liabilities</b>		<b>171,012</b>	<b>226,987</b>
<b>Total liabilities</b>		<b>44,796,191</b>	<b>45,773,179</b>
<b>Total equity and liabilities</b>		<b>128,981,395</b>	<b>98,708,671</b>

*The notes on pages 7 to 27 are an integral part of these separate financial statements*

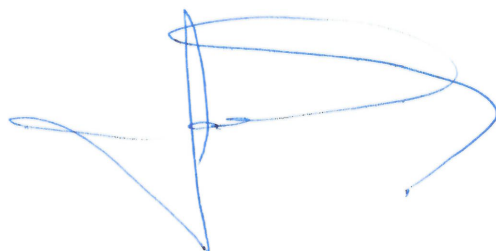



## Condensed Interim Separate Statement of Changes in Equity

For the period ended 30 June 2020

<i>In thousands of Hungarian Forints (THUF)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign currency translation reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Balance at 01 January 2019</b>	<b>9,252,912</b>	<b>592,166</b>	<b>0</b>	<b>7,602,893</b>	<b>17,447,971</b>
Proceeds from capital increase	<b>644,580</b>	<b>8,098,355</b>	<b>0</b>	<b>0</b>	<b>8,742,935</b>
Profit for the period	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,867,405</b>	<b>22,867,405</b>
Dividend to non-controlling shareholders of subsidiaries	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 30 June 2019</b>	<b>9,897,492</b>	<b>8,690,521</b>	<b>0</b>	<b>30,470,298</b>	<b>49,058,311</b>
<b>Balance as at 1 January 2020</b>	<b>9,897,492</b>	<b>8,690,521</b>	<b>0</b>	<b>34,347,479</b>	<b>52,935,492</b>
Proceeds from capital increase	<b>7,431,040</b>	<b>4,570,090</b>	<b>0</b>	<b>0</b>	<b>12,001,130</b>
Reclass due to legal changes	<b>685,228</b>	<b>200,997</b>	<b>0</b>	<b>(886,225)</b>	<b>0</b>
Total comprehensive income for the period	<b>0</b>	<b>0</b>	<b>180,395</b>	<b>19,068,186</b>	<b>19,248,582</b>
<b>Balance at 30 June 2020</b>	<b>18,013,760</b>	<b>13,461,608</b>	<b>180,395</b>	<b>52,529,441</b>	<b>84,185,204</b>

The notes on pages 7 to 27 are an integral part of these separate financial statements






CORIDIA International Zrt  
Condensed Interim Separate Financial Information for the period ended 30 June 2020

**Condensed Interim Statement of Cash Flows**

	2020H1	2019H1
<b>Profit before tax</b>	<b>19,070,700</b>	<b>22,920,928</b>
<b>Adjustments to reconcile profit for the period to net cash used in operating activities:</b>		
Net interest income	182,071	(338,043)
Other non-cash movement	(527,054)	(8,872)
Share of profit in equity method investments	(18,022,854)	(274,249)
Other investment income	0	(22,273,226)
Decrease/(increase) in trade and other receivables	797	268,057
(Decrease)/increase in liabilities from related parties	(912,455)	2,340,217
Decrease/(increase) in short-term financial assets	(591)	0
Increase in trade and other payables	(18,938)	(10,211)
Increase/(decrease) of related party receivables	(7,827,160)	(8,031,239)
Increase in loan receivables	(5,087,037)	0
Interest paid	(708,379)	(26,106)
Interest received	(25,878)	125,588
Income tax paid	(13,992)	(24,738)
<b>Net cash from/(used in) operating activities</b>	<b>(13,890,769)</b>	<b>(5,331,895)</b>
Consideration paid for investment in subsidiaries	(7,649,285)	(22,665,643)
Consideration received from sale or redemption of investments	0	3,298
Acquisitions of tangible and intangible assets	(273)	294
Dividend received	964,053	24,194,422
<b>Net cash from/(used in) investing activities</b>	<b>(6,685,504)</b>	<b>1,532,371</b>
Capital increase	12,001,130	8,742,935
Dividend paid	0	0
Proceeds from bonds issue	0	0
<b>Net cash from financing activities</b>	<b>12,001,130</b>	<b>8,742,935</b>
<b>Net change in cash and cash equivalents</b>	<b>(8,575,144)</b>	<b>4,943,411</b>
Cash and cash equivalents at beginning of the year	16,043,682	1,175,031
<b>Cash and cash equivalents at end of the year</b>	<b>7,468,538</b>	<b>6,118,442</b>

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

*The notes on pages 7 to 27 are an integral part of these separate financial statements*

## Summary of significant accounting policies and other explanatory notes

### 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.

As of 30 June 2020 the Company had the following owners:

- Cordia Holding B.V. - 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, Cyprus)

The ultimate controlling parties have not been changed during 2020. 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. The ultimate consolidating entity is FR Group B.V.

A list of the companies from which the financial data are included in this condensed interim separate financial information and the extent of ownership and control are presented in Note 2.

Cordia International Zrt. also prepares IFRS consolidated financial statements<sup>1</sup>. Accounting policies applied in these financial statements are in line with the accounting policies used for preparation of IFRS consolidated financial statements.

Preparation of the condensed interim separate financial information ('financial statements') is not mandatory for the Company. These financial statements are prepared on a voluntary basis to provide useful information for bond holders.

The auditor of Cordia International Zrt. is PWC Könyvvizsgáló Kft. and the signing partner is László Radványi.

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<sup>1</sup> 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 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/Country of incorporation	Ownership interest held by the Company (direct interest)	
		30.06.2020	31.12.2019
Cordia Lands Investment Ltd.	Nicosia, Cyprus	94.95%	95%
Cordia New Times Ingatlanfejlesztő Kft.	Hungary, Budapest	70%	70%
Cordia Spain Holding Kft	Hungary, Budapest	100%	100%
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%	100%
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	95%	95%
Cordia Románia Holding A	Hungary, Budapest	100%	100%
Cordia Iberia Holding, S.L.	Spain	100%	100%
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	N/A	100%
Cordia Real Estate Funds Luxembourg SICAV-RAIF	Luxemburg	100%	N/A
CDS-CORDIA DEVELOPMENT SERVICES SRL	Romania	5%	5%
Cordia Europe Holding Kft.	Hungary, Budapest	0.03%	0.03%
Polnord S.A.	Poland	92.92%	n.a.
European Residential Investments	Hungary	100%	n.a.
SC Cordia Parcului Residential Srl.	Romania	n.a.	n.a.

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

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

### **3. Basis of preparation and measurement**

#### **a. Basis of preparation and statement of compliance**

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

The financial statements have been prepared on a going concern basis, 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.

The financial statements were authorized by the Boards of Directors of Cordia International on 9<sup>th</sup> November 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.

This condensed interim separate financial information for the half-year reporting period ended 30 June 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Cordia International Zrt. during the interim reporting period.

Seasonality of operations has no significant impact on the condensed interim separate financial information.

#### **b. New and amended standards**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The above amendments and improvements to IFRSs do not impact the annual separate financial or the condensed interim separate financial information of the Cordia International Zrt.



#### 4. 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).

#### 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

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Receivables from related parties	5(a)	52,003,403	43,624,057
Other financial assets	5(d)	591	0
Loan receivables	5(f)	5,430,000	342,963
Cash and cash equivalents	5(c)	7,468,538	16,043,682
<b>Total financial assets</b>		<b>64,902,532</b>	<b>60,010,702</b>

##### Financial liabilities at amortized costs

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Trade and other payables		24,699	46,875
Bonds	5(e)	41,572,719	41,610,359
Liabilities to related parties	5(b)	292,475	1,204,931
<b>Total long term financial assets</b>		<b>41,889,893</b>	<b>42,862,165</b>

## 5(a) Receivables 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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Loan receivables	50,348,926	42,369,528
Accrued interest receivables	1,529,262	992,663
Other receivables	125,215	261,866
<b>Total receivables from related parties</b>	<b>52,003,403</b>	<b>43,624,057</b>

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>01-01-2020; 30-06-2020</b>	<b>01-01-2020; 31-12-2020</b>
Opening balance	42,369,528	17,432,888
Loans granted	16,774,533	99,740,578
Loans repaid	(9,635,189)	(75,839,063)
Revaluation (FX difference)	840,054	1,035,125
<b>Closing balance</b>	<b>50,348,926</b>	<b>42,369,528</b>

All loans are provided to subsidiary companies of the group 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 activities include acting as a financial intermediary for its subsidiaries, cash flows related to these related party loan receivables are presented within cash flows from operating activities.

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

### As at 30.06.2020

<b>Loan currency</b>	<b>Balance in thHUF</b>	<b>Interest rate</b>
HUF	12,979,623	Interest free
EUR	12,379,793	Interest free
EUR	8,427,370	EURIBOR + margin
PLN	16,562,140	WIBOR + margin

### As at 31.12.2019

<b>Loan currency</b>	<b>Balance in thHUF</b>	<b>Interest rate</b>
HUF	5,781,077	Interest free
EUR	8,350,459	Interest free
EUR	7,157,741	EURIBOR + margin
PLN	21,080,251	WIBOR + margin

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

As at 30.06.2020

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Subsidiary	50,348,926

As at 31.12.2019

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

## 5 (b) Liabilities to related parties

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

<i>In thousands of Hungarian Forints (HUF)</i>	<i>Notes</i>	<b>30-06-2020</b>	<b>31-12-2019</b>
Loans and borrowings	(i)	241,682	1,166,083
Accrued expenses payable		50,793	38,848
<b>Total Liabilities to related parties</b>		<b>292,475</b>	<b>1,204,931</b>

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 intermediary for its subsidiaries, cash flows related to these related party loan liabilities are presented within cash flows from operating activities.

The following table shows the conditions of the borrowings:

As at 30.06.2020

Loan currency	Balance in thHUF	Interest rate
PLN	241,682	WIBOR + margin

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

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>01-01-2020; 30-06-2020</b>	<b>01-01-2019; 31-12-2019</b>
Opening balance	1,166,083	3,529,192
Loans granted	185,395	23,778,594
Loans repaid	(998,694)	(26,223,635)
Revaluation (FX difference)	(111,102)	81,932
<b>Closing balance</b>	<b>241,682</b>	<b>1,166,083</b>

#### 5 (c) Cash and Cash equivalents

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cash at hand	0	109
Cash at banks	7,468,538	3,743,605
2-month discount treasury bill	0	2,299,968
Bank deposit	0	10,000,000
<b>Total cash and cash equivalents</b>	<b>7,468,538</b>	<b>16,043,682</b>

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
EUR	800,986	21,792
PLN	1,736,093	171,383
HUF	4,931,459	15,850,507
<b>Total cash and cash equivalents</b>	<b>7,468,538</b>	<b>16 043 682</b>

#### 5 (d) Other current assets

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Advance paid for acquisition of subsidiary	0	10,472,963
Other	3,377	3,552
<b>Total short-term financial assets</b>	<b>3,377</b>	<b>10,476,515</b>

## 5 (e) Bonds

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2020</b>
<b>Opening balance</b>	<b>44,490,028</b>
Interest Accrued	1,058,739
Amortization of adjustments and premium	(217,664)
Interest paid	(875,191)
<b>Closing balance</b>	<b>44,455,912</b>

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.

Bonds are initially recognised at fair value net of transaction costs incurred and increased by premium received. 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 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 was made on 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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Consolidated Debt (CD)	88,103,641	70,207,094
Cash and Cash Equivalents (C)	38,291,995	51,070,192
Restricted cash (RC)	1,025,058	271,496
<b>Net Consolidated Debt</b>	<b>48,786,588</b>	<b>18,865,406</b>
 Total Assets (TA)	 258,662,287	 181,570,651
Customer Advances (CA)	45,775,024	40,810,106
Cash and cash equivalents (C)	38,291,995	51,070,192
Restricted cash (RC)	1,025,058	271,496
<b>Total Consolidated Assets net of Cash &amp; Customer Advances</b>	<b>173,570,209</b>	<b>89,418,857</b>
<b>Consolidated Leverage Ratio</b>	<b>28.11%</b>	<b>21.10%</b>

Bond related Issuer Undertakings were fulfilled both at current reporting date and in previous periods as well.

**(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.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Share capital	18,013,760	9,897,492
Share premium	13,461,608	8,690,521
Foreign currency translation reserve	180,395	0
Retained earnings	52,529,441	34,347,479
<b>Issuer Equity</b>	<b>84,185,204</b>	<b>52,935,492</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
Bank Loans	0	0
Bonds (non-current)	44,383,497	44,421,137
Bonds (current)	72,415	68,891
Provision	0	0
<b>Issuer Debt</b>	<b>44,455,912</b>	<b>44,490,028</b>
Cash and Cash Equivalents	7,468,538	16,043,682
Special Restricted Cash	0	0
<b>Issuer Net Debt</b>	<b>36,987,374</b>	<b>28,446,346</b>

<b>Issuer Net Debt to Equity Ratio</b>	<b>0.44</b>	<b>0.54</b>
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**Bond related Issuer Undertakings were fulfilled both at current reporting date and in previous periods as well.**

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
HUF	44,455,912	44,490,028
<b>Total bonds</b>	<b>44,455,912</b>	<b>44,490,028</b>

## 5 (f) Loan receivables

The Company provided a short-term interest free loan facility to Pedrano Construction Kft. and Pedrano Homes Kft. who are the general contractors in numerous Hungarian projects and are considered strategic partners. The provided amount can not exceed the consolidated liability of the Group to Pedrano therefore it is considered fully recoverable and so the Group did not account any impairment. The loan is constantly repaid by the borrower as the liabilities of the subsidiaries are settled. The provided loan facilities are on demand with 15 days notice.

<i>In thousands of Hungarian Forints (HUF)</i>	<b>2020</b>	<b>2019</b>
<b>Opening balance</b>	<b>342 963</b>	<b>0</b>
Loans granted	6,272,037	1,300,000
Loans repaid	(1,185,000)	(1,000,000)
Revaluation (FX difference)	0	42,963
<b>Closing balance</b>	<b>5,430,000</b>	<b>342,963</b>

<i>In thousands of Hungarian Forints (HUF)</i>	<b>30.06.2020</b>	<b>31.12.2019</b>
HUF	5,430,000	342,963
<b>Total loan receivables</b>	<b>5,430,000</b>	<b>342,963</b>

## 6. Significant acquisition

### Polnord S.A:

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 share-purchase agreement executed in December 2019, the Company purchased 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) newly issued T-Series 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.

On February 10th 2020 as a result of the registration of the share capital increase Cordia International Zrt. has completed the acquisition of 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) T-Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights. Cordia purchased 373,309 number of shares of POLNORD from the market which represents 0.39% of total shares by which reached a 65,66% ownership.

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).



<i>In thousands of Hungarian Forints (THUF)</i>	<i>10th February 2020</i>
Fair Value of Polnord consolidated Net Asset	35,922,586
Cordia Ownership	65.66%
Proportionate share from Polnord Net Asset	23,586,770
Consideration paid in cash	10,560,242
<b>Bargain Gain</b>	<b>13,026,528</b>

<i>In thousands of Hungarian Forints (THUF)</i>	<i>9th April 2020</i>
Fair Value of Polnord consolidated NetAsset	35,847,146
Cost of purchasing shares from public call (consideration transferred)	7,528,145
Remaining Non-Controlling Interest (7,08%)	2,537,978
Fair Value of previously held interest	23,537,236
Interim profit/(loss)	(141,350)
Other	95,560
<b>Bargain Gain</b>	<b>2,289,577</b>

The abovementioned bargain gains appear on 'Share of net profit of investments accounted for using the equity method' PnL line.

Besides the bargain gains the Company recognized HUF 2,706,749 million as a share of profit from its investments using the equity method.

## 7. Investments 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.

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

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Amount</b>
<b>As at 31-12-2019</b>	<b>28,215,560</b>
New purchases (cash paid)	7,649,284
New purchases (use of advance payment)	10,472,932
Share of net profit of investments accounted for using the equity method	18,022,854
Dividend	(964,053)
Other	673,333
<b>As at 30-06-2020</b>	<b>64,069,910</b>

## 8. Equity

### 7(a) Share capital

As at 31 December 2019 the parent company's share capital was 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.

As of 1<sup>st</sup> January 2020 the parent company changed its statutory book keeping currency from EUR to HUF which resulted in translating share capital and share premium to HUF. The effects of this legal change has been presented below as 'Reclass due to legal changes'.

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.

#### (i) Movement in ordinary shares

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Number of shares (thousand)</b>	<b>Par value</b>	<b>Share premium</b>	<b>Total</b>
<b>Closing balance 31-12-2019</b>	<b>32,000</b>	<b>9,897,492</b>	<b>8,690,521</b>	<b>18,588,013</b>
Proceeds from capital increase	7,430	7,431,040	4,570,090	12,001,130
Reclass due to legal changes	0	685,228	200,997	886,225
<b>Closing balance 30-06-2020</b>	<b>39,430</b>	<b>18,013,760</b>	<b>13,461,608</b>	<b>31,475,368</b>

30.06.2020

<b>Company</b>	<b>Nominal value of shares (THUF)</b>	<b>Ownership percentage</b>
Cordia Holding B.V.	17,653,485	98.00%
Finext Consultants Limited	360,275	2.00%
<b>Total</b>	<b>18,013,760</b>	<b>100.00%</b>

## 9. Foreign exchange gain/(loss)

<i>In thousands of Hungarian Forints (THUF)</i>	<b>2020H1</b>	<b>2019H1</b>
Foreign exchange gain	1,403,251	101,524
Foreign exchange loss	34,518	63,126
<b>Foreign exchange - net</b>	<b>1,368,733</b>	<b>38,398</b>

During the first half of 2020 the company incurred a net foreign exchange gain of THUF 1,403,251 (2019H1: THUF 101,524). 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 2020. Since the Company has significantly more EUR and PLN denominated asset, than liabilities, weak HUF caused a significant foreign exchange gain as at 30 June 2020. HUF/EUR and HUF/PLN exchange rates have changed significant in 2020, this caused a significantly higher net foreign exchange gain than in the comparative period.

## 10. Related parties

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

### Transactions with key management personnel

There was no transaction with key management personnel. Key management services are provided by a subsidiary (Cordia Management Kft.). 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.

## 11. Fair value estimation of financial assets and liabilities

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

The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as 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).

## 12. Segment report

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 Company'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 separately reportable segments the Company's separate IFRS financial statements.

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 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.

#### For the period ended 30 June 2020

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>	<b>Total</b>
Revenue	17,889,577	10,530,494	16,605	12,517	0	<b>28,449,193</b>
Gross Profit	3,704,447	97,561	16,605	12,517	0	<b>3,831,131</b>
Net Profit	19,612,064	(2,497,905)	(244,819)	(188,884)	0	<b>16,680,456</b>

#### For the period ended 30 June 2019

<i>In thousands of Hungarian Forints (HUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>	<b>Total</b>
Revenue	7,726,822	104,202	0	0	0	<b>7,831,024</b>
Gross Profit	3,223,079	397,439	0	0	0	<b>3,620,518</b>
Net Profit	2,042,117	(624,050)	(107,639)	(124,669)	(312,882)	<b>872,877</b>

**Assets as 30.06.2020**

	Hungary	Poland	Romania	Spain
<i>In thousands of Hungarian Forints (THUF)</i>				
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	154,417	46,267	2,012	0
Investment properties	0	21,153,967	0	0
Property, plant and equipment	933,120	1,056,391	60,586	574
Long-term receivables from third parties	13,453	7,427,505	0	0
Long-term receivables from related parties	1,097	0	0	0
Investments accounted for using equity method	12,039,184	4,946,004	0	1,695,848
Deferred tax assets	49,986	874,949	0	0
Restricted cash	0	131,048	0	0
Long-term VAT receivables	600,597	0	0	0
Other long-term assets	631,337	13,106	0	0
<b>Total non-current assets</b>	<b>14,423,191</b>	<b>35,649,237</b>	<b>62,598</b>	<b>1,696,422</b>
<b>Current assets</b>				
Inventory	71,411,008	60,583,417	8,344,336	7,349,888
Trade and other receivables	663,305	1,071,167	12,877	92,101
Short-term receivables from related parties	120,877	0	0	0
Other short-term assets	1,212,926	357,403	507,842	0
Income tax receivables	19,404	149,929	0	0
Loan receivables	5,430,000	7,237	0	0
Short-term VAT receivables	1,423,143	2,104,813	444,320	43,144
Restricted cash	5,112,428	1,116,604	87,299	0
Other financial assets	258,608	0	0	0
Cash and cash equivalents	28,307,519	9,480,140	359,628	144,708
<b>Total current assets</b>	<b>113,959,217</b>	<b>74,870,710</b>	<b>9,756,302</b>	<b>7,629,841</b>
<b>Disposal group of assets classified as held for sale</b>				
Assets classified as held for sale	0	614,767	0	0
<b>Total disposal group of assets classified as held for sale</b>	<b>0</b>	<b>614,767</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>128,382,408</b>	<b>111,134,714</b>	<b>9,818,900</b>	<b>9,326,263</b>
Fair value difference on inventories*	18,048,438			
<b>Adjusted Total Assets</b>	<b>146,430,847</b>	<b>111,134,714</b>	<b>9,818,900</b>	<b>9,326,263</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue inventories to fair value at the end of each period in the statutory financial statements. This figure represents the revaluation difference calculated based on local GAAP for these entities as of 30 June 2020. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.

**Liabilities as of 30.06.2020**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>
<b>Liabilities<sup>1</sup></b>				
<b>Non-current liabilities</b>				
Loans and borrowings	18,567,191	2,567,488	2,630,098	0
Bonds	44,383,497	0	0	0
Long-term liabilities to related parties	0	0	0	0
Deferred tax liabilities	0	758,377	471	0
Other provision	0	1,095,504	0	0
Customer advances	11,081,745	0	1,063,348	0
Lease liabilities	347,281	5,665,604	17,267	0
Amounts withheld for guarantees	1,699,249	0	0	0
Other long-term liabilities	72,436	258,877	218,160	0
<b>Total non-current liabilities</b>	<b>76,151,399</b>	<b>10,345,850</b>	<b>3,929,344</b>	<b>0</b>
<b>Current liabilities</b>				
Trade and other payables	8,849,430	3,974,747	910,550	88,200
Bonds	72,415	9,843,777	0	0
Short-term liabilities to related parties	154,381	0	0	0
Loans and borrowings	10,039,175	0	0	0
Customer advances	20,889,335	12,740,596	0	0
Lease liabilities	0	10,236,372	0	0
Other tax liabilities	481,045	467,218	11,240	13,502
Other provision	61,111	5,940,768	6,728	0
Income tax liabilities	36,667	47,777	0	0
<b>Total current liabilities</b>	<b>40,583,559</b>	<b>43,251,255</b>	<b>928,518</b>	<b>101,702</b>
<b>Total liabilities</b>	<b>116,734,958</b>	<b>53,597,105</b>	<b>4,857,862</b>	<b>101,702</b>

**Assets as 31.12.2019**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Assets</b>					
<b>Non-current assets</b>					
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
<b>Total non-current assets</b>	<b>6,629,929</b>	<b>685,425</b>	<b>62,850</b>	<b>0</b>	<b>4</b>
<b>Current assets</b>					
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	171,937	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
<b>Total current assets</b>	<b>117,536,761</b>	<b>43,502,521</b>	<b>6,504,968</b>	<b>6,648,193</b>	<b>0</b>
<b>Total assets</b>	<b>124,166,690</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>
<b>Fair value difference on inventories*</b>	13,647,348				
<b>Adjusted total assets</b>	<b>137,814,038</b>	<b>44,187,946</b>	<b>6,567,818</b>	<b>6,648,193</b>	<b>4</b>

\* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revalue 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**

<i>In thousands of Hungarian Forints (THUF)</i>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Spain</b>	<b>Other</b>
<b>Non-current liabilities</b>					
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
<b>Total non-current liabilities</b>	<b>86,704,455</b>	<b>3,664,185</b>	<b>797,501</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>					
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
<b>Total current liabilities</b>	<b>32,760,241</b>	<b>5,525,997</b>	<b>637,377</b>	<b>106,401</b>	<b>137,648</b>
<b>Total liabilities</b>	<b>119,190,182</b>	<b>9,188,978</b>	<b>1,434,878</b>	<b>106,401</b>	<b>137,648</b>

### 13. Subsequent events

#### Change in the composition of the Board of Directors

Mr Tomasz Lapinski resigned from his position as the member of the Board of Directors of the Company as of 1 August 2020 and Mr Péter Bódis has been appointed by the General Meeting as new member of the Board of Directors as of 1 August 2020 for indefinite period.

Mr Péter Bódis has spent over 20 years in the investment fund management industry. In most of his career, he worked at UniCredit's investment management arm, Pioneer Investments and its preceding companies under Bank Austria. Between 2011 and 2018, he was Chief Investment Officer and Vice President of the Management Board at Pioneer Investments' Polish unit in Warsaw. Prior to that, he spent 8 years at Pioneer Investments' Vienna office, managing investment funds dedicated to Eastern Europe. He started his career in 1997 at Creditanstalt Securities' asset management department in Budapest. Mr Bódis earned his master's degree in Finance from the Budapest University of Economic Sciences in 1998, holds the Chartered Financial Analyst title and speaks 5 languages (English, German, Polish, Russian, Hungarian).

#### Bond issuance

The Group has successfully issued a new bond series named "CORDIA2030/I HUF" on the 27th July 2020. The issue consisted of 720 Bonds. Each Bond have been issued in Hungarian forint with a face value of HUF 50,000,000 (fifty million Hungarian forint). Total Face Value of the Bonds issued is HUF 36,000,000,000 (i.e. thirty-six billion Hungarian forint). The term of the Bonds is a ten-year period commencing on the Issue Date and ending on 27 July 2030. Each Bond bears a coupon of 3.00 % per annum, with semi-annual coupon.

The Budapest stock exchange registered the bonds on its platform on the 16th of October

#### Acquisition in UK

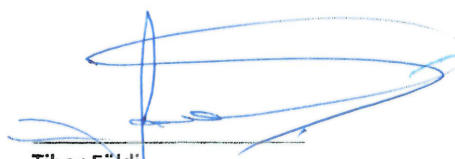


Cordia International Zrt., as a latest milestone of its international expansion strategy, has acquired UK developer Blackswan. Cordia financed the transaction by using funds collected from the bond issuance under National Bank of Hungary's Bond Funding for Growth Scheme. The acquisition allows Blackswan to deliver a GBP 550 million project pipeline across the West Midlands.

#### Capital commitment

The company entered into a subscription agreement with Cordia Real Estate Funds Luxembourg SICAV-RAIF, an investment company, a direct full subsidiary of the Company. The Company as the subscriber will be required to subscribe for shares issued by the fund at such times and in such tranches as the Fund may determine.

The total sub-fund commitment is HUF 75,000,000,000. This is considered as an off-balance sheet item.

#### The Management Board

		
Tibor Földi Chief Executive Officer	Péter Bódis Chief Financial Officer	Pál Darida

Budapest, 9<sup>th</sup> November 2020