CORDIA INTERNATIONAL ZRT.

ANNUAL REPORT

CORDIA INTERNATIONAL ZRT. & CORDIA GROUP
FOR THE FINANCIAL YEAR ENDED ON
31 DECEMBER 2021.

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ANNUAL REPORT

This annual report ("**Annual Report**") has been drawn up by **CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság** (registered seat: 1082 Budapest, Futó utca 47-53. VII. em.; tax identification number: 25558098-2-42; company registration number: 01-10-048844; registered with the Court of Registry of the Metropolitan Regional Court of Hungary; "**Company**") with a view to providing the public with an overview of the Company and its subsidiaries' ("**Group**") performance and situation.

This Annual Report is based on the Company's audited separate and consolidated financial information prepared in accordance with the International Financial Reporting Standards ("**IFRS**") for the period 1 January 2021 – 31 December 2021 ("**Reported Period**").

This Annual report was signed in Budapest, Hungary and on the date as specified in the time stamp of the qualified electronic signatures of the signatories.

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1. MANAGEMENT REPORT

1.1. Main results, quantitative and qualitative KPIs, main resources (inventory) and circumstances affected, affecting, or capable of affecting the results

1.1.1. Major events

The year of 2021 was a record year for the Group in many business aspects. First of all, the Group contracted 1 681 units achieving record new contracts level in its history. While favorable market conditions and progress in launching new projects in Hungary and Poland were the main drivers behind the record-high sales figures, the Group was also increasingly active on other markets. Notable event was launching the first projects in Spain and the UK – which brought in the first sales on these markets and will generate more sales in the upcoming periods.

2021 was also a record year in terms of deliveries of new flats to customers. During 2021 the Group broke the barrier of two thousand flats for the first time, delivering 2 185 units (including units in JVs). These figures resulted in the highest ever revenues of HUF 92.2 bn in the Group's history, which is by 35% greater than in 2020. In addition to the revenues, in 2021 the gross margin was also record high for the Group, amounting to HUF 25.0 bn, which was more than twice as much as in 2020. As a result, the Profit grew to HUF 20.6 bn and was the highest ever considering regular business. Although in 2020 the Group reached HUF 21.4 bn Profit, however HUF 15.79 bn was Bargain Gain related to the acquisition of Polnord S.A. on pre-tax level, therefore the result in 2020 was significantly boosted by this one-off event.

The strong financial results had a very positive impact on the Group's operating cash flow reaching HUF 35.3 bn in the reported period. This allowed repaying HUF 24.9 bn of debt, significantly improving the Group's financial position.

There were also important steps in the Group's business development. Firstly, Cordia further strengthened its presence in Poland, where it completed the acquisition of Polnord S.A. by acquiring the remaining minority shares through a tender offer and subsequent squeeze-out in February. This was followed by the delisting of Polnord S.A.'s shares from WSE in September and the repayment of all of Polnord S.A.'s bonds, which allowed the Group to finalize the restructuring and integration unlocking significant synergies. This was well visible in Polnord S.A.'s significantly improving gross margin through 2021. The Group also entered the Polish capital market by successfully issuing the first series of local bonds to Polish investors and listing them on the Warsaw Stock Exchange's Catalyst market. This milestone will give the Group an opportunity to finance our operating activity in Poland from the local market in the future.

Secondly, the Group made significant progress in 2021 in establishing its own built-to-rent business segment by preparing projects in Poland and the UK that will be ready to launch in the following years.

Further to the above, significant value creation was noted in the Group's investment portfolio. German resi-for-rent operator Argo Properties N.V., UK affordable housing provider St Arthur Homes and Auxesia Homes, or the RAF I managed by Matter Real Estate have all delivered strong results and added significant profit for the Group. Argo Properties N.V. was successfully listed on Tel Aviv Stock Exchange in a very successful IPO and its shares have been trading well above net asset value ever since.

1.1.2. Group level

1.1.2.1. Selected data from the Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2021 *In thousands of Hungarian Forints (THUF)*	**2021**	**2020**	**% change****
Revenue	**92,226,058**	**68,289,499**	**35.1%**
Cost of sales	**(67,268,255)**	**(56,149,873)**	**19.8%**
Gross profit	**24,957,803**	**12,139,626**	**105.6%**
% margin	*27.1%*	*17.8%*	
Selling and marketing expenses	(4,007,912)	(2,738,159)	46,4%
Administrative expenses	(6,236,740)	(4,864,567)	28.2%
Net gain/loss from fair valuation of investment and development properties	402,222	(8,384)	n/a
Operating profit	**13,320,639**	**6,698,472***	**98.9%**
% margin	*14.4%*	*9.8%*	
Net finance income/(expense)	2,263,420	58,734	3753.7%
Share of profit/(loss) in associate and joint venture	6,449,962	15,587,554	(58.6%)
Profit before taxation	**22,034,021**	**22,344,760**	**(1.4%)**
Profit for the period	**20,603,603**	**21,436,544***	**(3.9%)**
% margin	*22.3%*	*31.4%*	
Total comprehensive income for the period, net of tax	**20,963,655**	**21,307,071**	**(1.6%)**

* In 2020 the Cordia Group recognized total of HUF 15.79 bn Bargain Gains related to Polnord S.A.'s acquisition in Operating profit (HUF 2.31 bn) and Share of profit/(loss) in associate and joint venture line (HUF 13.48 bn). Adjusted for Bargain Gains, Profit before taxation increased by 236%

** Cordia started to consolidate Polnord S.A from 10 April 2020.

1.1.2.2. Selected data from the Consolidated Statement of Financial Position

In thousands of Hungarian Forints (THUF)	**31 December 2021**	**31 December 2020**	**% change**
Assets, including:	**281,275,892**	**299,212,122**	**(6.0%)**
Non-current assets	**61,331,028**	**60,125,333**	**2.0%**
Investment properties	25,616,165	24,566,409	4.3%
Investments accounted for using equity method	23,088,434	21,488,755	7.4%
Long-term receivables from third parties	6,175,227	7,481,045	(17.4%)
Current assets	**219,700,752**	**238,476,256**	**(7.9%)**
Inventory	132,163,509	145,294,754	(9.0%)
Restricted cash	3,979,801	4,389,570	(9.3%)
Other financial assets	17,464,987	6,505,491	(168.5%)
Cash and cash equivalents	53,590,085	66,534,808	(19.5%)
Assets classified as held for sale	**244,112**	**610,533**	**(60%)**
Equity *including :*	**81,061,745**	**69,217,385**	**17.1%**
Share capital	18,013,760	18,013,760	-
Share premium	13,461,608	13,461,608	-
Retained earnings	48,931,683	34,952,514	40.0%
Net assets attributable to non-controlling investment unit holders	**16,252,666**	**18,196,884**	**(10.7%)**
Liabilities *including :*	**183,961,481**	**211,797,853**	**(13.1%)**
Non-current liabilities	115,130,716	114,343,588	0.7%
Current liabilities	68,830,765	97,454,265	**(29.4%)**

1.1.3. Company level

1.1.3.1. Selected data from the Separate Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2021 *In thousands of Hungarian Forints (THUF)*	**2021**	**2020**	**% change**
Revenue			
Interest revenue	3,075,382	1,958,263	57.0%
Total investment income	**3,075,382**	**1,958,263**	**57.0%**
Administrative and other expenses	75,549	280,797	(73.1%)
Interest expense	2,747,512	1,974,348	39.2%
Total operating expenses	**2,823,061**	**2,255,145**	**25.2%**
Fair value change of instruments measured at fair value through profit and loss	**11,859,837**	**9,428,890**	**25.7%**
Foreign exchange gain	1,674,223	1,669,488	0.3%
Foreign exchange loss	362,076	264,165	37.1%
Foreign exchange - net gain / (loss)	**1,312,147**	**1,405,323**	**(6.6%)**
Share of net profit of investments accounted for equity method	**4,988,377**	**17,868,315***	**(72.1%)**
Profit before taxation	**18,694,866**	**28,405,646**	**(34.2%)**
Income tax expense	**159,101**	**33,074**	**381.0%**
Profit for the period	**18,535,765**	**28,372,572**	**(34.7%)**
Exchange differences on translating foreign operations	516,022	335,303	53.9%
Other comprehensive income/(loss)	**516,022**	**335,303**	**53.9%**
Total comprehensive income for the period, net of tax	**19,051,787**	**28,707,875**	**(33.6%)**

* In 2020 Company recognized total of HUF 15.79 bn Bargain Gains related to Polnord S.A. acquisition.

1.1.3.2. *Selected Data from the Separate Statement of Financial Position*

In thousands of Hungarian Forints (THUF)	**31 December 2021**	**31 December 2020**	**% change**
Assets *including:*	**206,076,038**	**182,934,801**	**12.7%**
Non-current assets	**158,391,506**	**113,962,826**	**38.9%**
Long-term receivables - related parties	66,313,619	47,402,797	39.9%
Investment in subsidiaries	92,073,437	66,554,779	38.3%
Current assets	**47,684,532**	**68,971,975**	**(30.9%)**
Short-term receivables - related parties	24,516,102	22,344,025	9.7%
Loan receivables	-	5,230,000	(n/a)
Cash and cash equivalents	23,162,705	30,582,651	(24.3%)
Equity *including:*	**112,696,284**	**93,644,497**	**20.3%**
Share capital	18,013,760	18,013,760	0.0%
Share premium	13,461,608	13,461,608	0.0%
Retained earnings	80,369,591	61,833,826	30.0%
Liabilities *including:*	**93,379,754**	**89,290,304**	**4.6%**
Non-current liabilities	86,080,030	86,205,308	(0.1%)
Current liabilities	7,299,724	3,084,996	136.6%

1.1.4. Selected KPIs on Group level

1.1.4.1. Number of residential units contracted by country

For the period ended 31 December 2021		
In number of units	**2021**	**2020**
Hungary	897	387
Poland	592	470
Romania	181	100
Spain	11	n/a
Total number of units contracted	**1 681***	**957***

** Numbers include also 60 units in 2020 and 182 units in 2021 sold in joint venture projects in which Cordia holds 50% stake (Marina Life 1&2 and Stacja Kazimierz 5)*

During 2021 the Group contracted 1 681 units, which accounts for 75% increase compared to 2020 in the following breakdown:

Hungary: The Hungarian market produced the highest increase, the Company's subsidiaries contracted 897 units, which means an impressive 132% growth compared to 2020. The major driver for the demand was new project launches by the Group and VAT tax changes introduced from the beginning of 2021. The 5 % VAT applicable on newly built residential properties has been extended until 31 December 2026 in respect of residential projects that will be granted the final and binding building permit by 31 December 2022. For details related to new project starts, please refer to point 1.1.6.

Poland: Sales increased by 26% to record 592 units on this market. Major driver was the launch of 5 new projects. For details, please refer to point 1.1.6.

Romania: Commencement of sales of the second phase of "Parcului 20 Project" boosted the volume of contracted units by 81% on year-on-year basis, in Romania.

Spain: Cordia's first project in Spain (Jade Tower Project in Fuengirola) added 11 sold units to the total volume.

UK: The Group launched "Gothic 1", our first project in Birmingham, however due to UK market regulations, at the early stage of the residential projects, sales are based on registration agreements, thus they do not show up in the sales statistic.

By the end of 2021, the Group had 1 768 residential units available for sale both in "Completed" and "Ongoing construction" projects.

1.1.4.2. *Number of residential units delivered to customers by country*

For the period ended 31 December 2021 *In number of units*	**2021**	**2020**
Hungary	1 180	961
Poland	460	789
Romania	221	n/a
Total number of units delivered	**1 861**	**1 750**

During the Reported Period, the Group handed by over 6.3% more residential units than in the comparative period of 2020. The increase is the result of the completion and commencement of handover of six residential projects in Hungary, two in Poland and one project in Romania, and continued handover of the projects completed in previous years.

320 units were delivered to customers in Marina Life and Marina Life 2 in Hungary and 4 units in Stacja Kazimierz IV in Poland. The Marina Life and Stacja Kazimierz IV projects are both joint ventures with 50% Cordia stake, where the Group is in charge of managing the project, including the handovers of units to customers.

Additionally, in Fadesa S.A. joint venture where the Group holds 49% and does not manage either sales or handovers, the handover accounted for 67 units in Innova Concept project located in Wrocław.

The results of joint venture projects were recognized in “Share of profit / (loss) in associate and joint venture” line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and are not included in the table above. For details, please refer to Note 19.

1.1.4.3. *Key Profit and Loss Statement developments*

Revenues

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2021**	**2020**	**% change**
Revenue from sale of real estate and rental income	89,426,372	65,748,915	36%
Other revenue	2,799,686	2,540,584	10%
Total revenue	**92,226,058**	**68,289,499**	**35%**

During 2021 the revenue of the Group reached a record of HUF 92.2 bn with the revenue from sales of real estate and rental income being HUF 89.4 bn, of which 9.7 was generated by Polnord S.A. (revenue is recognized when residential units are transferred to buyers).

Sales of the non-core land plots in Hungary and Poland (in Polnord S.A.) reached HUF 2.92 bn and were recognized in “Revenues from sale of real estate and rental income”. Total result on land plot sale was positive.

Gross Profit

In 2021 Gross profit grew by 105.6% y-o-y, to HUF 24.9 bn, while the gross margin rose by **27.1%,** well ahead of the 17.8% gross margin in 2020. Polnord S.A.'s restructuring process resulted in a significantly improved margin and return to profitability on Gross profit level. Detailed information about **Gross profit from sale of real estate** and **Gross margin from sale of real estate** is presented in the table below:

	Gross Profit from sale of real estate		Gross margin from sale of real estate	
	2021	**2020**	**2021**	**2020**
Cordia Group excl. Polnord	21,184,139	10,568,448	27%	23%
Polnord	1,435,207	381,483	15%	2%

Operating profit returned to the normal level of 14.4% and reached HUF 13.3 bn, that is 99,2% higher than in year 2020. However, it **was negatively impacted by one-off events,** most significantly by the KB Dom deconsolidation (HUF 0.49 bn) and write-downs of receivables (HUF 0.61 bn), the majority of which was related to the Pol-Aqua case of Polnord S.A. For more details, please refer to Note 5, Note 12 and Note 18 of the Company's IFRS Consolidated Financial Statement.

Net finance income of HUF 2.26 bn was mainly driven by:

a) HUF 2.06 bn fair valuation gain on the 500,000 option warrant for shares issued by ARGO N.V.
b) HUF 2.75 bn fair valuation gain on financial assets (St Arthur Homes Limited, Auxesia Homes and RAF I fund)
c) HUF 3.4 bn Interest expense and Bond interest expense
d) HUF 1.34 bn net positive effect on currency foreign exchange
   HUF 0.43 bn fair valuation loss on derivative, which is contracted liability to sell 60,000 ARGO N.V. shares.

For more details, please refer to Note 13 of the Company's IFRS Consolidated Financial Statement.

Share of profit/(loss) in associate and joint venture reached HUF 6.44 bn, which originated on the one hand from HUF 3.2 bn profit from joint-venture Cordia Global Ingatlanfejlesztő Esernyőalap - Cordia Global 6 Ingatlanbefektetési Részalap, which includes the Marina Life 1 and Marina Life 2 projects. On the other hand, it arose from HUF 3.5 bn profit attributable to the Group from Argo Properties N.V. for the period ending on 31 December 2021. For more details, please refer to Note 19 of the Company's IFRS Consolidated Financial Statement.

Profit before taxation for the period was HUF 22.0 bn, by 1.4% lower than the profit of HUF 22.3 bn a year ago. However, it is worth noting that in 2020 the Group recognized a total of HUF 15.79 bn Bargain Gains related to Polnord S.A.'s acquisition (HUF 2.31 bn in Other Income and HUF 13.48 bn in Share of profit/(loss) in associate and joint venture line). When compared to the adjusted figure of HUF 6.54 bn, the Profit before taxation grew by 236%.

1.1.4.4. Major Balance Sheet developments

Balance Sheet value did not change significantly during 2021 when compared to the end of 2020. The most important developments are a decrease in **Inventory** from HUF 145.3 bn to HUF 132.2 bn due to record high completions of projects and deliveries of residential units to customers. On the **Liabilities** side, the Group deleveraged significantly mainly due to repayments of project loans on completed projects that were delivered to customers in 2021.

Current Other financial assets increased to HUF 17.46 bn due to investments in "Real Asset Fund I", "STAH S.C." and "Auxesia Homes". These assets were reclassified from **Non-current** category during 2021 because the Management of the company made a decision to sell these assets with a significant gain. For more information, please refer to Note 23 of the Company's IFRS Consolidated Financial Statement.

Cash and Cash equivalents position of the Group has declined, from HUF 66.5 bn to HUF 53.6 bn compared to December 2020.

Total debt of the Group declined from HUF 137,24* bn in 2020 to HUF 111,32 bn* in 2021. Major drivers for the Group's **Debt** position were:

- New proceeds from loans and borrowings of HUF 14.6 bn.
- Repayment of loans and borrowings of HUF 40 bn.
- HUF 4.9 bn of Polnord S.A. bonds repayment in 1st half of 2021.
- HUF 5.3 bn of proceeds from bonds issue in Poland under CORDIA brand to Polish financial Investors in July 2021.

Overall Consolidated Debt* and Net Consolidated Debt* dropped significantly. Consolidated Debt was lower by HUF 25.9 bn on 31 December 2021 compared to 2020 year-end. Detailed information on debt can be seen in the table below:

In thousands of Hungarian Forints (HUF)	**31 December 2021**	**31 December 2020**	**% change**
Consolidated Debt (CD)*	111,324,517	137,240,527	(18.9%)
Cash and Cash Equivalents (C)	53,590,085	66,534,808	(19.5%)
Restricted cash (RC)	2,542,420	376,375	575.5%
Net Consolidated Debt*	**55,192,012**	**70,329,344**	**(21.5%)**

* For purpose of calculation, Consolidated Debt and Net Consolidated Debt are defined as in CORDIA2026/I and CORDIA2030/I Bonds Terms and Conditions, for more details, please refer to Note 35 in CORDIA International Zrt. IFRS Consolidated Financial Statement.

For more information about changes in debt, please refer to Notes 28 and 35 of the Company's IFRS Consolidated Financial Statement.

1.1.5. Recently completed projects on group level

Project name	Country	City	Completion	NSA TOTAL	Number of residential units	Units Handed Over end of 2021	NSA Avaliable for sale eof 2021	Units Avaliable for sale eof 2021
			year	Sqm				
Centropolitan	Hungary	Budapest	2021	6 578	142	112	336	9
Akadémia Garden	Hungary	Budapest	2021	16 226	306	276	373	5
Sasad Resort Hilltop	Hungary	Budapest	2021	9 199	116	111	192	4
Marina Portside	Hungary	Budapest	2021	19 668	290	206	2 469	33
Marina Life 2 *	Hungary	Budapest	2021	13 434	207	167	1 571	18
Young City 3	Hungary	Budapest	2021	11 968	215	138	1 165	14
Grand'Or	Hungary	Budapest	2021	5 566	113	12	493	5
Parcului 1	Romania	Bucharest	2021	15 313	265	221	2 251	30
Horyzont Praga	Poland	Warsaw	2021	10 239	168	111	1 069	15
Wioletta	Poland	Warsaw	2021	6 173	89	42	1 840	23
TOTAL COMPLETED				114 364	1 911	1 396	11 758	156

** it is a JV project and Cordia holds 50% stake in the project*

During the Reported Period, the Group completed the construction works of ten projects with 114 364 sqm of Net Saleable Area representing 1 911 units, of which 1 755 have already been sold.

1.1.6. Projects with construction starting in the Reported Period

Project name	Country	City	Planned completion	NSA TOTAL	Number of residential units	NSA Avaliable for sale eof 2021	Units Avaliable for sale eof 2021
			Year	sqm			
Thermal Zugló 4	Hungary	Budapest	2023	7 514	110	3 750	52
Millenium Residence	Hungary	Budapest	2024	5 689	110	3 738	73
Sasad Resort Panorama	Hungary	Budapest	2024	10 834	141	7 158	93
Sasad Resort Sunset	Hungary	Budapest	2024	5 014	70	4 583	64
Naphegy 12	Hungary	Budapest	2024	3 350	45	3 056	41
Illés (I6 Project)	Hungary	Budapest	2024	8 335	162	8 034	153
Safrano (Krokusowa)	Poland	Cracow	2023	5 398	101	4 551	84
Jaśkowa Dolina 1	Poland	TriCity	2022	5 946	97	1 970	34
Jaśkowa Dolina 2	Poland	TriCity	2023	7 543	118	5 858	92
Leśna Sonata	Poland	TriCity	2023	7 591	113	5 709	84
Fantazja 1&2	Poland	Warsaw	2022	10 713	180	7 004	124
Jade Tower	Spain	Fuengirola	2024	13 542	116	12 594	105
Gothic Phase 1	UK	Birmingham	2022	1 920	18	1 920	18
TOTAL UNDER CONSTRUCTION				93 390	1 381	69 926	1 017

During the Reported Period, the Group started the construction works of thirteen projects with 93 390 sqm of Net Saleable Area representing 1 381 units, of which 364 have already been contracted by purchasing customers. In 2021 the Group launched its first “Build to Sell” project in Spain (Fuengirola) and in the UK (Birmingham).

1.1.7. Projects with ongoing construction as the end of the Reported Period

Project name	Country	City	Planned completion	NSA TOTAL	Number of residential units	NSA Avaliable for sale eof 2021	Units Avaliable for sale eof 2021
			year	sqm			
Thermal Zugló 4	Hungary	Budapest	2023	7 514	110	3 750	52
Grand Corvin 2	Hungary	Budapest	2022	19 008	365	5 056	79
Universo	Hungary	Budapest	2022	13 284	272	4 763	93
Millenium Residence	Hungary	Budapest	2024	5 689	110	3 738	73
Sasad Resort Panorama	Hungary	Budapest	2024	10 834	141	7 158	93
Sasad Resort Sunset	Hungary	Budapest	2024	5 014	70	4 583	64
Naphegy 12	Hungary	Budapest	2024	3 350	45	3 056	41
Illés (I6 Project)	Hungary	Budapest	2024	8 335	162	8 034	153
Jerozolimska / Wielicka	Poland	Cracow	2022	8 887	163	4 426	85
Safrano (Krokusowa)	Poland	Cracow	2023	5 398	101	4 551	84
Jaśkowa Dolina 1	Poland	TriCity	2022	5 946	97	1 970	34
Jaśkowa Dolina 2	Poland	TriCity	2023	7 543	118	5 858	92
Leśna Sonata	Poland	TriCity	2023	7 591	113	5 709	84
Fantazja 1&2	Poland	Warsaw	2022	10 713	180	7 004	124
Stacja Kazimierz 5 *	Poland	Warsaw	2022	6 138	100	1 985	34
Parcului 2	Romania	Bucharest	2023	12 138	220	4 436	72
Jade Tower	Spain	Fuengirola	2024	13 542	116	12 594	105
Gothic Phase 1	UK	Birmingham	2022	1 920	18	1 920	18
TOTAL UNDER CONSTRUCTION				152 846	2 501	90 593	1 380

** Cordia holds 50% stake in the project*

At the end of 2021 the Group's portfolio comprised 2 501 apartments and commercial units under construction in 18 projects. Over 44% of units in the ongoing projects have already been contracted. For details of the ongoing projects, please see the table above.

1.1.8. Projects under preparation and landbank management

The Management of the Group estimates that at the end of December 2021 the landbank of the Group allows for developing 12 824 units, mainly apartments, with some minor Net Saleable Area ("NSA") in a commercial area. Most of it, 11 416 units had the status "under preparation", with fully secured legal title to the land. There were 1 437 units categorized as being "under acquisition" (purchase process has been started, but not yet finalized).

During 2021, transactions of land purchase for approximately 2 354 units were finalized in Hungary, Poland, Romania and UK. In Spain the Group purchased an additional land plot for La Montua luxury project in Marbella.

In 2021, the Group also decided to sell non-core land plots for a total amount of HUF 2.92 bn, of which HUF 1.69 bn was sold in Hungary and HUF 1.24 bn in Poland (Polnord S.A.)

Overview of completed core land acquisition transactions:

On 31 March 2021, the Group's subsidiary, Cordia Dante Project S.R.L completed the purchase of a land plot in Bucharest, Romania. The land plot will enable the development of Petricani project with approximately 277 residential units. The Group expects to launch the first phase of the project in 2023.

On 1 April 2021, the Group managed to acquire a company, Nightingale Knitwear Centre Limited in the UK, which held the property that would form the third phase of our currently running project known as The Gothic. This property will allow adding 20 units to the project. With the acquisition, the whole site is ready to be developed.

On 15 June 2021, the Group's subsidiary, Projekt Kraków 6 Cordia Partner 2 Sp. z.o.o. Sp.k. completed the purchase of a land plot in Cracow, Poland. The new project, called Herlinga at Grudzińskiego street (Zabłocie), will allow developing approximately 96 apartments. The Group expects to launch the project in 2023.

On 5 November 2021, the Company's subsidiary, Cordia Blackswan (Cheapside) Limited succeeded in acquiring a land plot in Birmingham, UK. The land plot will enable a residential development in Cheapside (project involving approximately 366 units in 2 phases). The first phase of the project is expected to be launched in 2022.

On 24 November 2021, the Group's subsidiary, Cordia Ingatlanbefektetési Alap completed the purchase of a land plot in Budapest, Hungary. The new project, on Vágóhíd street makes it possible to develop approximately 756 units in 3 phases. The first phase of the project is envisaged to start in 2022.

On 22 December 2021, the Company's subsidiary, Cordia Corarilor Development S.R.L completed the purchase of a land plot in Bucharest, Romania. The new project, called Coral Residence will allow developing approximately 695 apartments in 4 phases; its first phase is planned to start in 2023.

On 29 December Company's subsidiary Cordia Project Company S.L. completed the purchase of additional 28,832 sqm of land plot for project called La Montua, after the purchase the Group owns 98,886 sqm of land for this project.

On 30 December 2021, the Company's Cordia Navigatorilor Project S.R.L. completed the purchase of a land plot in Bucharest, Romania. In the frames of the new project, called Navigatorilor Residence approximately 143 apartments can be developed.

1.1.9. Company's bond undertaking ratios

Currently the liquidity and financial position of the Group is stable, and the Group does not anticipate any breach of or default under the rules of the concluded agreements, in particular bank loans agreements or bond issue documentation. Bond related Issuer undertakings were fulfilled both at the current reporting date and in previous periods as well. Below table presents information about Consolidated Leverage Ratio* and Issuer Net Debt to Equity Ratio*.

	31.12.2021	31.12.2020
Consolidated Leverage Ratio*	**29.2%**	**38.1%**
Issuer Net Debt to Equity Ratio*	**0.56**	**0.59**

* For the purpose of calculation, Consolidated Debt and Net Consolidated Debt is defined as in CORDIA2026/I and CORDIA2030/I Bonds Terms and Conditions, for more details please refer to Note 35 in CORDIA International Zrt. IFRS Consolidated Financial Statement.

1.1.10. Important developments in joint ventures, associates, and investments in other entities

ARGO Properties N.V.

ARGO is an investment company that manages a portfolio of prime and high-quality multi-family residential buildings in Germany, Europe's strongest resi-for-lease market. The focus is on strategic, fast-growing cities, like Leipzig, Dresden, Magdeburg and office developments in Berlin.

In the period of 2021 ARGO purchased 815 apartments for a total consideration of EUR 116,8 mn (HUF 41.9 bn), thus raising its portfolio to 3 010 residential apartments. At the end of 2021 Argo's assets grew by 55% to EUR 536.2 mn (HUF 197.9 bn) compared to December 2020, the Net Profit for 2021 was EUR 58.8 mn (HUF 21.1), higher by 160% than a year ago in the same period.

ARGO completed an initial public offering (IPO) on 11 May 2021 at the Tel Aviv Stock Exchange ("**TASE**"), raising EUR 54 mn (HUF 19 bn) from investors at a pre-money valuation of EUR 270 mn (HUF 95 bn). Cordia invested further EUR 3 mn (HUF 1.1 bn) in ARGO during the IPO and held a 15.4% stake in the company as of 31 December 2021.

Listing of ARGO shares on TASE started on 18 May 2021. As of 31 December, the 2021 market price reached EUR 33.53 per share, which pushed the market value of the Group's stake up to EUR 93.3 mn (HUF 34.4 bn), compared to EUR 52.8 mn (HUF 19.5 bn) book value in the Cordia Balance Sheet.

1.2. Business environment of the Group

The Company is a holding company with a portfolio of subsidiaries (holding companies, project entities (including real estate funds/sub-funds) and service companies). The Group's strategy is to develop – through the subsidiaries - residential projects in well urbanized areas with strong structural demand in Hungary, Poland, Romania (CEE), Spain and UK. The most important areas for the Group are Budapest, Warsaw, Tri-City, Cracow, Poznan, Bucharest, Marbella region and Birmingham.

Macroeconomic environment

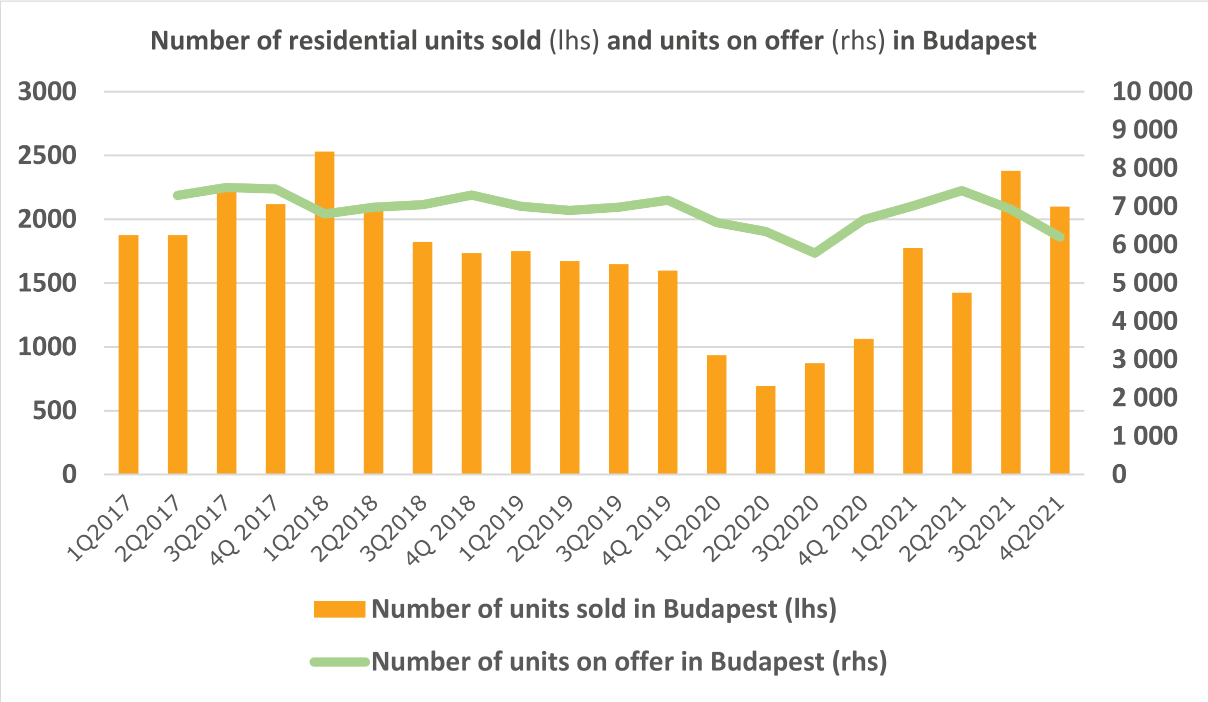
In all monitored markets the general business environment was very positive in the whole of 2021. The economy in countries where Cordia operates rebounded from 2020 pandemic crisis. The strongest growth was achieved in the countries that suffered the most in 2020. In the UK the economy expanded by +7.5% in 2021 vs 2020, reaching reached pre-COVID era level in December. In Hungary, Poland and Romania the GDP growth in 2021 was sufficient to excess pre-pandemic levels of 2019; it grew by 7.1%, 5.7 and 5.9% respectively. Spanish GDP was up by 5% and was still below 2019 output.

In line with GDP growth, employment market rebounded. In all markets where the Group is present unemployment rate declined. In Hungary (3.7%) Poland (2.9%) and Romania (5.4%) it was at or very close to record low levels. The situation was the same in the UK (4.1%). In Spain although at the end of 2021 unemployment was 13%, the figure was still the lowest for the last 10 years.

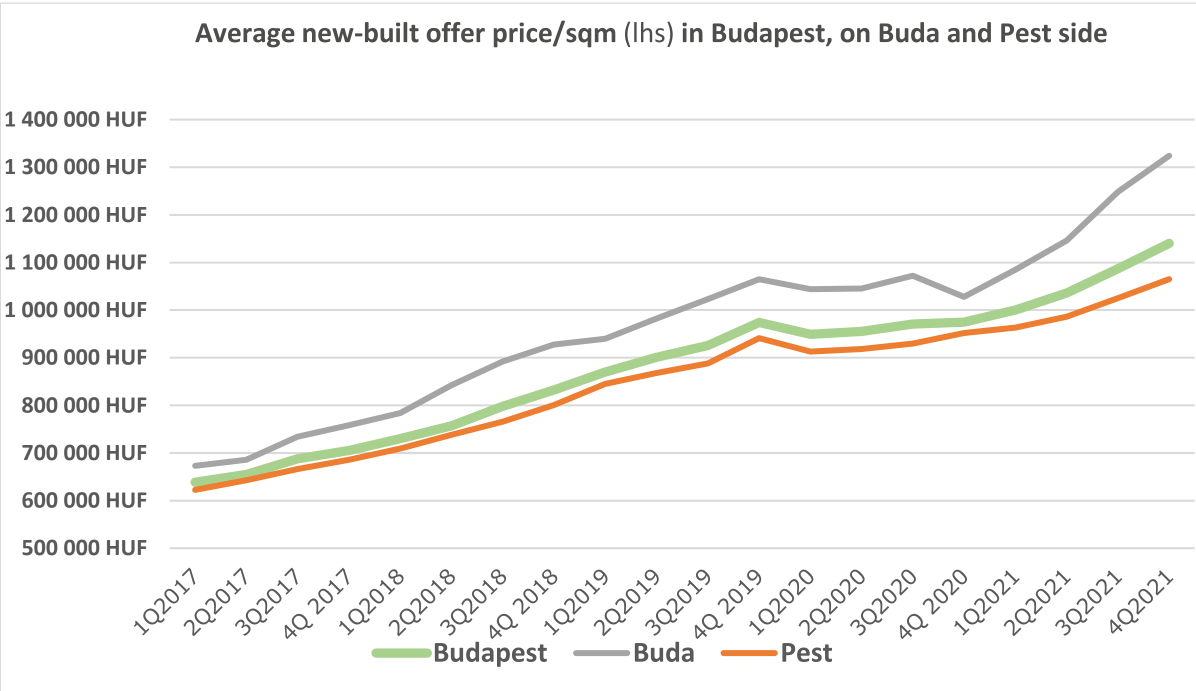
Across the EU the downside of widespread economy growth was the rise of inflation. Consumer prices grew in all Cordia markets triggering a rise in residential prices as well. However, inflation levels unseen for many years led to monetary policy changes by central banks in Hungary, Poland, Romania and in the UK, where interest rates increased. Restrictive monetary policy in these countries might have a negative impact on demand for residential real estates.

Hungary: Overview of the Budapest Build to Sale (BtS) residential market

In 2021 the positive impact of the VAT reduction introduced at the beginning of 2021 influenced the demand, the supply and new launches. Additionally, the favorable Green Home Project was launched in October 2021, which makes low-cost loans with fixed rate available to help customers to purchase apartments in energy-efficient new buildings. It expanded demand in the last quarter of 2021 notwithstanding inflation and interest rate concerns. As a result, the number of newly developed and sold apartments in Budapest reached 7 680 units in 2021, which was more than double compared to 3 560 units in 2020 and exceeded by 15% the sales numbers in 2019 (6670 units). The 2021 demand was higher than 6 800 new units introduced to the market in newly launched projects in the reporting period, in Budapest. As a result, the number of units for sale fell to 6 200 units especially compared to June 2021 when 7 410 apartments were on offer, thus it was one of the lowest numbers since 2016.



Source: Cordia Group, JLL



Source: Cordia Group, JLL

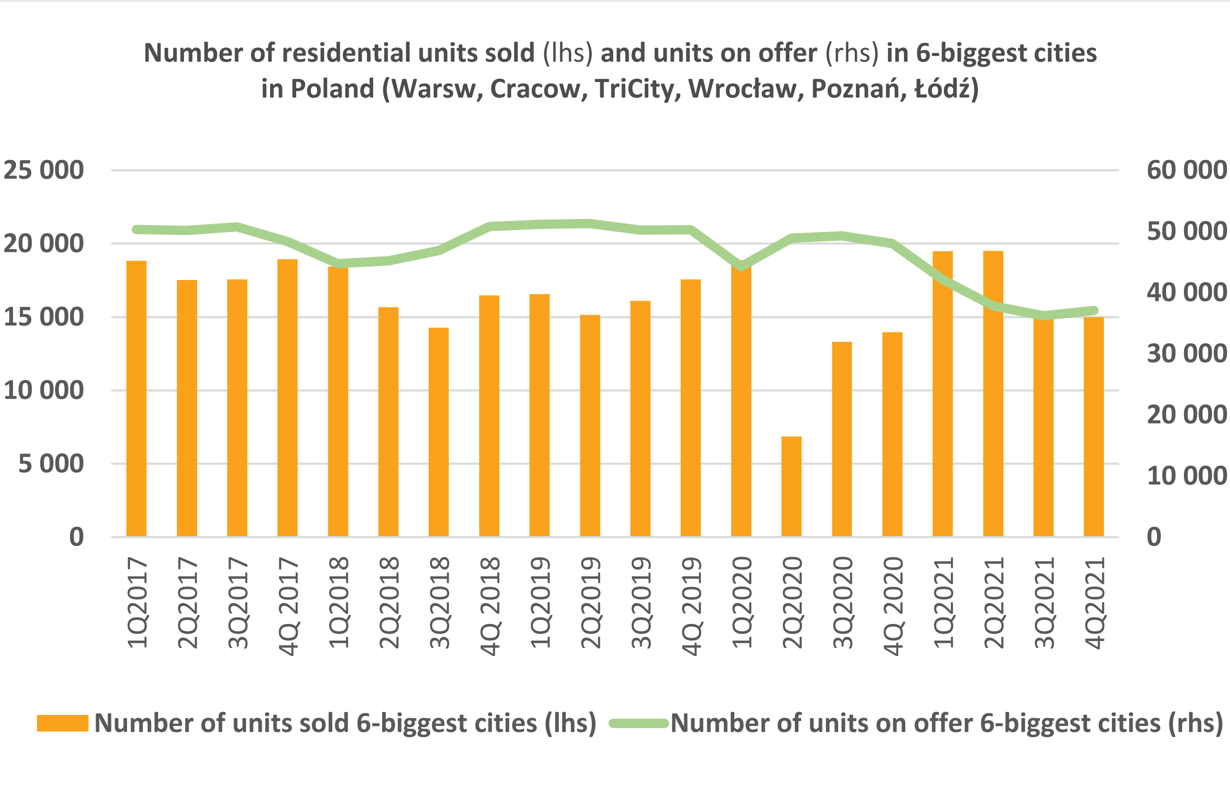
The GDP growth and strong consumer demand together with declining supply of new flats pushed prices upward. In December 2021 the average offer price of newly-built apartments in Budapest rose to 1 140 000 HUF/sqm, which was 17% higher compared to 975 000 HUF/sqm in December 2020. The prices on the Buda side grew more than on Pest side. Regarding non-exclusive projects on Buda side, the average offer price reached 1 324 000 HUF/sqm, which was 29% higher than in December 2020 (1 028 000 HUF/sqm). As for Pest, the average price amounted to 1 065 000 HUF/sqm at the end of 2021, which was 12% higher than a year ago (952 000 HUF/sqm). The chart below shows the quarterly data of average offer prices in the years of 2017-2021.

Poland: Warsaw, Cracow, Tri-City, Poznan, Build to Sale (BtS) residential market

According to JLL (Jones Lang LaSalle Incorporated – Real Estate Agency) report for Residential Market in Poland for 4Q 2021, around 69 000 new apartments were sold in the 2021 in the six largest cities in Poland (Warsaw, Cracow, Tri-City, Poznań, Wroclaw and Lodz), which means 30% growth compared to 2020, and is by 5.5% higher than in the 2019 pre-COVID era. The number of transactions dropped to around 30 000 units in 2H of 2021 compared to record 39 000 units in 1H of 2021. Additional to residential demand, the market was also boosted by investment demand seeking protection from sky rocketing inflation.

Although lower sales in 2H vs 1H of 2021, the offer fell to 37 100 units at the end of December 2021 on the 6 biggest residential markets in Poland, as fewer projects were introduced to the market than sold. This means that the supply continued to be at the lowest level ever since 3Q 2010.

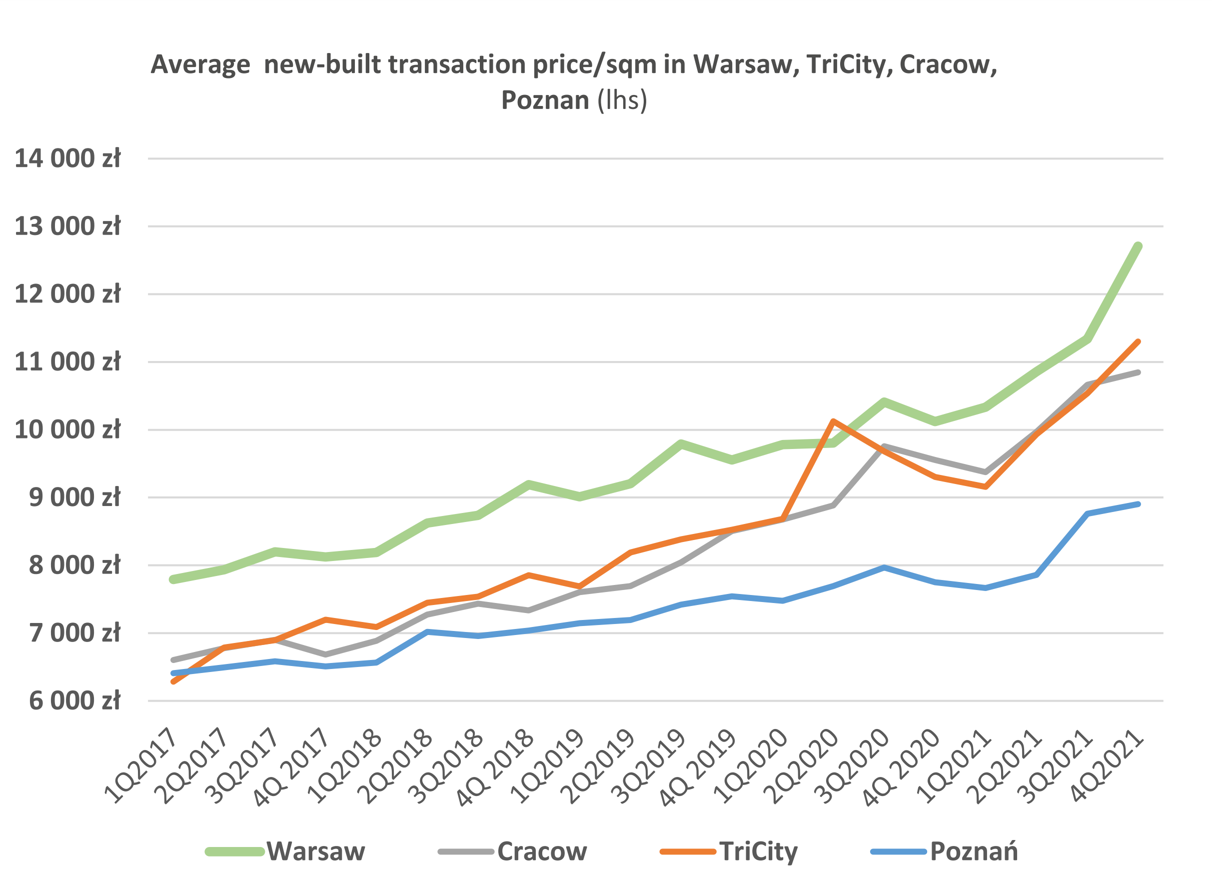
The chart below presents volumes and number of units on offer since 2017



Source: Cordia Group, JLL

Primary market transaction prices rose in December 2021 in all cities where the Group is present, when compared to December 2020. The highest growth was in Warsaw where prices increased by 25% up to 12 709 PLN/sqm, the growth was lower in Cracow 14% up to 10 847 PLN/sqm on average. The prices in TriCity and Poznań increased by 21% and 15% respectively in the reporting period. The pace of the growth was higher in 2H of 2021 vs the 1H. The demand was mainly driven by healthy consumer demand for first/larger apartments as well as by shrinking supply and increasing construction costs.

The chart below presents price development on markets monitored by the Group in 2017 – 2021.



Source: Cordia Group, JLL

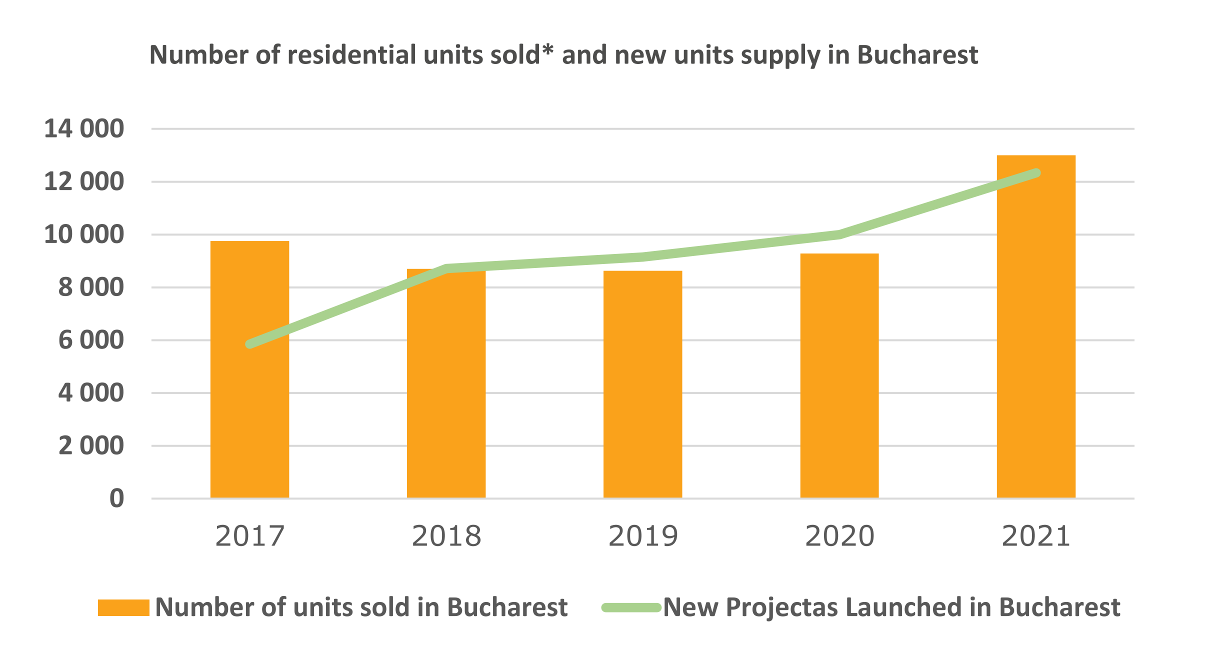
Starting from the end of 2021, 2022 will be a year with many legislative changes that are designed not only to support consumer demand (government guarantees instead of own contribution for housing loans, introduction of housing vouchers), but also to strengthen customer protection rights (new "Act on the Protection of Rights of Buyers or Residential Premises and Single-Family Houses and the Developer Guarantee Fund", in effect since 1 July 2022). Along with additional changes in the tax scheme introduced in the "Polish Deal", which affects disposable income and rental income, this might have a significant impact on residential market demand in the future. However, at the moment it is very difficult to predict the impact of the above-mentioned legislative changes.

Romania: Bucharest Build to Sale (BtS) residential market overview

According to the Cordia Group estimation approximately 13 000 new apartments were sold in 2021 in Bucharest. That was not only 40% higher than a year ago, when market was suffering from lockdowns, but also 51% higher than in 2019. Residential demand was driven by healthy labor market, with very low 5.4% unemployment rate in December 2021 as well as stable salary growth.

There were more than 12 300 units completed in new projects launched with 100+ units for sale, which was the highest since 2017. The residential supply in Bucharest shows an upward trend, despite the continuously rising construction costs, tougher conditions following the suspension of district zoning. The supply boosted by 23% compared to 2020 total supply, when it reached approximately 10 000 units in Bucharest.

The chart below presents the number of transactions and new units supply in Bucharest in yearly breakdown since 2017.



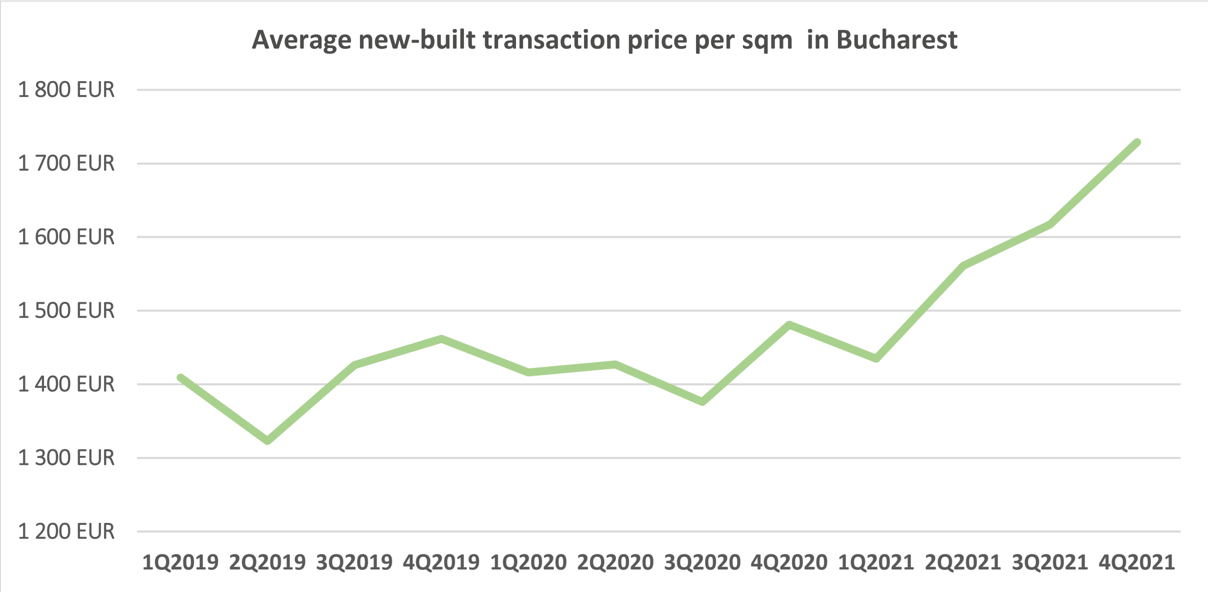
**Number of units sold based on estimation that 25% of ANCPI transactions registered are new-built units. Data of National Agency of Real Estate Advertising and Cadaster (ANCPI) include all residential transactions (secondary market, land, detached houses etc.)*

Source: Cordia Group, JLL

Healthy demand and costs increase pushed prices up. Primary market transaction prices rose on average by 17% compared to the end of 2020, to 1 729 EUR/sqm. As in Poland and Hungary the growth pace was higher in the 2nd half of 2021.

Starting from the beginning of 2022 the VAT reduction to 5% was extended to apartments with a price equivalent to 140 000 EUR (the limit raised from 93 000 EUR). This should allow residential developers to offset rapidly increasing construction costs without a significant impact on development margins.

The chart below presents the average new-built transactions prices since 2019.



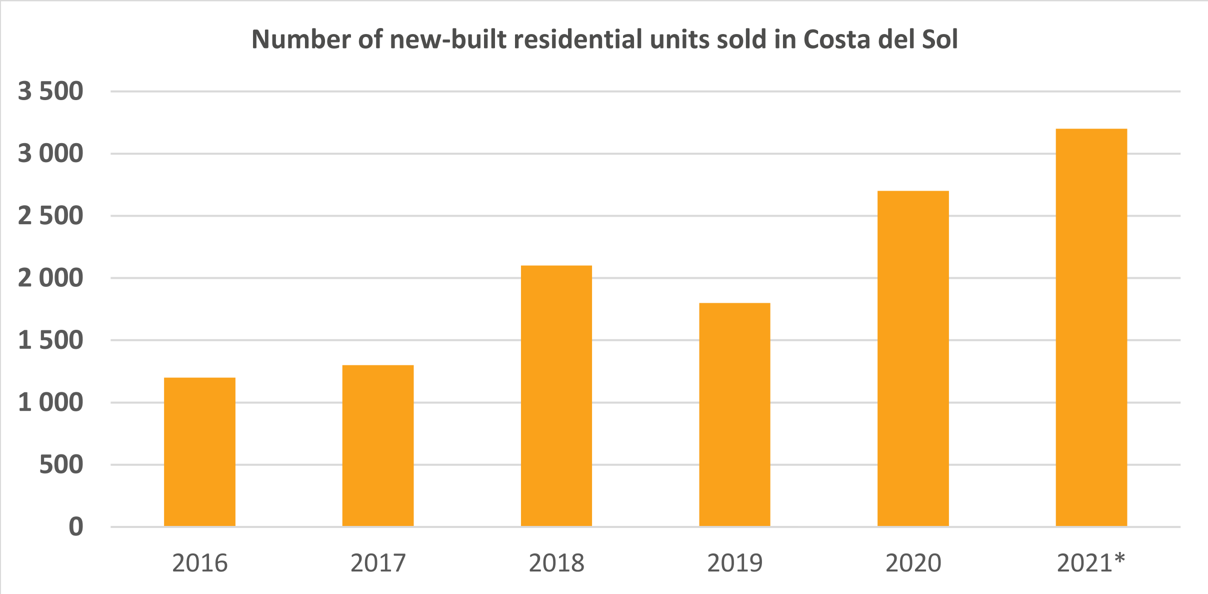
Source: Cordia Group, JLL

Spain and Marbella Build to Sale (BtS) residential market overview

Housing demand in Spain is concentrated in metropolitan areas and Mediterranean markets, 26% of transactions occur in the metropolitan area of Madrid and Barcelona, other 25 % are concluded in Mediterranean markets like the Malaga Province. Most of the residential development businesses in the region are small and medium sized companies. Because of its unique location, historically Malaga residential unit prices exceeded the Spanish average by 27% for the last ten years. This is because over 30% of demand is driven by foreign customers willing to relocate or invest in this area, mostly from northern European countries like the UK and Scandinavia. Both Group projects that are located in Marbella and Fuengirola are in **Costa del Sol** region (Malaga province) and are dedicated to these kinds of buyers.

According to CAI Soluciones de Ingenieria, there were approximately 3 200 new-built residential units sold on the real estate market in the region of Costa del Sol in 2021, which means 18.5% growth compared to 2020 and 77% growth compared to 2019. In 2020 despite COVID-19 pandemic outbreak which exerted a negative impact on the demand for residential real estate in Spain, the number of transactions for new buildings in Costa del Sol grew by 50% y/y following a fall in 2019. In 2021 after pandemic an economic recovery was observed in Spain followed by further growth in the number of transactions in residential real estate market in the region.

The chart below presents number of transactions in new-built residential units in Costa del Sol region since 2016:



** Data for 2021 estimated;* *Source: CAI Soluciones de Ingenieria*

Due to the high fragmentation of the residential real estate market in Costa del Sol, there are no comparable market data in terms of transaction pricing. Nevertheless, due to their prime locations and proximity to the coast the Group's projects are priced way above the market average for the region.

On the one hand prices in projects which are in direct competition to the project in Fuengirola ranged between 4 170 and 7 330 EUR/sqm in Q4 2021. The average price amounted to 5 760 EUR/sqm compared to 5 278 EUR/sqm in Q1 20201, which means 9.1% growth.

On the other hand, prices in projects which are in direct competition to the project in Marbella ranged between 4 590 and 8 480 EUR/sqm in Q4 2021. Average price accounted for 6 194 EUR/sqm compared to 5 752 EUR/sqm in Q1 2021, which means 7.8% growth.

UK and Birmingham Build to Rent (BtR) residential market overview

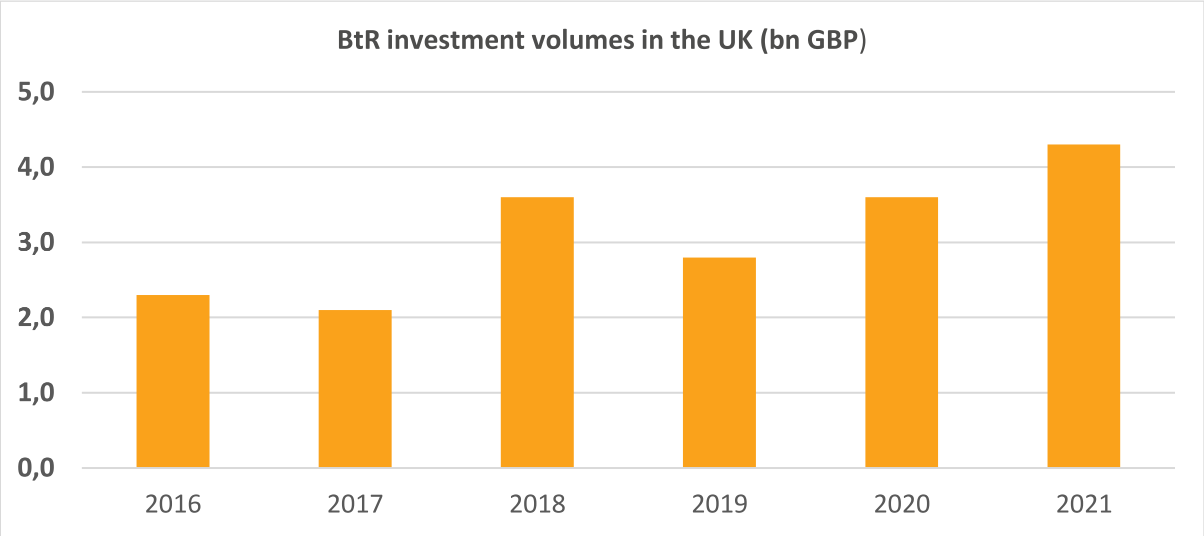
The majority of the Group projects located in Birmingham are Built to Rent (BtR) projects. All Group BtR projects on this market are in "Under preparation" phase. Additionally, the Group also develops a relatively small Build to Sell (BtS) project called Gothic, in which construction of phase no. 1 was started in 2021. Birmingham's working population has increased by 20% over the last twenty years, which is considerably higher than the UK national average of 11%. Registering 1.15 million residents, Birmingham is the second most populous city in the UK and forecasts predict the population to rise by more than 7% by 2025.

The city is home to 5 universities producing 25,000 graduates a year, 46% of whom opt to stay in Birmingham after graduation, contributing to a highly educated and talented workforce. The high retention rate has resulted in 40% of Birmingham's population being under the age of 25, which has helped to support the buoyant rental market, which has seen an annual rental growth of 6%.

Attracted by the city's continued growth, Birmingham has received largescale investment by large prominent firms such as Jaguar Land Rover, HSBC and PwC. The broad economic base, coupled with a young and well-educated talent pool, has provided the city with a solid foundation for future growth.

Investments in the UK BtR sector have been growing for several years. This growth is at the moment driven by an expanding and undersupplied rental market supported by demographic and structural changes as well as BtR's stable, long-term income streams with defensive counter-cyclical qualities. 2021 was another year with rising demand for income-producing residential assets in the UK. Data based on KnightFrank.com research shows that record £4.3bn of capital was invested in the BtR sector. This is a 19.5% increase in investment volumes compared to 2020. Some 76% of funds committed in 2021 were allocated to schemes outside of London. Around 23% of transactions were coming from new entrants. According to JLL the BtR sector has potential to mature into £20bn per annum market.

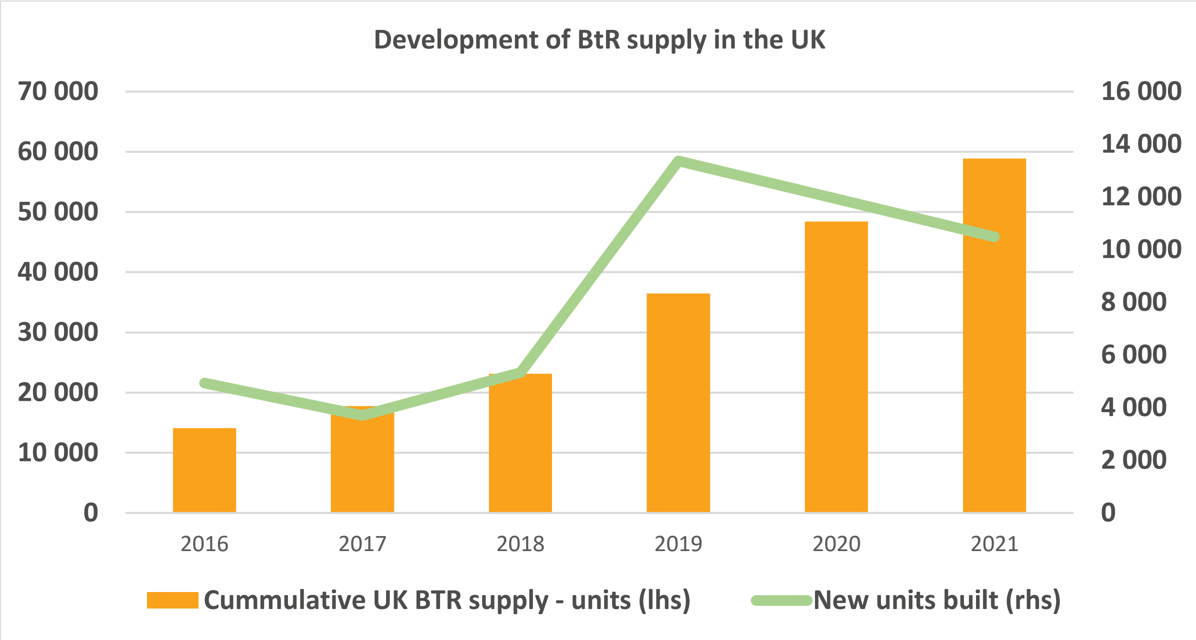
The chart below shows BtR investment volumes in the UK since 2016:



Source: Knight Frank

Rising investment volumes are supporting delivery. Based on Knight Frank Research the UK's BtR stock stands at around 60,000 completed homes with further 170,000 under preparation. Approximately 50% of all the completed units are outside London (source: JLL). Despite the rapid growth of the sector in recent years, BtR still forms a small part of the overall rental market. The completed stock accounts for only 1.3% of all private rental households, rising to 2.2% if the pipeline of under preparation stock is included (compared to 12% in the USA).

The chart below shows development of BtR supply in the UK since 2016:



Source: Knight Frank

1.3. Goals & strategy of the Group

1.3.1. Integrated, full-service operation, best-in-class team, efficiencies of scale

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

1.3.2. Cycle-conscious, geographic, and operational diversification, value investor's approach to acquisitions

The 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 the Group is to achieve a top 10 position in the Polish market. The geographic diversification of the 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 Group's competence center. At the same time the Group screens its current and targeted markets for special portfolio and/or acquisition deals like it was undertaken in the case of POLNORD S.A.'s acquisition and acquiring a stake in ARGO Properties N.V., St. Arthur Homes and Auxesia Homes.

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

1.3.3. Strong brand

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

1.3.4. Capital market access

The Group develops long term relations with financial institutions and capital market participants with the objective to diversify its funding sources, including bonds and structured products.

1.3.5. Land acquisition strategy

The Group uses strict underwriting criteria based on location, land cost, demand and supply dynamics, and project profitability. The Group focuses on markets with at least 5,000 sales of new built units per year with appropriate micro locations for midmarket segment assets and avoids overpaying for land in overheated markets. The Group has a significant opportunity to grow the local platforms in already established cities.

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

The Group is not under any pressure to focus on volumes, as can be the case for listed residential developers and prefer profitability over volumes. The underwriting of the Group currently includes minimum 25 % gross margin target, minimum 20 % post tax internal rate of return (IRR) and 1.8x multiple on invested capital (after internal fees). Employee incentive structures are shaped and aligned with a focus on execution and profitability.

1.3.6. Projects financing strategy

All projects are developed in separate SPVs (special purpose vehicle), either limited liability project companies, partnerships, or private real estate development funds/umbrella funds. The land acquisitions were typically financed from the equity provided by one of the Group members until launch of development. Most projects are financed by local banks in separate SPVs through construction financing facilities, with project equity provided by a Group member and by co-investors of the Group. At the SPVs' level all loans are typically provided subject to cost overrun and completion guarantees – and are not cross-collateralized, however they may contain certain general cross-default provisions. The project-equity and pre-sales requirements vary from country to country and from 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. Acquisitions and certain projects are financed via bond issuances. Corporate level leverage is lower due to an unleveraged land bank and a portfolio of projects in different development and lower leverage phases. The Group maintains good relationship with multiple senior lenders.

1.4. *Main risks of the Group and relating changes and uncertainties*

Main risks of the Group consist of, but not limited to, the followings:

RISK	RISK MITIGATIONT
Cyclical residential market	deepening and extending the diversification both geographically and operationally (resi-for-rent)
Unable to acquire further land	developing, maintaining and motivating the agency network, proactive search and mapping activity, searching for acquisition and other special opportunities
Zoning risk	proper assessment of the zoning situation with deep sectoral knowledge, limiting the share of land plots without proper zoning, closing of land acquisitions conditioned on zoning
Building permit risk	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.)
Market risk	• deep understanding of the markets with monthly competitor analysis of the projects, regular market research, other indicators having effect on the market • active price and sales speed management • proper and efficient marketing activities with active advertisement management
Construction risk	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
Bank financing risk	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
Operation risk	well defined, proper processes and people management
Warranty risk	proper security/insurance from contractors, permanent monitoring of the warranty processes, active intervention
Risks of supply chain shocks	establishing and maintaining multiple quality material supply sources with geographical diversification; selective and well-designed increase of raw material inventories
COVID-19 (or other) pandemic	regional health protection and social distancing measures including – among others – strict disinfection of headquarters offices, home office work, providing equipment for remote work, allocating 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.
Russian – Ukrainian conflict	On February 24, 2022, a military conflict started between Russia and Ukraine. The extent of the future impact of the conflict on the Group's operational and financial performance will depend on future developments, including, but not limited to, the duration and severity of the conflict and the duration, timing,

	and severity of the impact on global economic conditions, including any resulting recession, all of which are uncertain and cannot be predicted.

1.5. Outlook

After a very successful 2021, the year 2022 looks more challenging. Rapidly growing interest rates in Hungary, Poland and Romania and the armed conflict between Ukraine and Russia adds more uncertainty to overall business environment. It might also undermine customers confidence which is ultimately the key driver to residential market demand.

Additionally revenues in 2022 will be impacted by lower expected deliveries this year which is mostly a reflection of delayed project launches back in 2020. The COVID pandemic, lockdowns and the end of the preferential VAT regime on residential units in Hungary at the beginning of 2020 caused a lot of uncertainty and therefore the Group decided to delay some planned projects.

On the other hand, rising inflation and negative real interest rates makes the purchase of real estate one of the best ways to protect the real value of our savings, especially when there are very few other options for potential investors looking for alternatives.

Additionally enormous inflow of emigrants from Ukraine might drive consumption and permanently change demographics of Poland, Romania and Hungary and have very positive impact on GDP for these countries. The very short-term impact of Russia's invasion to Ukraine is a rise in rental rates we have experienced since 24 February. This gives an opportunity for renewed investment demand for residential apartments in the countries where the Group operates.

In this environment the Group will continue to develop its business in the most efficient way to build stable and growing operating cash flows. That is why the Group is looking forward to launching more new projects in the UK to diversify its business, and hopefully starting to utilize land purchased through Polnord S.A.'s acquisition by launching very prestigious Haffnera project in Poland, in the current year. The Group is not only going to be active in land acquisition on all present markets, but also continue to sell non-core assets for better risk reward alignment.

Overall, the Management Board of the Group believes that both in terms of revenues and profits the current year might be slightly weaker than 2021, but still very comparable. This is the result of very successful sales the Group had in the previous years on projects to be completed in 2022. On the other hand, we believe that new contracting level we had in 2021 is not likely to be repeated in the current year.

1.6. Other information

Polnord S.A. public tender offer and compulsory buyout

On 23 February 2021, as a result of a public tender offer and compulsory buyout Cordia acquired 100% of Polnord S.A. shares. 6 905 644 of Polnord S.A. shares were purchased for 3.55 PLN per share in this transaction.

First bond issue in Poland

On 15 July 2021, the Company's wholly owned subsidiary Cordia Polska Finance z.o.o. ("CPF") successfully completed its series A Bonds issuance program in the total aggregate nominal value of PLN 68 797 000. According to the Terms & Conditions, A Series Bonds have a floating interest based on WIBOR6M + 4.25% margin with the redemption date on 15 July 2024. The Bonds have been traded at ATS Catalyst market organized by Warsaw Stock Exchange under code CPF0724 since 29 July 2021.

Relating to the Bond issue, Cordia has undertaken a suretyship for a duration until no later than 13 July 2025 and with voluntary submission to the enforcement for the payment obligations deriving from the Bonds up to the total amount of PLN 103 195 500.

COVID-19

During the prior period the Group reacted immediately and decisively to the threat related to COVID-19, ensuring continuity of operations with a vast majority of staff working remotely.

The Group's companies introduced online sales meetings and implemented procedures for remote signing of sales agreements with clients. 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 proceeded without disruptions.

The Group's construction sites in all countries of the Group's operations are progressing normally.

The impact of the Ukrainian-Russian conflict

The impact of the Ukrainian-Russian conflict at the end of February 2022 has been considered by the Group's management and concluded that it has no direct impact on the assets presented in the books at the reporting date. The Group has no direct exposure or business relationships in Ukraine and Russia.

The situation does not have a material effect on the Group's assets and liabilities or its operations.

In the opinion of the management, the war conflict may only have an indirect impact in the fiscal year 2022 through the general economic situation.

For 2022, the management expects the Group's financial position to be stable, based on the cash flow projections, liquidity issues have not been identified for the next 12 months. The management is going to continue to analyse the situation due to the conflict.

1.7. Subsequent events

Completion and change of projects

On 7 January 2022, Blackswan (Bradford Works) Limited completed its acquisition of a 855 m2 development site on Barr Street in Birmingham's Jewellery Quarter. Planning permission is already secured for 28 residential units to be built on the site, to be delivered as part of a shared living scheme.

Project Bank financing Loans

A new credit facility agreement was signed for the 1st phase of the Modena project in Poznan, Poland. The loan is provided by Alior Bank in the total amount of HUF 9.3 billion.

On 8 March 2022, Cordia's subsidiary, CORDIA GLOBAL Ingatlanfejlesztő Esernyőalap – CORDIA GLOBAL 25. Részalap entered into a new credit facility agreement in the sum of HUF 6.6 billion with OTP Bank Nyrt. for the development and construction of i6 Residence project in Budapest, Hungary.

On 28. January 2022, Cordia's subsidiary, CORDIA GLOBAL Ingatlanfejlesztő Esernyőalap – CORDIA GLOBAL 20. Részalap entered into a new credit facility agreement in the sum of HUF 4.8 billion with Raiffaisen Bank for the development and construction of Naphegy 12 project in Budapest, Hungary.

Change in the composition of the Management Board

Mr Pál Darida the member of the Board of Directors passed away in March, 2022, therefore his mandate was terminated.

Ms Johanna Mezővári has been appointed by the Extraordinary General Meeting as new member of the Board of Directors as of 30 March 2022 for indefinite period. Ms Johanna Mezővári has spent her professional career mainly in leading HR positions in multinational companies representing a variety of size and industries (Hungarian Productivity Center, AstraZeneca, UPC). She has been working for the Group since 2016, currently she is the Chief Operating Officer of the Cordia Group. She earned her economist degree at the College for Commerce, Catering and Tourism that has been extended later with an MBA at the Budapest Technical University and speaks 3 languages (Hungarian, English, Italian).

2. ANNUAL FINANCIAL REPORTS

The annual separate financial report of the Company for the financial period ended on 31 December 2021, has been attached to this Annual Report as Annex I. The annual consolidated financial report of the Group for the financial period ended on 31 December 2021, has been attached to this Annual Report as Annex III.

3. AUDIT REPORT

The audit report on the annual separate financial report of the Company for the financial period ended on 31 December 2021, has been attached, as part of the financial report, to this Annual Report as Annex II. The audit report on the annual consolidated financial report of the Group for the financial period ended on 31 December 2021, has been attached, as part of the financial report, to this Annual Report as Annex IV.

4. DECLARATIONS

4.1. Declaration on annual financial report

Tibor Földi, as the chairman of the board of directors of the Company, hereby

d e c l a r e s

that the annual financial report (including the comparative data) attached to this Annual Report, which financial report has been prepared in accordance with the applicable accounting standards and during the preparation of which the Company acted in accordance with the best of its knowledge, provides a true and reliable overview as to the Company and the Group's assets, liabilities, financial situation, and profit and loss.

4.2. Declaration on management report

Tibor Földi, as the chairman of the board of directors of the Company, hereby

d e c l a r e s

(i) that the management report included in this Annual Report, provides a reliable overview as to the Company and the Group's situation, development, and performance, presenting the main risks and uncertainties; and

(ii) that the audit firm auditing the annual financial report was selected in accordance with legal regulations, including regulations concerning the audit firm selection and selection procedure, and that the audit firm and members of the audit team met the conditions necessary to prepare an impartial and independent report on the audit of the annual financial report in accordance with applicable regulations, professional standards and professional code of conduct.

Tibor Földi

Chairman of the Board

Budapest, 29 April 2022

ANNEX I – ANNUAL SEPARATE FINANCIAL REPORT OF THE COMPANY

ANNEX II – AUDIT REPORT ON THE ANNUAL SEPARATE FINANCIAL REPORT OF THE COMPANY

ANNEX III –ANNUAL CONSOLIDATED FINANCIAL REPORT OF THE GROUP

ANNEX IV – AUDIT REPORT ON THE ANNUAL CONSOLIDATED FINANCIAL REPORT OF THE GROUP