CORDIA INTERNATIONAL ZRT.

Annual Report

CORDIA INTERNATIONAL ZRT. & CORDIA GROUP FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2022.

INVESTOR RELATIONS CONTACT

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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 43-45. II. 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's 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 January 1, 2022 – December 31, 2022 ("**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.

Letter from the Chairman of the Board of Directors

Tibor Földi
Chairman of the Board,
Cordia International Zrt.

It has been a challenging year, as the war in Ukraine, inflation, rising energy prices and a more uncertain economic environment have all made things difficult not just for the real estate sector, but for everyone. Nevertheless, we have successfully navigated through the obstacles, as evidenced by the many milestones we have achieved and the figures that show our performance. We have completed the last residential building along Corvin Promenade in Hungary, bringing to completion the multi-award-winning centrepiece of the largest urban renewal program in Central Europe, launched more than a decade and a half ago.

We continued our developments in Budapest, and in the autumn we expanded our portfolio in Hungary with the announcement of further 500 apartments. In Poland and the UK, our focus was also on urban regeneration projects as part of our DNA. In Poznan, we started construction of a modern residential complex on the site of the former Modena garment factory, and in Birmingham we started handover of apartments in the first phase of The Gothic. We also continued construction on our first project in Spain, the Jade Tower on the Costa del Sol. As a sign of our success, we launched 5 new projects, sold 851 apartments and handed over 1 112 new homes during the year in our markets.

Cordia's financial performance also showed strength in 2022. Despite the lower number of delivered units to customers compared to 2021, the Group achieved a comparable level of gross profit in 2022, as the value of handed-over units as well as realized margins increased substantially. The good business performance further strengthened the balance sheet and bolstered the liquidity position, keeping the indebtedness at low levels.

The year 2023 will also not be easy, but we are ready and solid for the challenges ahead. We believe that the Polish and Romanian new housing markets have already bottomed out, and the market situation in Hungary should improve from 2Q onwards. We will launch Marina City, our next large-scale urban district redevelopment in Budapest, which is similar in scale to the Corvin Quarter. This project will be located on a 10-hectare brownfield site on the banks of the Danube, with over 1.2 km of river waterfront and 9-hectares of car-free green area.

I would like to thank our investors and partners, and we will continue to count on them to help us deliver our plans together this year.

2

Management Report

2.1.
INFORMATION ABOUT CORDIA GROUP

2.1.1.
Basic Information

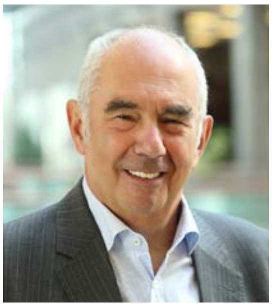
The Company and its subsidiaries' core business is to develop residential properties and sell residential units. The Group is one of the leading residential developers in the CEE region with a strong and well-known brand. It is active in the mid- and mid-to-high segments of the for-sale market in Hungary, Poland, Romania, Spain and since August 2020 in Birmingham, UK.

In each country the Group operates through local teams organized in separate legal entities, so called management companies , that hire specialists in all locations. The local teams are supported by the Group's competence centres. The local management companies develop and operate residential real estate projects that are located in separate project SPV's. More information about the organizational structure of the Group and the subsidiaries can be found in Note 5 in the Consolidated Financial Statement for the period ended on 31 December 2022.

The ultimate beneficial owner of CORDIA International Ingatlanfejlesztő Zrt. with its registered office in Budapest, Hungary is Mr. Gábor Futó (as the major shareholder).

Founders and co-owners

Mr. Gábor Futó
Co-founder & Co-owner, Futureal Group



Dr. Péter Futó
Founder & Co-owner, Futureal Group

Board of Directors

Mr. Tibor Földi
Chairman of the Board

Mr. Péter Bódis
Member of the Board, Chief Financial Officer

Mrs. Johanna Mezővári
Member of the Board, Chief Operating Officer

Country Managers

Mr. Tomasz Lapinski
Country Manager of Poland

Mr. Mauricio Mesa Gomez
Country Manager of Romania & Spain

Mr. András Kárpáti
Co-Country Manager of UK

At the end of 2022 the Company had the following owners:

98%
Cordia Holding B.V.
(place of business: Laan van Kronenburg 14, 1183 AS Amstelveen, the Netherlands)

0.798%
Finext Consultants Limited
(place of business: Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Cyprus)

1.202%
Private individuals

More information about ownership structure might be found in Consolidated Financial Statement for the period ended on 31 December 2022.

2.1.2.

Goals & strategy of the Group

Full-service operation

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 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.

Diversification

The Group focuses on step-by-step geographic diversification accompanied with precisely selected opportunistic acquisitions with a value-investor's approach. The geographic diversification of the Group enables optimal and opportunistic allocation of capital across countries whose residential market cycles are non-synchronized.

The growth 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 focuses on Budapest and Birmingham followed later by Warsaw and potentially 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.

Strong brand

The Group is focusing on building out a strong "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 create a strong background for this business to customer exercise.

Capital market access

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

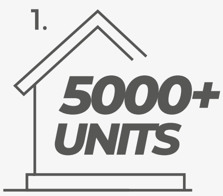
Land acquisition strategy

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.

MILESTONES OF OUR STRATEGY ARE:



Be in the market/ city with 5000+ units sale per Year

We buy the land only when at least 25% Gross margin might be realised on the project

The minimum required IRR for the project in 20%

The minimum payout multiple is 1.8 cash back vs invested equity

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. Most of the loans are at the SPVs' level typically with 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.

2.1.3.

Market overview & business environment

HUNGARY

Budapest Build-to-sell (BtS) residential market

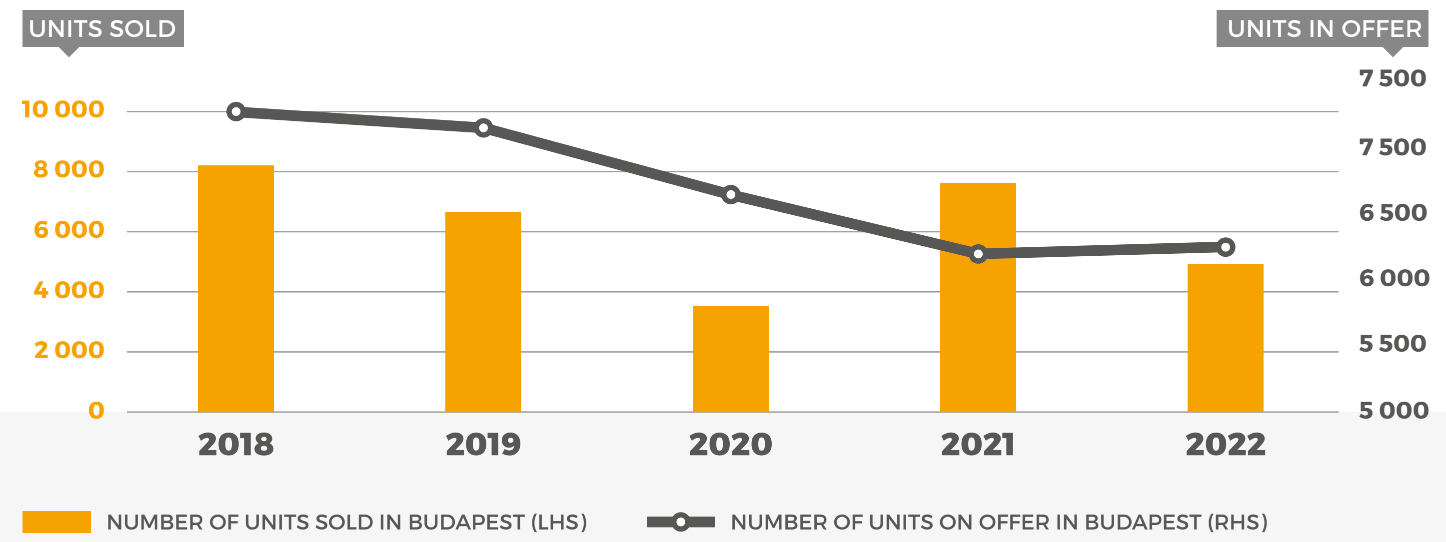
In 2022 a challenging business environment hit the Budapest residential market. Market sales volume of newly built apartments held up reasonably well until the summer, but started to weaken going into the second half of the year. The jump in inflation and energy costs as well as a ballooning current account and budget deficits forced HUF interest rates significantly higher making credit financing punitively expensive. Coupled with the armed conflict in Ukraine, many customers decided to postpone a decision to purchase flats. On the other hand, cash buyers still show interest, and the extension of the existing home purchase subsidies (Childbirth Incentive Loan, Family Home Allowance) may also provide some tailwind for housing demand in the future. In the medium term, the extension of the deadline of preferential VAT rate (5%) on residential properties for two more years may also support demand.

Market sales in 2022 amounted to 4 950 units which is a decrease of 35% compared to 2021. After a very good performance in 1Q 2022 supported by housing subsidies, 2Q 2022 brought a turnaround compared to sales volumes observed in the previous quarters. In 3Q 2022, the number of sales seemed to stabilize at around 1 000 flats, however in 4Q 2022 there was further decline.

As a result of declining demand, the number of flats available for sale on the market has started to increase since 2Q 2022 after hitting its lowest point since 2016. Thus, the number of flats for sale in December was 6 250 units, and returned to the same level as a year ago. However it was still 10% below previous years' average (average level of the supply between 2017 and 2021: 6 900).

The chart below presents sale volumes and number of units on offer since 2018

New-build apartments market size in Budapest



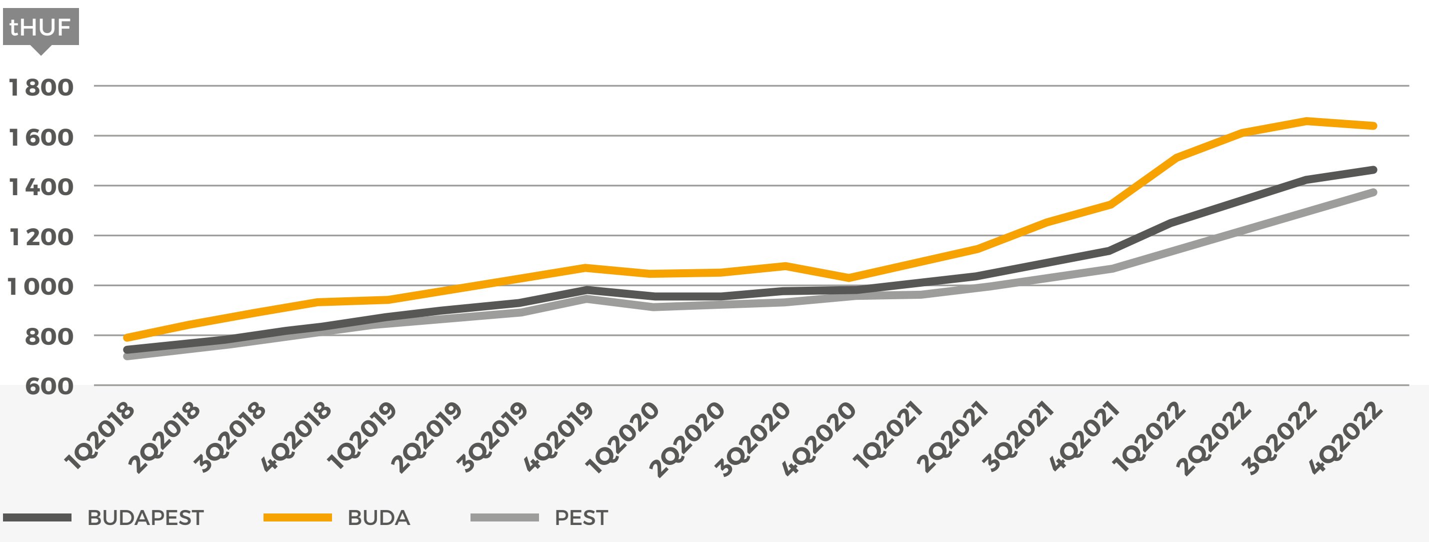
Source: Cordia Group, JLL

HUNGARY

Despite slower consumer demand for new apartments in 2022, prices of flats continued to rise in Budapest. After a jump in prices in 1Q 2022, and solid growth in 2Q and 3Q 2022, the price dynamics started to sag in 4Q 2022. Although visible since the last quarter of 2022, price adjustments were not significant so far. Developers have not lowered the prices permanently, instead they offered temporary discounts, which significantly contributed to the slowdown in the price growth.

In December 2022 the average offer price of newly-built apartments in Budapest rose to 1 464 000 HUF/sqm, which was 28% higher compared to 1 140 000 HUF/sqm in December 2021. The prices on the Buda side grew less than on the Pest side. Regarding non-exclusive projects on Buda side, the average offer price reached 1 644 000 HUF/sqm, which was 24% higher than in December 2021 (1 324 000 HUF/sqm). As for Pest, the average price amounted to 1 371 000 HUF/sqm at the end of the 2022, which was 29% higher than a year ago (1 065 000 HUF/sqm). The chart below shows average offer prices in the years of 2018-2022.

New-built offer price/sqm in Budapest, on Buda and Pest side



Source: Cordia Group, JLL

POLAND

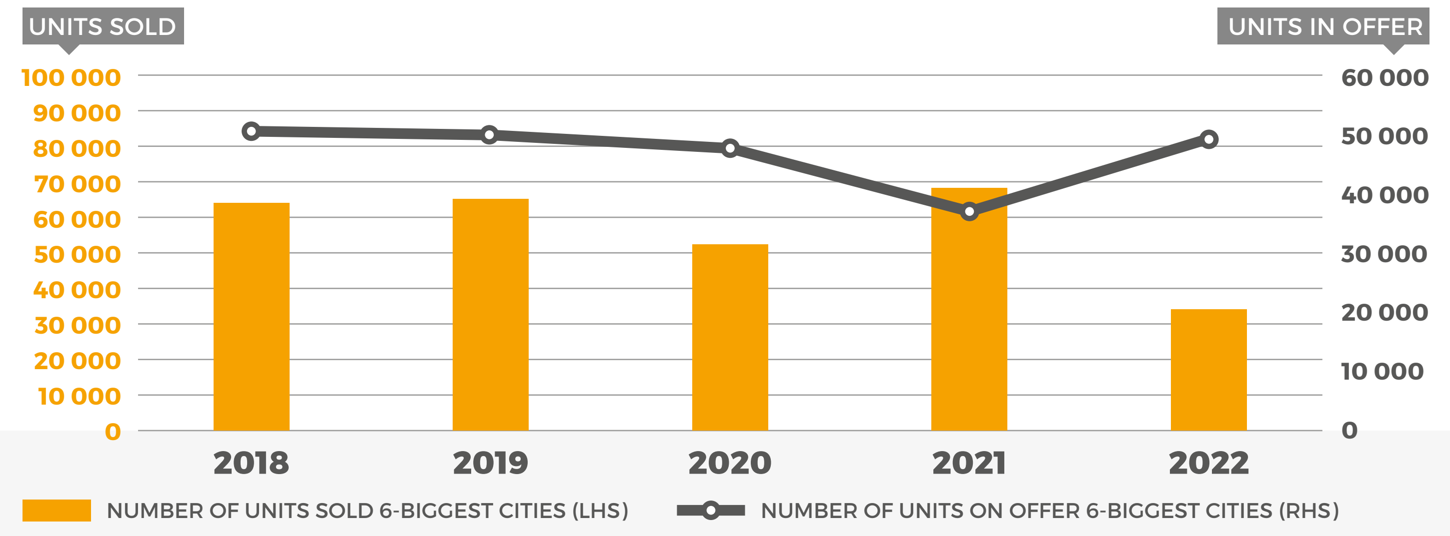
Warsaw, Cracow, Tri-City, Poznan, Build to Sell (BtS) residential market

According to JLL (Jones Lang LaSalle Incorporated – Real Estate Agency) report for Residential Market in Poland for 4Q 2022, around 34 840 new apartments were sold in 2022 in the six largest cities in Poland (Warsaw, Cracow, Tri-City, Poznań, Wroclaw and Łodź), which means nearly 50% decline compared to 2021. The decline in sales was caused by tightening of monetary policy which increased loan costs, growing inflation as well as Russia's armed invasion in Ukraine. Additionally, investor demand for residential properties was weakened by the availability of high yielding securities, like inflation-indexed government bonds.

In terms of supply, 2022 brought significant increase in the amount of units available for sale. This was caused by falling demand but also a change in consumer regulations which incentivized residential developers to launch a large number of new projects still before the new regulation was introduced in July. So far, it seems that 4Q 2022 was a turning point as more units were sold than introduced to the market in that period. All-in-all, at the end of the 2022 an estimated number of 49 500 apartments were on offer, which is an increase of 34% compared to the end of 2021.

The chart below presents sale volumes and number of units on offer since 2018

New-build apartments market sizein 6-biggest cities in Poland (Warsw, Cracow, TriCity, Wrocław, Poznań, Łódź)



Source: Cordia Group, JLL

POLAND

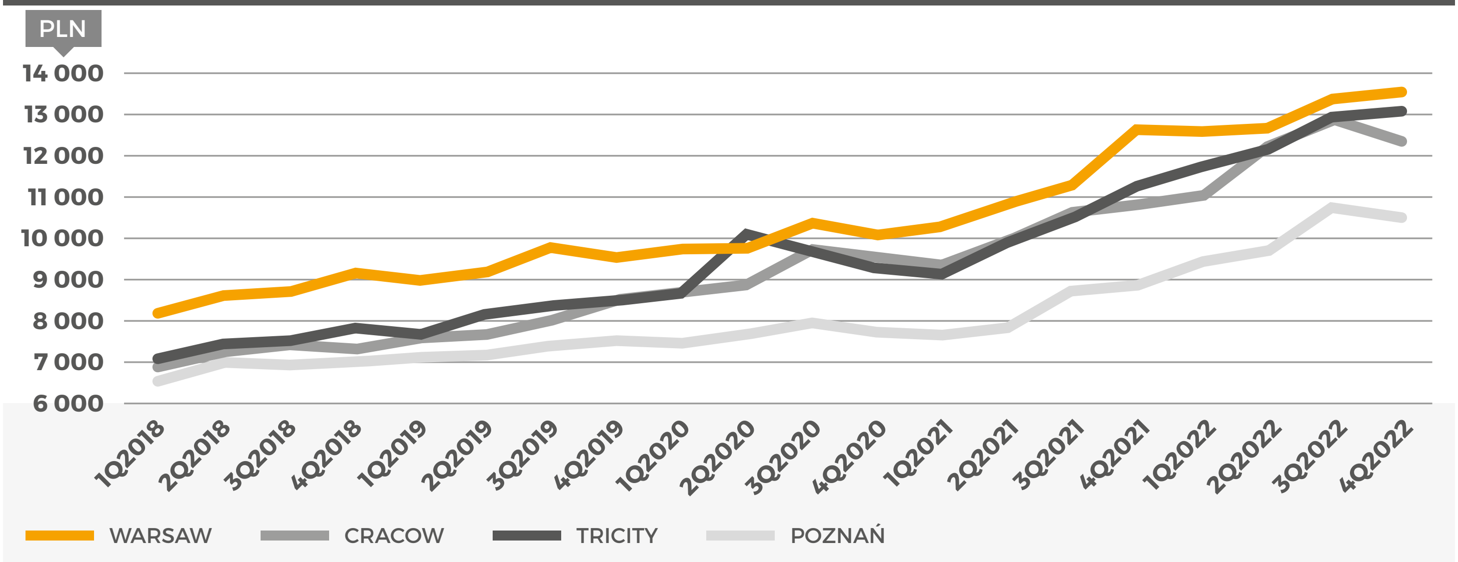
In 2022 primary market transaction prices rose in all the cities where the Group is present. The lowest growth could be observed in Warsaw where the average price was around 13 600 PLN/sqm in 4Q 2022, being 7% higher than at the end of 2021. The highest price increase was in Poznań with 18.5% bringing average prices to 10 549 PLN/sqm. Prices in Cracow and TriCity increased by approximately 14% and 16% respectively in the reporting period. The pace of growth slowed down (or was even negative) in 4Q 2022 due to the lower demand and residential developers' elastic price policy driven by the pressure to increase volumes by the end of the year.

2022 was a year with many legislative changes that were designed not only to support consumer demand (government guarantees instead of own contribution for housing loans in effect since May 23, 2022, introduction of housing vouchers in effect since 2023), but also to strengthen customers' 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 July 1, 2022).

Additionally, in the second half of 2023, the Polish government is planning to launch a new program of subsidized mortgages which could influence the residential market positively. The program, at the current stage is aimed at young, first-time flat-owners and assumes the State's subsidies to the interest expense over the 2% fixed rate throughout the period of ten years. The government plans to launch the program from July 2023. This could support demand for new flats since Q3 2023.

The chart below presents price development on markets monitored by the Group in 2018 – 2022.

New-built transaction price/sqm by city



Source: Cordia Group, JLL

ROMANIA

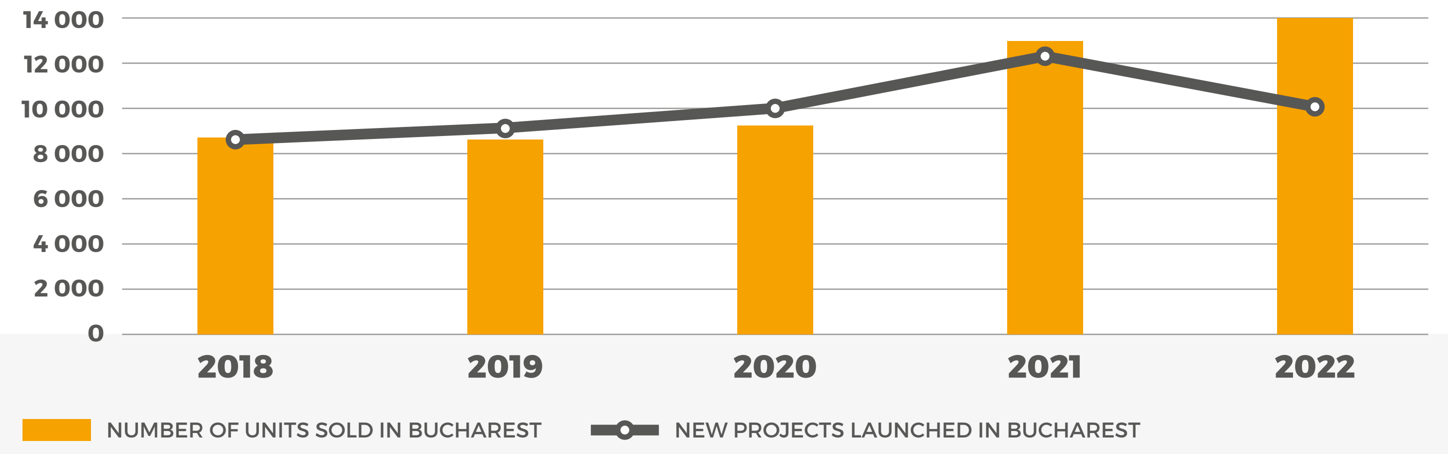
Bucharest Build-to-sell (BtS) residential market

According to Cordia Group's estimation, approximately 14 400 new apartments were sold in 2022 in Bucharest which is c.a. 11% increase compared to 2021. Residential demand proved surprisingly strong despite the deteriorating economic climate caused by tightened monetary policy and the geopolitical situation. The demand in 2022 partially resulted from buyers motivation to secure mortgages before the expected increase in interest rates. According to JLL, this trend may continue going into 2023. Additionally, the Noua Casa (New Home) program of the state guarantees supported the residential demand throughout 2022.

In 2022 the residential supply in Bucharest decreased by almost 18% to 10 150 units compared to 12 335 units in the 2021. This is a result of suspension of district zoning plans in the city since March, 2021.

The chart below presents the number of transactions and number of new units supplied annually in Bucharest since 2018.

New-built apartments market size* in Bucharest



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

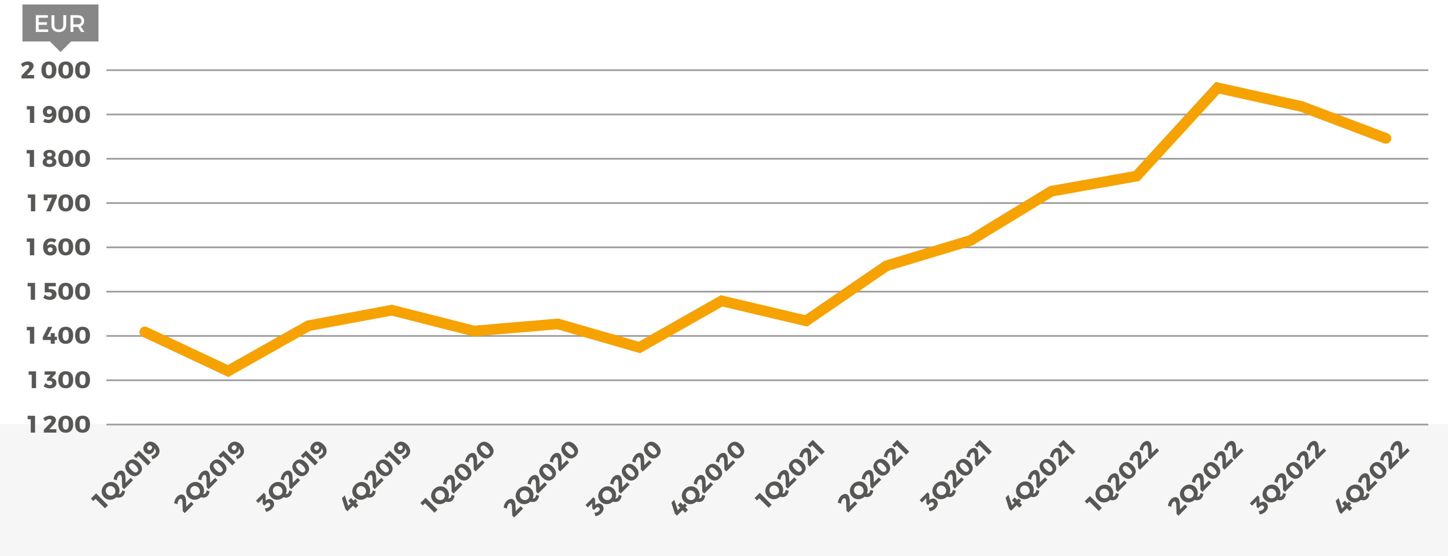
Source: Cordia Group, JLL

ROMANIA

Primary market transaction prices reached 1 850 EUR/sqm in 4Q 2022 which is 7% higher than one year ago. On the other hand 2H 2022 brought declining prices by approximately 5.5% since the peak in 2Q 2022 which may be the indication of market entering into readjustment stage.

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

New-built transaction price/sqm in Bucharest



Source: Cordia Group, JLL

SPAIN

Spain and Marbella Build-to-sell (BtS) residential market

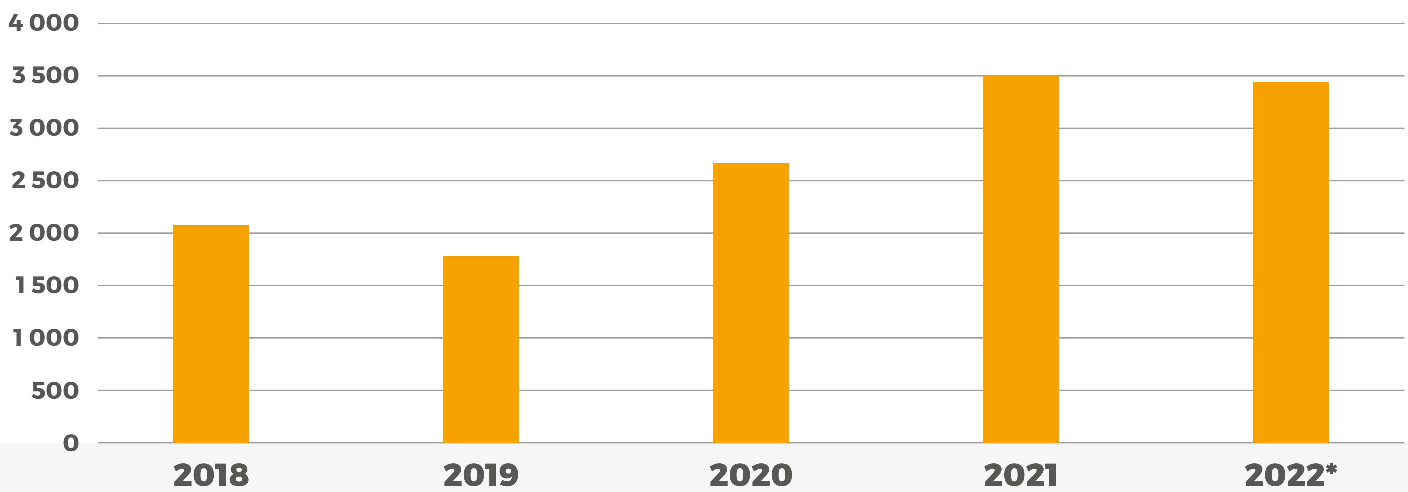
According to CAI Soluciones de Ingenieria, there were approximately 3 500 new residential units sold on residential real-estate market in the region of Marbella and Fuengirola in 2022. Compared to 2021, total sales of new residential units were at the same level. At the same time the share of the sales of new units in total transactions decreased to 14% and was the lowest since 2020. One possible explanation is that there are fewer plots with zoning available.

As the Costa del Sol residential real estate market is highly fragmented, 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.

The average sales price in projects, which are in direct competition with Cordia's project in Fuengirola ranged between 4 230 and 8 490 EUR/sqm in 4Q 2022. The average price amounted to 6 670 EUR/sqm compared to 5 760 EUR/sqm in Q4 2021, which means nearly 16% growth. On the other hand, prices in projects which are in direct competition with Cordia's Marbella project ranged between 4 290 and 10 750 EUR/sqm in 4Q 2022. The average price stabilized at 6 900 EUR/sqm compared to 6 190 EUR/sqm in Q4 2021 meaning an 11% growth year-over-year.

The chart below presents the number of transactions in new-built residential units in Costa del Sol region since 2018:

New-built units sold in Costa del Sol



* Data for 2022 estimated;

Source: CAI Soluciones de Ingenieria

UNITED KINGDOM

UK and Birmingham Build to Rent (BtR) residential market

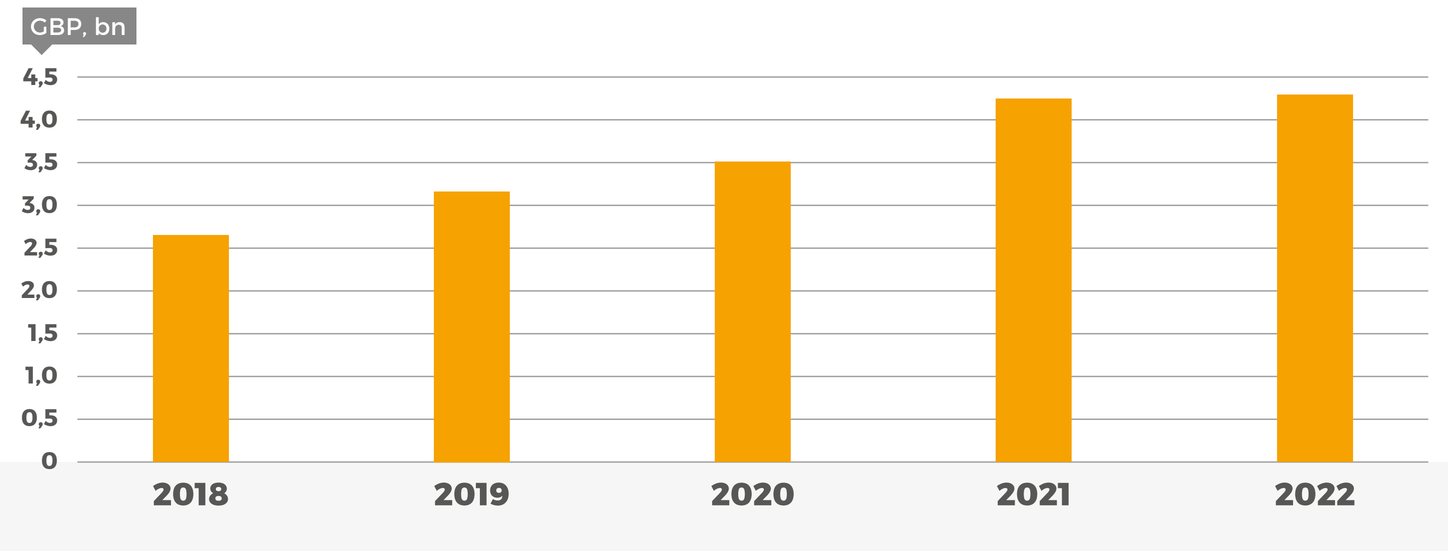
Investments in the UK BtR sector have been growing for several years. This growth is at the moment driven by an expanding and undersupplied rental market supported by demographic and structural changes as well as BtR's stable, long-term income streams with defensive counter-cyclical qualities. According to Savills the number of funds targeting UK residential strategies has grown considerably over the past five years, and the amount of capital raised by those funds exceeded the amount originally targeted.

2022 was another record year in terms of investment volume. According to Savills, in the reporting period GBP 4.3 bn was invested in the BtR sector in the 2022 in the UK, which is higher by 1.3% compared to the 2021. Some of the biggest BtR transactions in the UK in 2022 took place in Birmingham, ranging up to GBP 200m.

One of the main advantages of BtR multifamily investments in the current economic environment is its inflation matching characteristics. In December CPI in the UK reached 10.5% while new rents grew up by 12.1% over the same period. Increasing rents supported yields protection relative to other real estate classes. With the private for-sale market currently weakened due to increased mortgage rates, BtR multifamily is likely to increase its share in the residential development market in the forthcoming year.

The chart below shows BtR investment volumes in the UK since 2018:

BtR Investment volumes in the UK



Source: Savills

Macroeconomic environment

Among the Group's operating markets, the general business environment deteriorated in Hungary, Poland, the UK and Romania but remained fairly solid in Spain in 2022 compared to 2021. The main cause was growing inflation and financing costs pushed up by soaring energy prices and uncertainties related to the armed conflict in Ukraine. Inflation pressures were gradually building up already in the post-Covid economic rebound, but were further exacerbated by the energy crisis in 2022. Monetary policy was aggressively tightened in most countries, but the pace slowed as inflation seemed to plateau going into 2023.

GDP growth was generally strong in the 2022, but the signs of slowdown started to be visible in 2H 2022 in all the monitored markets except for Romania. Despite the firm growth in GDP in Hungary, the overall business environment was hit there by the most significant interest rate increase in the region.

Despite the signs of slowdown, the employment market remained strong. In all markets where the Group is present, unemployment rate fell or remained stable when compared to end of the 2021. In Hungary, Poland, and Romania it was at, or very close to record low levels. The situation was the same in the UK. In Spain, although at the elevated level of 13%, the figure was still at the lowest levels for the last 10 years. High wage growth followed the healthy labour market although did not compensate for the increasing costs of living thereby eroding households' purchasing power.

Consumer and production prices grew in all Cordia markets triggering a rise in residential prices again. However, due to restrictive monetary policy of all central banks in the region, and growing uncertainties related to the macroeconomic environment, the demand for residential real estates diminished, resulting in a lower number of transactions.

Data with the major macroeconomic gauges are presented in the table below:

	December 2022				
Macroeconomic indicator	**Hungary**	**Poland**	**Romania**	**Spain**	**UK**
Real GDP FY2022 % (yoy)	4.6%	4.9%	4.8%	5.5%	4.0%
Inflation (HICP)	25.0%	15.3%	14.1%	5.5%	9.2%
Unemployment Rate	3.7%	2.9%	5.6%	13.0%	3.7%
Interest Rates (6M Money Market)*	16.0%	7.0%	7.2%	3.0%	3.9%**

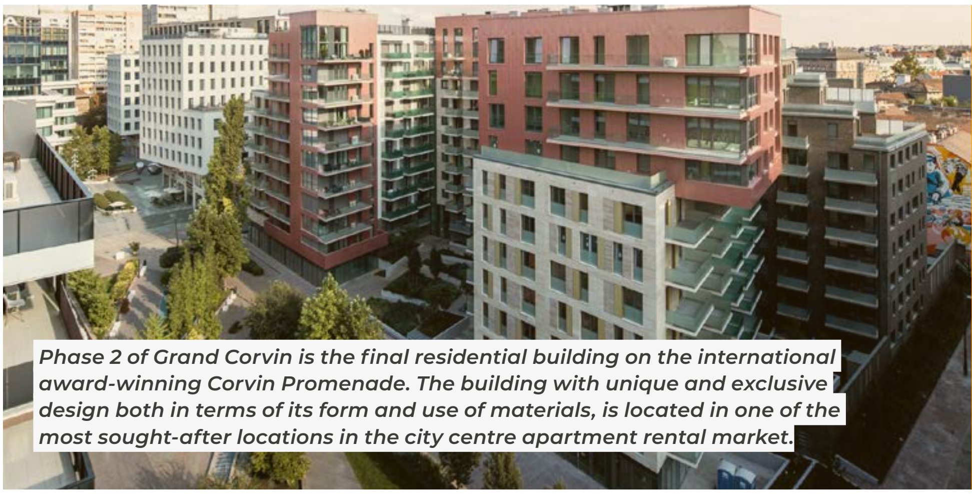
* Data as of 15/03/2023
** O/N rate

Source: Eurostat, ONS, Bloomberg

2.1.4.

Key Projects

HUNGARY



Phase 2 of Grand Corvin is the final residential building on the international award-winning Corvin Promenade. The building with unique and exclusive design both in terms of its form and use of materials, is located in one of the most sought-after locations in the city centre apartment rental market.

Grand Corvin 2

City: **Budapest**
Status: **Completed**
NSA total: **19 008**
Number of residential units: **365**
Number of sold units: **356**

Woodland is located in a dynamically developing part of the 9th district of Budapest. Similar to the urban regeneration of the Corvin Quarter, local residents of this neighbourhood will be able to enjoy a totally transformed modern residential environment with a wide range of brand new services.

Woodland 1

City: **Budapest**
Status: **Under Construction**
NSA total: **14 672**
Number of residential units: **257**
Number of sold units: **17**

Marina City is our next large-scale urban district redevelopment in Budapest, which is similar in scale to the Corvin Quarter. This project will be located on a 10-hectare brownfield site on the banks of the Danube, with over 1.2 km of river waterfront and 9-hectares of carfree green area, that will be open to the public.

Marina City

City: **Budapest**
Status: **Under Preparation**
NSA total: **145 500**
Number of residential units: **2 425**
Number of sold units: **0**

POLAND

Jerozolimska is a stylish complex of two residential buildings that by design avoids cliched, conventional solutions. Every element of the estate has been carefully thought through – from the exceptional location through a modern architectural design to a detailed selection of materials.

Jerozolimska

City: **Cracow**
Status: **Completed**
NSA total: **8 887**
Number of residential units: **163**
Number of sold units: **109**

The revitalization of the more than 21,000 sqm site of the former Modena garment factory in downtown of Poznań is Cordia's latest urban regeneration project. The new estate will blend perfectly into the eclectic tenement neighbourhood, while the new quarter will have more green areas that the undeveloped site has ever had.

Modena 1

City: **Poznań**
Status: **Under Construction**
NSA total: **14 819**
Number of residential units: **272**
Number of sold units: **60**

Wilanow is a major urban regeneration project in one of Warsaw's recently developed and incredibly popular residential areas. The project involves the construction of a new district that mixes residential and commercial functions and offers green spaces open to the public.

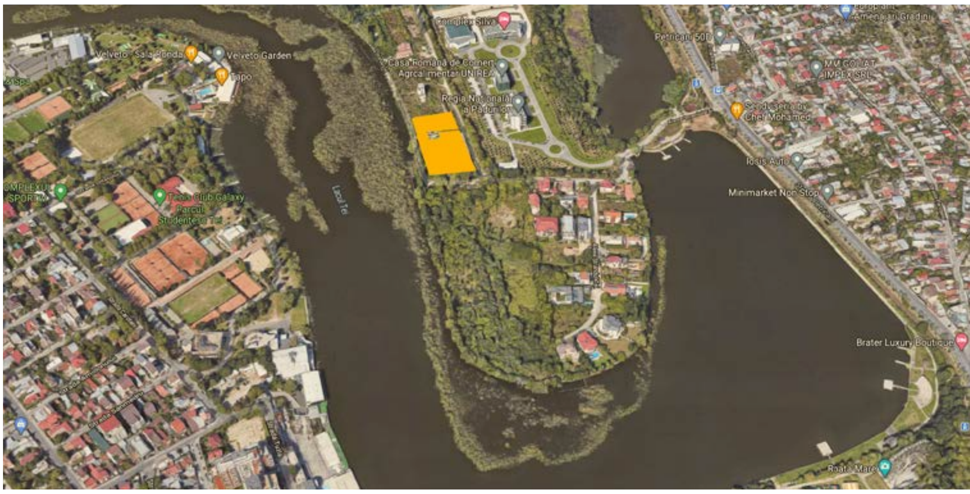
Miasteczko Wilanów

City: **Warsaw**
Status: **Under Preparation**
NSA total: **89 676**
Number of residential units: **1 841**
Number of sold units: **0**

ROMANIA

Parcului 2

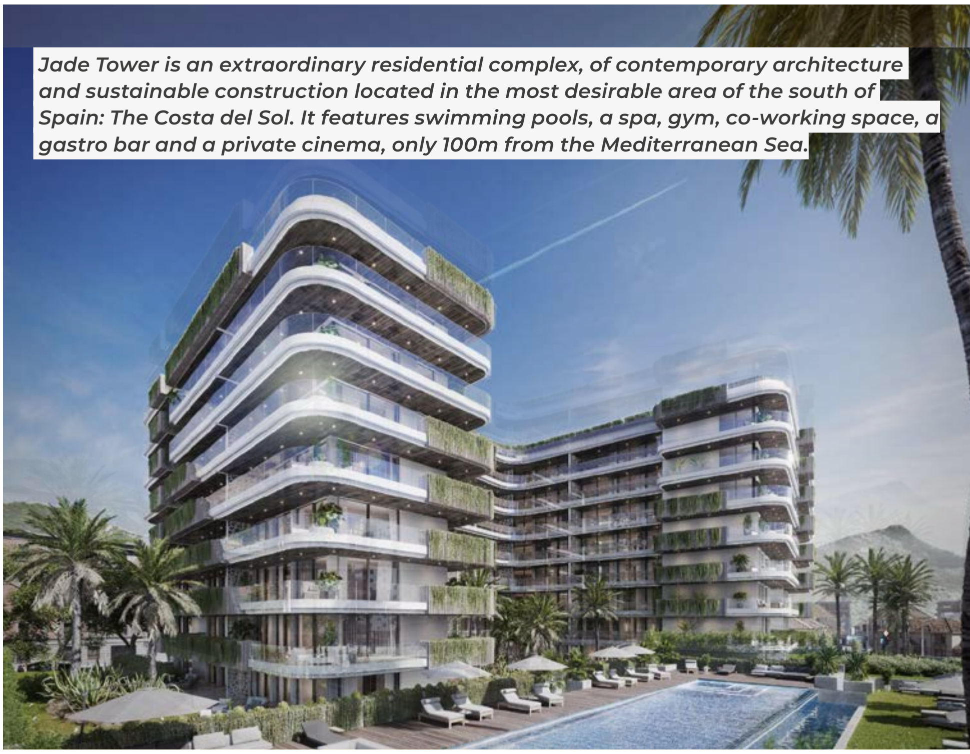
City: **Bucharest**
Status: **Under Construction**
NSA total: **12 138**
Number of residential units: **220**
Number of sold units: **170**



Petricani Romsilva

City: **Bucharest**
Status: **Under Preparation**
NSA total: **12 150**
Number of residential units: **191**
Number of sold units: **0**

SPAIN



Jade Tower is an extraordinary residential complex, of contemporary architecture and sustainable construction located in the most desirable area of the south of Spain: The Costa del Sol. It features swimming pools, a spa, gym, co-working space, a gastro bar and a private cinema, only 100m from the Mediterranean Sea.

Jade Tower

City: **Fuengirola**
Status: **Under Construction**
NSA total: **13 542**
Number of residential units: **116**
Number of sold units: **75**

In the heart of Marbella, the most elegant resort on the Spanish Riviera, the Costa del Sol, 90 large, nearly 100 sqm apartments are being built. This 7-hectare sea-view development, which is close to the city centre and just a 5-minute drive from the beach, will also feature playgrounds and community areas.

La Montua

City: **Marbella**
Status: **Under Preparation**
NSA total: **19 923**
Number of residential units: **139**
Number of sold units: **0**

UNITED KINGDOM

Cordia Blackswan's iconic project on Great Hampton Street in Birmingham's Jewellery Quarter, featuring terraces, carefully restored heritage features, and elegant Victorian styling. The site is steeped in history and the buildings date back to the early 19th Century. Number 1 Great Hampton Street was the former site of The Gothic Inn.

The Ghotic (Phase 1)

City: **Birmingham**
Status: **Completed**
NSA total: **1 920**
Number of residential units: **18**
Number of sold units: **5**

Lampworks is a contemporary rental development reflecting the architectural heritage of Birmingham's historic Jewellery Quarter with a contemporary approach. The development is based on good design aspirations with a variety of building forms, good quality materials, and an external landscape.

Lampworks

City: **Birmingham**
Status: **Under Construction**
NSA total: **9 398**
Number of residential units: **152**
Number of sold units: **0**

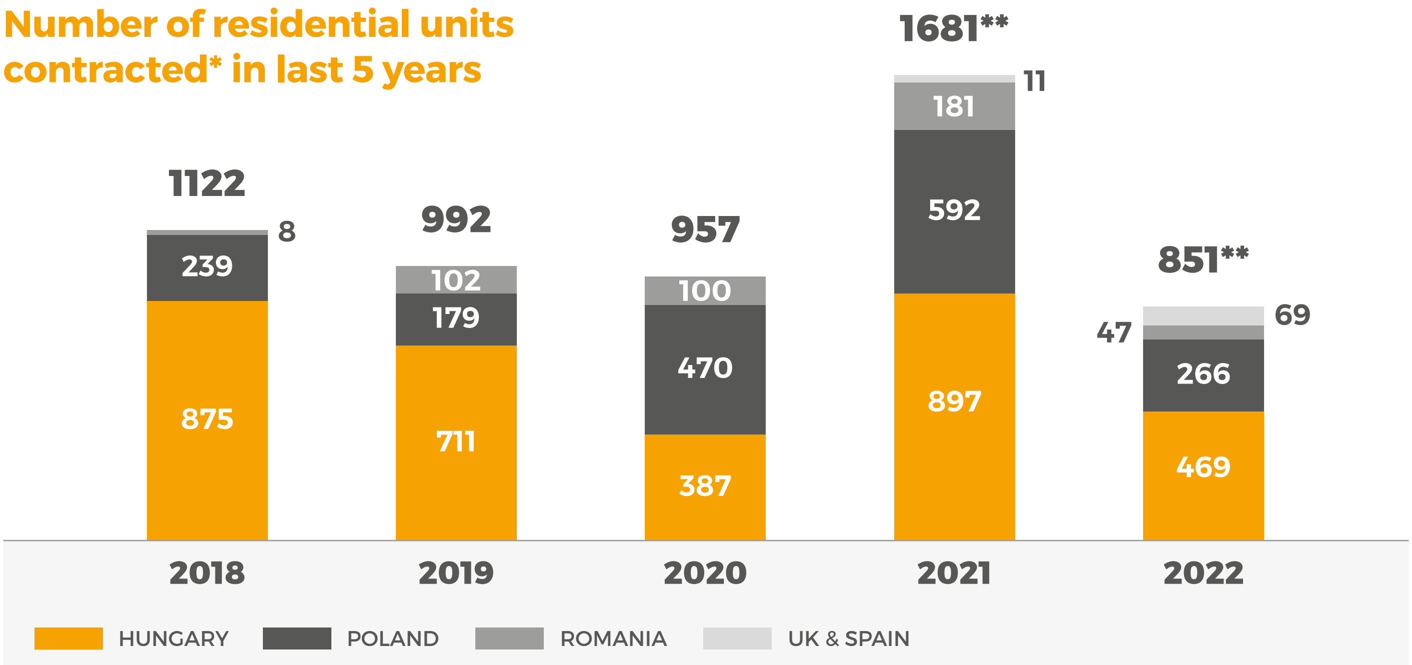

Digbeth is a regeneration area in the centre of the UK's second largest city, with a strong industrial heritage. The area surrounding our nearly 8,000 sqm site is now recognised as a vibrant cultural, creative and diverse neighbourhood, a kind of bohemian quarter.

Digbeth (Mosley street)

City: **Birmingham**
Status: **Under Preparation**
NSA total: **23 284**
Number of residential units: **366**
Number of sold units: **0**

2.1.5.

Operational performance



Source: Cordia Group

* Group accounts unit as contracted when at least 10% value is paid.

** Numbers include 46 units in 2022 and 182 units in 2021 sold in joint venture projects in which Cordia holds 50% stake (Marina Life 1&2 and Stacja Kazimierz 4&5)

During 2022 the Group contracted 851 units, which was 49% lower compared to 2021. The breakdown was the following:

Hungary: The Hungarian market had the highest contribution to the unit sales in the Group. During 2022 sale contracts for 469 units were concluded, which is a 48% decline compared to 2021. The decline was caused by weaker demand following tightened monetary policy and deteriorating consumer confidence.

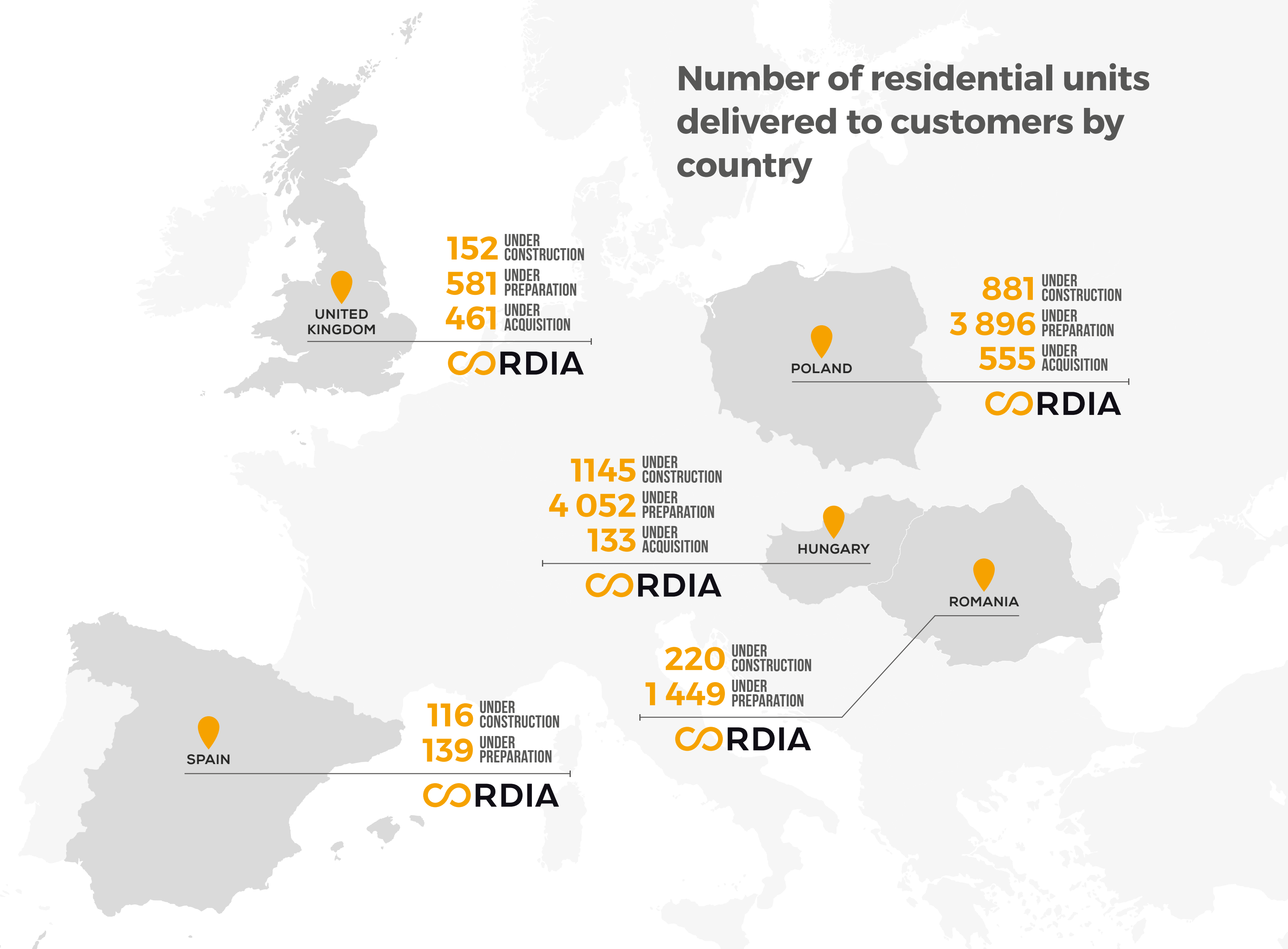
Poland: Sales decreased by 55% to 266 units compared the 2021. The downturn resulted from a lower offer due to the postponement of new projects triggered by slower permitting and lower customers demand.

Romania: Sales in the Romanian market experienced the deepest decline of all the markets where the Group is present. During 2022 only 47 units were contracted which is a 74% fall compared to the result in 2021, mainly caused by postponement in the launch of the new projects due to challenges with permitting.

Spain: Cordia's first project in Spain (Jade Tower Project in Fuengirola) performed very well during 2022 by adding 64 unit sales to the total.

UK: In 2022 the Group realized the first apartment sale in the UK, in the Gothic 1 project, which is our first completed project in Birmingham. Sales launched dynamically after construction ended, because due to the UK market regulations, at the early stage of residential projects sales are based only on registration agreements. The Group accounts for units as contracted when at least 10% of value is paid irrevocably.

At the end of 2022, the Group had 1 510 residential units available for sale both in "Completed" and "Ongoing construction" projects.



During the Reported Period, the Group handed over 40% less residential units than in the comparative period of 2021. The decrease derives from fewer projects being completed and reaching handover phase than in 2022. Four residential projects reached completion compared to the nine projects in 2021. Additionally Stacja Kazimierz V, which is a joint venture with 50% Cordia stake was completed in May 2022.

Additionally 43 units were delivered to customers in Marina Life and Marina Life 2 in Hungary and 80 units in Stacja Kazimierz V in Poland. The Marina Life and Stacja Kazimierz IV projects are both joint ventures with a 50% Cordia stake, where the Group is in charge of managing the project including the handovers of units to customers.

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.

For the period ended December 31, 2022

In number of units	2022	2021
Hungary	469	897
Poland	266	592
Romania	47	181
Spain	64	11
UK	5	n/a
Total number of units contracted	**851**	**1 681**

Source: Cordia Group

Recently completed projects on group level

Project name	Country	City	Comple-tion (year)	NSA TOTAL (sqm)	Number of residential units	Units Handed Over end of 2022	NSA Avaliable for sale eof 2022	Units Avaliable for sale eof 2022
Universo	Hungary	Budapest	2022	13 284	272	251	877	15
Grand Corvin 2	Hungary	Budapest	2022	19 008	365	339	1 280	9
Jerozolimska	Poland	Cracow	2022	8 887	163	58	2 773	54
Stacja Kazimierz 5*	Poland	Warsaw	2022	6 138	100	80	301	6
Gothic 1	UK	Birmingham	2022	1 920	18	5	785	13
TOTAL COMPLETED				**49 237**	**918**	**733**	**6 016**	**97**

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

Source: Cordia Group

During the Reported Period, the Group completed the construction works of five projects with 49 237 sqm of Net Saleable Area representing 918 units, of which 830 have already been sold.

Projects with construction starting in the Reported Period

Project name	Country	City	Planned comple-tion (year)	NSA TOTAL (sqm)	Number of residential units	NSA Avaliable for sale eof 2022	Units Avaliable for sale eof 2022
Corvin Next by Cordia	Hungary	Budapest	2025	5 514	100	5 381	95
Woodland 1	Hungary	Budapest	2025	14 672	257	13 748	240
Sasad Resort Sunrise	Hungary	Budapest	2025	11 083	153	11 083	153
Modena 1	Poland	Poznań	2024	14 819	272	11 256	212
Lampworks (BtR)	UK	Birmingham	2025	9 398	152	9 398	152
TOTAL UNDER CONSTRUCTION				**55 486**	**934**	**50 866**	**852**

Source: Cordia Group

During the Reported Period, Group started the construction works of five projects with 53 874 sqm of Net Saleable Area representing 909 units, of which 82 have already been contracted by purchasing customers. The Group also launched its first "Build to Rent" (BtR) project called Lampworks, in the UK (Birmingham). Sales of the Lampworks project is expected to start after the construction and leasing out of apartments have been closed.

Projects with ongoing construction as the end of the Reported Period

Project name	Country	City	Planned Completion (year)	NSA TOTAL (sqm)	Number of residential units	NSA Avaliable for sale eof 2022	Units Avaliable for sale eof 2022
Thermal Zugló 4. Phase	Hungary	Budapest	2023	7 514	110	2 065	25
Millennium Residence 1	Hungary	Budapest	2023	5 689	110	1 918	33
Sasad Resort Panorama	Hungary	Budapest	2023	10 834	141	4 815	67
Sasad Resort Sunlight	Hungary	Budapest	2023	5 014	70	2 512	34
Naphegy 12	Hungary	Budapest	2024	3 348	42	1 659	20
i6 Residence by Cordia	Hungary	Budapest	2024	8 326	162	5 271	97
Corvin Next by Cordia	Hungary	Budapest	2025	5 514	100	5 381	95
Woodland 1	Hungary	Budapest	2025	14 672	257	13 748	240
Sasad Resort Sunrise	Hungary	Budapest	2025	11 083	153	11 083	153
Safrano (Krokusowa)	Poland	Cracow	2023	5 398	101	3 555	63
Jaśkowa Dolina 1	Poland	TriCity	2023	5 946	97	800	9
Jaśkowa Dolina 2	Poland	TriCity	2024	7 543	118	5 269	82
Fantazja 1&2	Poland	Warsaw	2023	10 713	180	4 287	82
Leśna Sonata	Poland	TriCity	2024	7 591	113	5 591	82
Modena 1	Poland	Poznań	2024	14 819	272	11 256	212
Cordia Parcului 2. Phase	Romania	Bucharest	2023	12 138	220	3 222	50
Jade Tower	Spain	Fuengirola	2024	13 542	116	4 849	41
Lampworks (BtR)	UK	Birmingham	2025	9 398	152	9 398	152
TOTAL UNDER CONSTRUCTION				**159 082**	**2 514**	**96 679**	**1 537**

Source: Cordia Group

At the end of 2022 the Group's portfolio comprised 2 514 apartments and commercial units under construction in 18 projects. Nearly 40% of units in the ongoing projects have already been contracted. For details of the ongoing projects, please see the table above.

Projects under preparation

The Management of the Group estimates that at the end of December 2022 the landbank of the Group allows for developing 11 266 units, mainly apartments, with some minor Net Saleable Area ("NSA") in a commercial area. Most of it, 10 117 units had the status "under preparation", with fully secured legal title to the land. There were 1 149 units categorized as being "under acquisition" (purchase process has been started, but not yet finalized).

Landbank management & transactions

On January 7, 2022, the Group through its subsidiary completed the acquisition of a 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.

On April 28, 2022, the Group completed the purchase of another real estate and land plot in Birmingham, UK. The land plot will enable the development of the Mott Street "Build-to-Rent" project with approximately 150 residential units.

On June 15, 2022, the Group's subsidiary, Blackswan Developments (The Gothic) Limited completed the purchase of a land plot in Birmingham, UK. The land plot will enable to continue the development of The Gothic Phases 1 and 2 project (BtS) with approximately 36 residential units. On 19 August 2022 the Group completed the construction of Phase 1.

2.1.6.

Main risks of the Group and relating changes and uncertainties

Risk	Risk Mitigation
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	establish and maintain multiple quality material supply sources with geographical diversification; selective and well-designed increase of raw material inventories
Inflation, energy prices volatility	strict construction costs management, e-tenders for General Contractors, project budget reserves, sales curve in line with construction curve, supply management to keep prices high, building energy efficient projects
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.

2.2.
FINANCIAL PERFORMANCE OF THE GROUP

2.2.1.
Key Profit and Loss Statement developments

Revenues

For the period ended 31 December			
In thousands of Hungarian Forints (THUF)	2022	2021	% change
Revenue from sale of real estate and rental income	66 289 060	89 426 372	(25.9%)
Other revenue	2 003 807	2 799 686	(28.4%)
Total revenue	**68 292 867**	**92 226 058**	**(26%)**

During 2022 the revenue of the Group reached HUF 68.3 bn with the revenue from sales of real estate and rental income being HUF 66.3 bn, of which 4.8 was generated by Polnord S.A. (revenue is recognized when residential units are transferred to buyers).

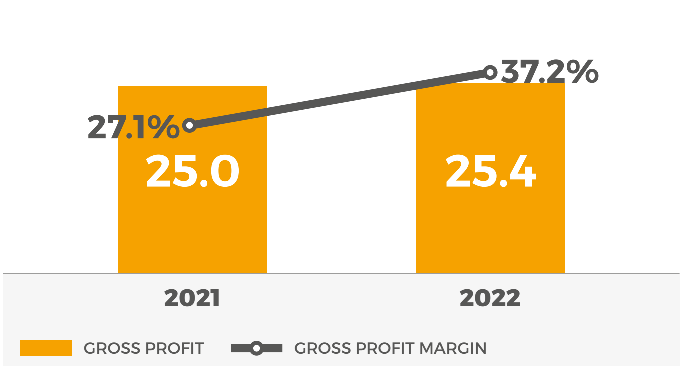
Sales of the non-core land plots in Hungary and Poland reached HUF 2.0 bn and were recognized in "Revenues from sale of real estate and rental income". Total result on land plot sale was positive.

Gross Profit

In 2022 Gross profit grew by 1.9% y-o-y, to HUF 25.4 bn while the gross margin reached **37.2%**, well ahead the 27.1% gross margin in 2021. The gross margin improvement was the result of higher profitability of delivered projects. Polnord S.A.'s gross margin was stable. 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	
	2022	2021	2022	2021
Cordia Group excl. Polnord	23 194 144	21 184 139	38%	27%
Polnord	624 873	1 435 207	13%	15%

Gross profit (HUF bn) and gross profit margin (%)



Operating profit amounted to HUF 9.6 bn in the reported period representing a margin of 14%. The level is 28% lower than in 2021. Operating profit **was negatively impacted by one-off events**, most significantly by the non-cash write-down of long-term receivables in value of **HUF 5.79 bn** related to the Pol-Aqua and 10H legal cases in Polnord S.A. For more details, please refer to Note 12 and Note 18 of the Company's IFRS Consolidated Financial Statement.

Net finance income of HUF 6.7 bn was mainly driven by:

a) HUF 2.1 bn Interest income

b) HUF 4.7 bn net positive effect on currency foreign exchange

c) HUF 2.8 bn Interest expense and Bond interest expense

d) HUF 1.6 bn fair valuation loss on the buy option of 500 000 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 5 bn, which originated from HUF 0.8 bn profit from joint-venture Cordia Global Ingatlanfejlesztő Esernyőalap - Cordia Global 6 Ingatlanbefektetési Részalap entity that includes the Marina Life 1 and Marina Life 2 projects. There was also HUF 1.68 bn profit attributable to the Group from Argo Properties N.V. for the period ending on 31 December 2022. Additionally the Company had also a share in the profit of Stacja Kazimierz in the amount of HUF 0.98 bn and Fadesa of HUF 1.59 bn HUF. For more details, please refer to Note 19 of the Company's IFRS Consolidated Financial Statement.

Profit before taxation for the period was HUF 21.3 bn, by 3.2% lower than the profit of HUF 22.0 bn a year ago. Pretax profit margin increased significantly to 31.2% from 23.9% in 2021.

However, **Total profit attributable to owners of the parent** for the period was HUF 19.1 bn, and increased **41.6%** comparing to HUF 13.5 bn a year ago.

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

For the period ended December 31, 2022

In thousands of Hungarian Forints (THUF)	2022	2021	% change
Revenue	**68 292 867**	**92 226 058**	**(26%)**
Cost of sales	**(42 872 702)**	**(67 268 255)**	**(36.3%)**
Gross profit	**25 420 165**	**24 957 803**	**1.9%**
% margin	37.2%	27.1%	
Selling and marketing expenses	(4 634 836)	(4 007 912)	15.6%
Administrative expenses	(5 961 170)	(6 236 740)	(4.4%)
Net gain/loss from fair valuation of investment and development properties	2 187 730	402 222	443.9%
Other expenses	(8 662 377)	(2 586 183)	234.9%
Other income	1 252 687	791 449	58.3%
Operating profit	**9 602 199**	**13 320 639**	**(27.9%)**
% margin	14.1%	14.4%	
Net finance income/(expense)	6 321 817	2 263 420	179.3%
Share of profit/(loss) in associate and joint venture	5 047 510	6 449 962	(21.7%)
Profit before taxation	20 971 526	22 034 021	(4.8%)
Profit for the period	**19 779 726**	**20 603 603**	**(4.0%)**
% margin	29%	22.3%	
Profit for the period attributable to owners of the parent	**19 114 005**	**13 494 499**	**41.6%**
% margin	28%	14.6%	
Total comprehensive income for the period, net of tax	**22 107 033**	**20 963 655**	**5.5%**

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

For the period ended December 31, 2022			
In thousands of Hungarian Forints (THUF)	2022	2021	% change
Revenue			
Interest revenue	7 627 688	3 075 382	148%
Total investment income	**7 627 688**	**3 075 382**	**148%**
Total operating income	**35 379**	**14 772**	**139.5%**
Administrative and other expenses	90 981	75 549	20.4%
Other expense	9 625	0	n/a
Interest expense	2 813 665	2 747 512	2.4%
Total operating expenses	**2 914 271**	**2 823 061**	**3.2%**
Other financial result	367 289	267 412	37.3%
Fair value change of instruments measured at fair value through profit and loss	13 906 462	11 859 837	17.3%
Foreign exchange gain	4 609 500	1 674 223	175.3%
Foreign exchange loss	719 848	362 076	98.8%
Foreign exchange - net gain / (loss)	**3 889 652**	**1 312 147**	**196.4%**
Share of net profit of investments accounted for equity method	**(1 888 944)**	**4 988 377**	**n/a**
Profit before taxation	**21 023 255**	**18 694 866**	**12.5%**
Income tax expense	**602 225**	**159 101**	**278.5%**
Profit for the period	**20 421 030**	**18 535 765**	**10.2%**
Other comprehensive income/(loss)	**3 174 803**	**516 022**	**515.2%**
Total comprehensive income for the period, net of tax	**23 595 833**	**19 051 787**	**23.9%**

2.2.2.

Major Balance Sheet developments

Balance Sheet value increased by 5.3% to HUF 296.3 bn in 2022 when compared to the end of 2021.

The most important developments was an increase in **Inventory** from HUF 132.2 bn to HUF 162.6 bn mainly due to :

- reclassification of Investment Property to Inventory (HUF 17.7 bn effect).
- Construction and engineering costs in ongoing projects (HUF 14.3 bn effect)
- Decrease in Finished goods (HUF -10.3 bn effect).

Current Other financial assets The Group made a short term investment of HUF 6.4 bn in Pure Alpha Absolute Return Fund of Funds Sub-Fund.

Due to the high interest rates environment, and excess liquidity, the Group actively managed its cash position and will continue to do so in 2023. The range of acceptable financial instruments includes term deposits, treasury bills, government bonds, money market funds, absolute return market neutral funds, Fund of Funds (like Pure Alpha Absolute Return Fund of Funds) and other financial instruments with similar risk profile.

Cash and Cash equivalents position of the Group increased significantly, from HUF 53.6 bn to HUF 64.9 bn compared to December 2021. This is due to HUF 1.7 bn operating cash flow and strong cash flow from investment activities.

The **Liabilities** increased slightly by 5.0%, from HUF 184 bn as of December 31, 2021 to HUF 193.1 bn as at the end of December 2022

2022 was another year in which the structure of the Balance Sheet consistently improved, both due to record level of consolidated **Total Equity** of HUF 102.3 bn and decrease in Net Consolidated Debt* to HUF 51.5 bn

* For purpose of calculation, 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

Selected data from the Consolidated Statement of Financial Position

In thousands of Hungarian Forints (THUF)	December 31, 2022	December 31, 2021	% change
Assets, including:	**296 299 976**	**281 275 892**	**5.3%**
Non-current assets	**43 998 476**	**61 331 028**	**(28.3%)**
Investment properties	9 503 483	25 616 165	(62.9%)
Property, plant and equipment	3 142 624	2 479 075	26.7%
Investments accounted for using equity method	25 055 827	23 088 434	8.5%
Long-term receivables from third parties	708 509	6 175 227	(88.5%)
Restricted cash	1 934 905	30 432	6258%
Current assets	**252 156 405**	**219 700 752**	**14.8%**
Inventory	162 569 447	132 163 509	23.0%
Restricted cash	3 544 627	3 979 801	(10.9%)
Other financial assets	7 860 469	17 464 987	(55%)
Cash and cash equivalents	64 888 186	53 590 085	21.1%
Assets classified as held for sale	**145 095**	**244 112**	**(40.6%)**
Equity including :	**102 279 039**	**81 061 745**	**26.2%**
Share capital	18 013 760	18 013 760	**-**
Share premium	13 461 608	13 461 608	-
Retained earnings	68 045 017	48 931 683	39.1%
Net assets attributable to non-controlling investment unit holders	**908 070**	**16 252 666**	**(94.4%)**
Liabilities including :	**193 112 867**	**183 961 481**	**5.0%**
Non-current liabilities	126 968 596	115 130 716	10.3%
Current liabilities	66 144 271	68 830 765	**(3.9%)**

Selected data from the Separate Statement of Financial Position

In thousands of Hungarian Forints (THUF)	December 31, 2022	December 31, 2021	% change
Assets including:	**223 306 415**	**206 076 038**	**8.4%**
Non-current assets	**151 512 692**	**158 391 506**	**(4.3%)**
Long-term receivables - related parties	55 133 583	66 313 619	(16.9%)
Investment in subsidiaries	95 722 372	92 073 437	4.0%
Current assets	**71 793 723**	**47 684 532**	**50.6%**
Short-term receivables - related parties	23 567 447	24 516 102	(3.9%)
Other current assets	8 602	5 725	50.3%
Cash and cash equivalents	42 014 949	23 162 705	81.4%
Equity including :	**136 292 117**	**112 696 284**	**20.9%**
Share capital	18 013 760	18 013 760	0.0%
Share premium	13 461 608	13 461 608	0.0%
Retained earnings	100 790 621	80 369 591	25.4%
Liabilities including:	**87 014 298**	**93 379 754**	**6.8%**
Non-current liabilities	85 850 549	86 080 030	(0.3%)
Current liabilities	1 163 749	7 299 724	(84.1%)

2.2.3.

Debt and Bond ratios undertakings

Total debt of the Group increased from HUF 111.3* bn in 2021 to HUF 121.8 bn* in 2022. However, Net Consolidated Debt* decreased by HUF 3.7 bn, to HUF 51.5 bn. Major drivers for the Group's Debt position were:

- New proceeds from loans and borrowings of HUF 28 bn,
- Repayment of loans and borrowings of HUF 18.5 bn,

Detailed information on debt can be seen in the table below:

In thousands of Hungarian Forints (THUF)	December 31, 2022	December 31, 2021	% change
Consolidated Debt (CD)*	121 822 209	111 324 517	9.4%
Cash and Cash Equivalents (C)	64 888 186	53 590 085	21.1%
Restricted cash (RC)	5 479 532	2 542 420	115.5%
Net Consolidated Debt*	**51 454 491**	**55 192 012**	**(6.8%)**

* 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.

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*.

	December 31, 2022	December 31, 2022
Consolidated Leverage Ratio*	27.31%	29.17%
Issuer Net Debt to Equity Ratio*	0.32	0.56

* 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.

2.3.

ESG IMPACT REPORT – PURSUING THE HIGHEST STANDARDS

WE ALWAYS THRIVE TO CREATE LONG-LASTING VALUE, ENHANCE LOCAL IDENTITY AND IMPROVE QUALITY OF LIFE.

As our portfolio consists of several residential developments that are part of a complex urban regeneration project, the footprint can be even more significant, and we handle this even more responsibly.

2.3.1.

Protecting the environment through clear measures

Smart urbanization and showcasing 15-minute city quarters

Our projects are always easily accessible by public or community transportation, and are located within well-developed infrastructural hubs. Best examples for 15-minute city quarters are Corvin Promenade, or our next flagship urban regeneration development, Marina City. In these walkable locations, we promote healthy, sustainable living by reducing car dependency in general.

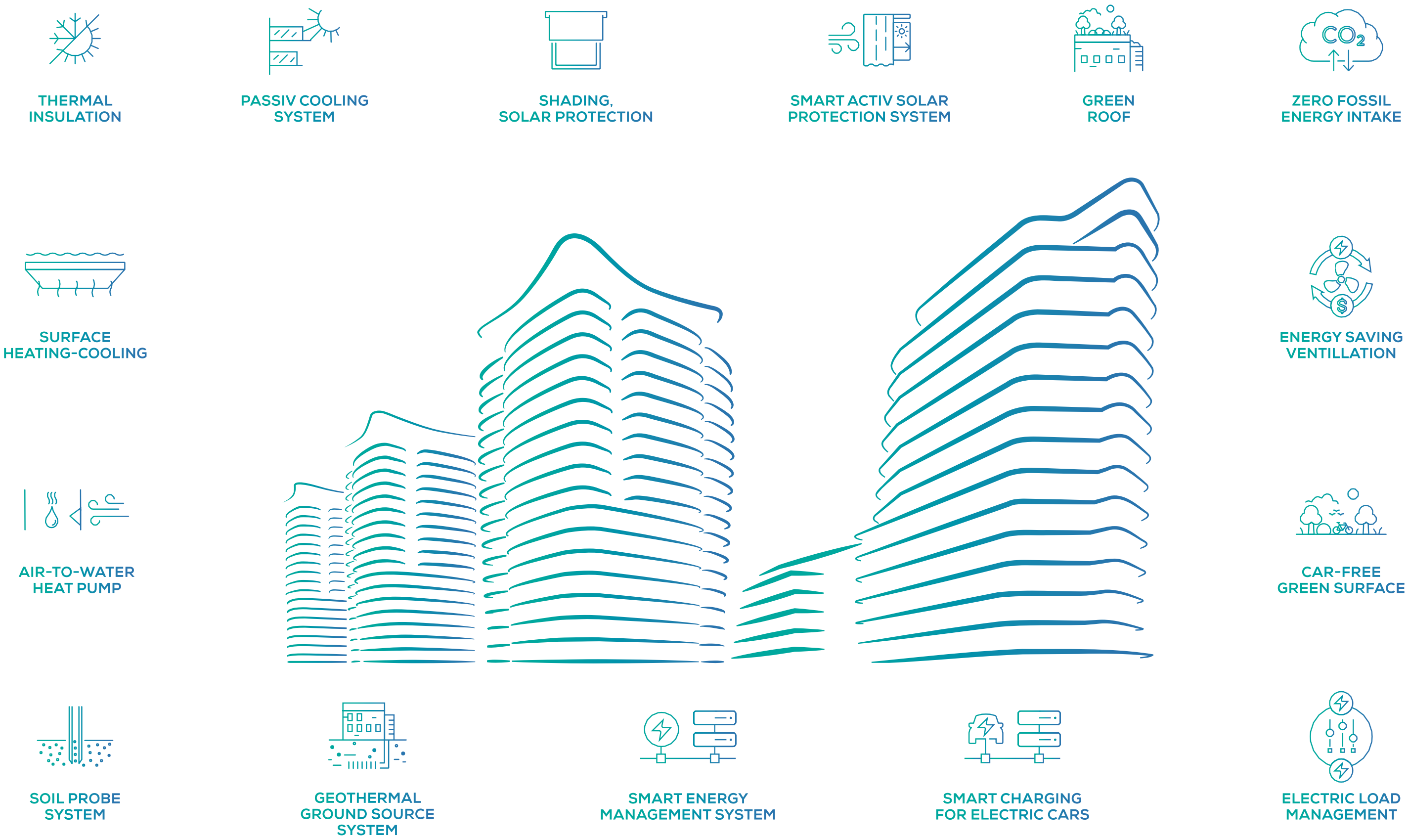
Taking the extra step when it comes to Energy

OUR DEDICATION IS TO TAKE THE EXTRA MILE AND NOT ONLY FULFILL THE MINIMUM STANDARDS: we announced to deliver at least 10% better than the minimum criteria for nearly zero-energy buildings, in all our markets.

Outracing net zero

Our flagship project, Marina City will introduce cutting-edge technology solutions to reach 40-65% energy consumption compared to NEZB (nearly zero-energy buildings). We also focus on maximizing renewable energy sources. As our portfolio consists of several residential developments that are part of a complex urban regeneration project, the footprint can be even more significant, and we handle this even more responsibly.

MARINA CITY AA+ RESIDENTIAL BUILDING'S ENERGY SAVING TECHNICALS



40-65% ENERGY CONSUMPTION COMPARED TO NEZB

73% ENERGY SAVINGS COMPARED TO **FF APARTMENTS**	**48%** ENERGY SAVINGS COMPARED TO **CC APARTMENTS**	**33%** ENERGY SAVINGS COMPARED TO **BB APARTMENTS**	**14%** ENERGY SAVINGS COMPARED TO **AA APARTMENTS**

2.3.2.

Giving back – our extensive CSR activities

Over the last two decades Futureal Group has been involved in numerous charity activities to support communities in need. There was a strong focus on encouraging employees to actively contribute to good causes and be part of the solution by participating in numerous social initiatives, e.g., painting schools or charity runs.

Futureal Group supported the fight against the pandemic in **Hungary, Romania and Spain with more than HUF 300 million**. Also pledged HUF 50 million to support the measures of Budapest.

Our group has made several commitments to help refugees from **Ukraine including a donation of HUF 300 million to support humanitarian projects** in three countries including Hungary, Poland and Romania. Our company is working with numerous humanitarian aids and medical organizations that help rescue people from Ukraine.

2.3.3.

Improving people's lives through governance

Healthy working environment

We take several measures to create a green working environment for our colleagues to protect their wellbeing as well as to protect the environment. Elimination of plastic bottles, selective waste collection and providing sporting possibilities are just a few examples. Educational campaigns are continuous to raise co-workers awareness.

Paperless operation

Cordia is committed to implement paperless operation including project management, construction phase through the building being fully operational and handover process.

Responsible creation

Cordia is dedicated to reducing carbon footprint during planning, construction and maintenance.

Human rights

At Cordia we are dedicated to keeping diversity, equality and overall acceptance in our corporate values and daily operation. Introduction of the Code of Ethics and the whistle blowing system was a huge step forward in 2022.

Supporting women at work

By enabling part-time jobs, remote work and home office, new mums are always supported in our organization. High ratio of female managers is present within the mid-to-senior managerial level (45%)

2.4.
OUTLOOK

After a challenging 2022, a more stable and improving business environment in 2023 looks likely. As inflation pressures ease and interest rates stabilize, demand should gradually improve for residential real estate throughout the year. Although the armed conflict between Ukraine and Russia is still a variable factor that can easily undermine confidence, it seems that consumers in Hungary, Poland and Romania have adapted to this situation and slowly started returning to the market.

Despite the current cyclical slowdown, residential real estate in Eastern Europe remains in long-term structural demand, as residential property is underpenetrated compared to Western Europe, but population income is converging fast. Residential real estate is also an attractive long-term investment to store value, particularly if nominal interest rates remain below the level of inflation. On the other hand, supply of residential property is constrained in many urban agglomerations due to lower availability of buildable land and difficulties in permitting. Although construction costs increased substantially in 2022, the slowdown in construction demand has started to reduce the pricing power of construction companies, and opened up work capacity accelerating the time of construction itself.

This all suggests that it will be a good time to monetize further Cordia's vast and cheap landbank as demand will gradually recover whereas construction is becoming less challenging compared to previous years. Therefore, Group is planning to launch a number of new projects, the most notable of which is the landmark Marina City project in Budapest revitalizing a whole fragment of the Danube riverbank. This multiphase project will also feature cutting-edge technology solutions to meet AA+ energy criteria, as energy efficiency has become a top criterion for customers. The Group is also constantly evaluating new expansion opportunities, and it seems that 2023 might bring more potential acquisitions that fit our investment criteria, however priority and emphasis will remain on liquidity and balance sheet strength.

As to the expected financials, in 2023 we still expect lower deliveries to customers compared to 2022, as the impact of delayed project launches of the COVID era as well as lower sales of the recent volatile economic environment make their way into the numbers, but it will be partially compensated by the increasing value of handed over apartments and strong margins.

Overall the management of the Group believes that the business environment in 2023 will remain challenging, but Cordia's strong fundamentals will allow it to capitalize on any improvements in the market should they occur.

2.5.
OTHER INFORMATION AND SUBSEQUENT EVENTS

2.5.1.
Other information

COVID-19

During the prior period the Group reacted immediately and decisively to the threat related to COVID-19, ensuring continuity of operations with 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 direct material effect on the Group's assets and liabilities or its operations.

For 2023, 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 and make appropriate adjustments if necessary.

2.5.2.

Subsequent events

Completion and change of projects

The Company's subsidiary involved in development of the residential project Thermal Zugló 4 obtained the valid permit for occupancy of this project (comprising 110 apartments) in January 2023 and commenced delivery of the finished apartments to its customers in Budapest.

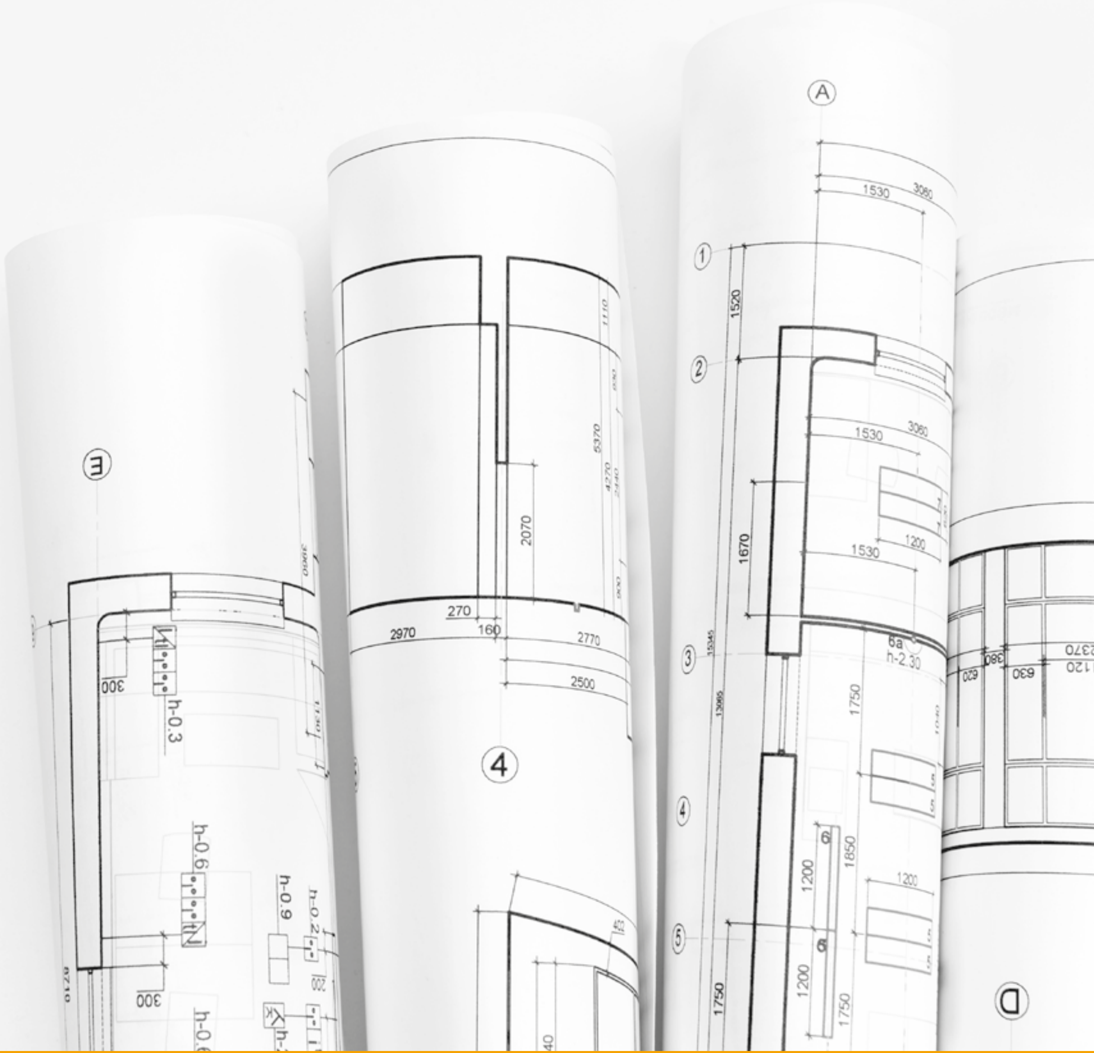
The Company's subsidiary involved in development of the residential project Sasad Resort Panorama obtained the valid permit for occupancy of this project (comprising 136 apartments) in Budapest.

The Company's subsidiary involved in development of the residential project Jaśkowa Dolina 1 obtained the valid permit for occupancy of this project (comprising 97 apartments) and commenced delivery of the finished apartments to its customers in Gdansk.

The refurbishment of "The Bank" a new office space in the heart of Jewellery Quarter in Birmingham was finished in 2023. The approximately 933 sqm complex will host six high quality office suites, along with the former banking hall being transformed into hospitality area. One of the suites has become Cordia UK's headquarter and the remaining office space is rented out to clients.

Project bank financing Loans

A new credit facility agreement was signed for the financing of office in Birmingham. The loan is provided by KBC bank in the total amount of HUF 0.9 billion.



3

Annual Financial Reports

The annual consolidated financial statement of the Group for the financial period ended on December 31, 2022, has been attached to this Annual Report as Annex I. The annual separate financial report of the Company for the financial period ended on December 31, 2022, has been attached to this Annual Report as Annex II.

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Audit Report

The audit report on the annual consolidated financial statement of the Group for the financial period ended on December 31, 2022, has been attached, as part of the financial report, to this Annual Report as Annex III. The audit report on the annual separate financial statement of the Company for the financial period ended on December 31, 2022, has been attached, as part of the financial report, to this Annual Report as Annex IV.

5

Declarations

5.1.

Declaration on annual financial report

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

declares

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 true and reliable overview as to the Company's and Group's assets, liabilities, financial situation, and profit and loss.

5.2.

Declaration on management report

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

declares

(I) that the management report included in this Annual Report, provides reliable overview as to the Company's and 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.

Budapest, 28 April 2023

Tibor Földi
Chairman of the Board

CORDIA 2022 RESULTS & ANNUAL REPORT