CORDIA

INTERNATIONAL ZRT.

IFRS CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

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CONTENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December

In thousands of Hungarian Forints (THUF)	**Note**	**2020**	**2019**
Revenue	*6*	**68,289,499**	**34,478,395**
Cost of sales	*7*	**(56,149,873)**	**(21,186,226)**
Gross profit		**12,139,626**	**13,292,169**
Selling and marketing expenses	*8*	(2,738,159)	(2,744,181)
Administrative expenses	*9*	(4,864,567)	(2,762,183)
Net gain/loss from fair valuation of investment and development properties		(8,384)	0
Other expenses	*12*	(2,198,850)	(714,242)
Other income	*11*	4,368,806	91,825
Operating profit		**6,698,472**	**7,163,388**
Interest income		163,618	35,764
Other financial income		6,634,681	2,003,255
Finance income	*13*	**6,798,299**	**2,039,019**
Interest expense		(1,456,953)	(218,403)
Other financial expense		(5,282,612)	(2,075,173)
Finance expense	*13*	**(6,739,565)**	**(2,293,576)**
Net finance income/(expense)	*13*	**58,734**	**(254,557)**
Share of profit/(loss) in associate and joint venture	*5 (b), 19*	15,587,554	(146,460)
Profit before taxation		**22,344,760**	**6,762,371**
Current income tax	*14*	(273,829)	(368,002)
Deferred tax		(634,387)	38,877
Income tax expense		**(908,216)**	**(329,125)**
Profit for the period		**21,436,544**	**6,433,246**
Exchange differences on translating foreign operations net of tax and subsequently recycled to profit and loss		(129,473)	361,249
Other comprehensive income/(loss)		(129,473)	**361,249**
Total comprehensive income for the period, net of tax		**21,307,071**	**6,794,495**
Total profit/(loss) for the period attributable to:			
owners of the parent		20,826,896	7,453,022
non-controlling interests		609,648	(1,019,776)
Total profit/(loss) for the period		**21,436,544**	**6,433,246**
Total comprehensive income attributable to:			
owners of the parent		20,684,287	7,814,271
non-controlling interests		622,784	(1,019,776)
Total comprehensive income for the period, net of tax		**21,307,071**	**6,794,495**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

In thousands of Hungarian Forints (THUF)	***Note***	**31.12.2020**	**31.12.2019**
Assets			
Non-current assets			
Intangible assets		179,229	196,905
Investment properties	*16*	24,566,409	0
Property, plant and equipment	*17*	3,431,034	1,625,914
Long-term receivables from third parties	*18*	7,481,045	9,486
Long-term receivables from related parties		0	1,010
Investments accounted for using equity method	*19*	21,488,755	1,177,459
Deferred tax assets		613,380	127,714
Restricted cash		895,826	2,100,120
Long-term VAT receivables		558,783	1,526,564
Other long-term assets		449,302	613,036
Goodwill	*5*	461,570	0
Total non-current assets		**60,125,333**	**7,378,208**
Current assets			
Inventory	*22*	145,294,754	102,954,301
Trade and other receivables	*26*	2,594,586	328,946
Short-term receivables from related parties	*24*	412,769	846,049
Other short-term assets	*20*	4,011,324	11,468,750
Income tax receivables		46,605	58,410
Loan receivables	*25*	5,230,000	342,963
Short-term VAT receivables	*21*	3,456,349	3,782,709
Restricted cash		4,389,570	3,062,290
Other financial assets	*23*	6,505,491	277,833
Cash and cash equivalents	*27*	66,534,808	51,070,192
Total current assets		**238,476,256**	**174,192,443**
Disposal group of assets classified as held for sale			
Assets classified as held for sale		610,533	0
Total disposal group of assets classified as held for sale		**610,533**	**0**
Total		**299,212,122**	**181,570,651**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (cont'd)

In thousands of Hungarian Forints (THUF)	***Note***	**31.12.2020**	**31.12.2019**
Equity[1]			
Shareholders' equity			
Share capital	*36*	18,013,760	9,897,492
Share premium	*36*	13,461,608	8,690,521
Currency translation reserve		375,653	505,126
Other reserves		(286,680)	(286,680)
Retained earnings		34,952,514	15,011,843
Equity attributable to equity holders of the parent		**66,516,855**	**33,818,302**
Non-controlling interests	*37*	2,700,530	208,384
Total equity		**69,217,385**	**34,026,686**
Net assets attributable to non-controlling investment unit holders	*38*	**18,196,884**	**17,514,452**
Liabilities[1]			
Non-current liabilities			
Loans and borrowings	*28*	8,308,903	14,108,026
Bonds	*35*	85,925,646	44,421,137
Deferred tax liabilities		1,046,149	4,875
Other provision	*34*	843,515	0
Customer advances	*29*	9,746,064	29,104,998
Lease liabilities	*33*	6,921,749	632,638
Amounts withheld for guarantees	*32*	1,301,097	2,393,654
Other long-term liabilities		250,465	196,521
Total non-current liabilities		**114,343,588**	**90,861,849**
Current liabilities			
Trade and other payables	*31*	16,328,131	10,314,925
Bonds	*35*	5,280,690	68,892
Short-term liabilities to related parties	*30*	1,549,807	542,695
Loans and borrowings	*28*	31,708,301	11,506,888
Customer advances	*29*	24,722,164	11,705,108
Lease liabilities	*33*	10,565,727	2,328,719
Other tax liabilities		987,592	2,500,935
Other provision	*34*	5,173,497	102,151
Income tax liabilities		180,408	97,351
Other short-term liabilities		957,948	0
Total current liabilities		**97,454,265**	**39,167,664**
Total liabilities		**211,797,853**	**130,029,513**
Total		**299,212,122**	**181,570,651**

[1] Excluding net assets attributable to non-controlling investment unit holders.

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the period ended 31 December 2020	Attributable to the equity holders of the parent							
In thousands of Hungarian Forints (THUF)	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	**9,252,912**	**592,166**	**143,877**	**(234,382)**	**7,117,547**	**16,872,120**	**86,823**	**16,958,943**
Profit/(loss) for the year	0	0	0	0	7,453,022	**7,453,022**	33,386	**7,486,408**
Other comprehensive income/(loss)	0	0	361,249	0	0	**361,249**	0	**361,249**
Proceeds from shares issues	644,580	8,098,355	**0**	**0**	**0**	**8,742,935**	0	**8,742,935**
Other change in reserves	0	0	0	(52,298)	0	**(52,298)**	0	**(52,298)**
Non-controlling interests arising on acquisition	0	0	0	0	0	**0**	88,175	**88,175**
Redemption of non-controlling interests	0	0	0	0	441,274	**441,274**	0	**441,274**
Transactions with owners	644,580	8,098,355	361,249	(52,298)	7,894,296	**16,946,182**	121,561	**17,067,743**
Balance at 1 January 2020	**9,897,492**	**8,690,521**	**505,126**	**(286,680)**	**15,011,843**	**33,818,302**	**208,384**	**34,026,686**
Proceeds from shares issues	7,431,040	4,570,090	0	0	0	**12,001,130**	0	**12,001,130**
Reclassification due to legal changes	685,228	200,997	0	0	(886,225)	**0**	0	**0**
Profit/(loss) for the year	0	0	0	0	20,826,896	**20,826,896**	(72,784)	**20,754,112**
Other comprehensive income/(loss)	0	0	(129,473)	0	0	**(129,473)**	0	**(129,473)**
Non-controlling interests arising on acquisition	0	0	0	0	0	**0**	2,564,930	**2,564,930**
Transactions with owners	8,116,268	4,771,087	(129,473)	0	19,940,671	**32,698,553**	2,492,146	**35,190,699**
Balance at 31 December 2020	**18,013,760**	**13,461,608**	**375,653**	**(286,680)**	**34,952,514**	**66,516,855**	**2,700,530**	**69,217,385**

The significant movements in the equity items presented above are explained in details in Note 36.
*Please also refer to Note 38 about Net assets attributable to non-controlling investment unit holders.

Consolidated Statement of Cash Flows

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	*Note*	2020	2019
***Adjustments to reconcile profit before for taxation to net cash used in operating activities**:*			
Profit/(loss) before taxation for the period		22,344,760	6,762,371
***Adjustments to reconcile profit before for taxation to net cash used in operating activities**:*			
Depreciation	*15, 17*	721,526	504,285
Other non-cash movements*		622,690	568,872
Profit on sale of investment property	*16*	(10,137)	0
(Profit)/loss on sale of tangible and intangible assets	*11*	(24,960)	(56,518)
Net finance (income)/expense	*13*	58,734	254,557
Increase in inventory	*22*	(1,130,368)	(40,906,278)
Share of (Profit)/loss in joint ventures and associates	*19*	(15,587,554)	146,460
Decrease/(increase) in trade and other receivables	*24, 26*	(7,015,922)	923,993
(Decrease)/increase in liabilities to related parties	*30*	299,439	(786,133)
Change in other long-term assets		1,142,319	(8,470,402)
(Decrease)/increase in other long term liabilities		157,991	0
Increase in trade and other payables	*26*	(50,133)	7,603,720
Increase in short-term loan receivables	*25*	(8,093,718)	(342,963)
Increase/(decrease) in provision	*34*	(1,245,421)	102,151
Increase/(decrease) in advances received	29	(19,596,588)	5,046,300
Interest paid	*28, 35*	(3,501,147)	(650,498)
Income tax paid	*14*	(278,456)	(347,863)
Net cash from/(used in) operating activities		**(31,186,945)**	**(29,647,946)**
Cash flows from/(used in) investing activities			
Consideration paid for the acquisition of POLNORD group	*5*	(7,615,691)	0
Consideration paid for other acquisitions	*5*	(3,697,687)	(10,487,932)
Cash of acquired subsidiaries	*5*	8,030,351	1,510,746
Acquisitions of tangible and intangible assets	*15, 17*	(625,309)	(262,024)
Sale of tangible and intangible assets	*15, 17*	129,100	25,843
Proceeds from sale of investment property	*16*	140,482	0
Increase of long-term loan receivables		0	101
Repayment of short-term loan receivables	*25*	3,205,697	3,296,947
Repayment of long-term loan receivables		0	1,130,988
Interest received		41,049	35,765
Dividend recieved from joint-venture	*19, 30*	1,215,698	0
Purhase of investment in associate	*5*	(13,133,136)	0
Purchase of investments in joint ventures	*19*	(824,898)	(594,119)
Net cash from/(used in) investing activities		**(13,134,344)**	**(5,342,776)**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows (cont'd)

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	***Note***	**2020**	**2019**
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings	*28*	33,908,390	22,820,096
Repayment of loans and borrowings	*28*	(21,216,379)	(11,467,294)
Capital increase	*36*	12,001,130	8,742,935
Proceeds from bonds issue	*35*	41,573,805	44,236,063
Repayment and redemption of bonds	*35*	(5,765,177)	0
Purchase of non-controlling shares	*37*	35,791	0
Redemption of non controlling shares and investment notes		0	10,058,175
Repayment of lease liability	*33*	(663,392)	(7,490,178)
Repayment of other long term liabilities		(88,263)	(279,227)
Net cash from financing activities		**59,785,905**	**66,620,570**
Net change in cash and cash equivalents		15,464,616	31,629,848
Cash and cash equivalents at beginning of the year		51,070,192	19,440,344
Cash and cash equivalents at end of the period	*27*	**66,534,808**	**51,070,192**

*The other non-cash movements derive mainly from foreign exchange differences, leasing accounting and gains on acquisitions.

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Summary of significant accounting policies and other explanatory notes

1. Background and business of the Company

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

Cordia International Private Limited Company ('the Company'), a Hungarian private limited company with its statutory seat in Budapest, Hungary, was established as of 27 April 2016 by Futureal Property Group Kft.
The core business of the company is to develop residential properties and then sale residential units.
The registered office is located at 47-53 Futó street, Budapest, Hungary. The Company (together with its Hungarian, Polish, Romanian, Spanish and UK subsidiaries 'the Group'), is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Hungary, in Poland, in Romania, in Spain and in the United Kingdom.

As of 31 December 2019 and 2020 the Company had the following owners:
- Cordia Holding B.V. - 98% (place of business: 3030, Prins Hendriklaan 26, 1075BD Amsterdam)
- Finext Consultants Limited - 2% (place of business: Kyriakou Matsi 16, Eagle House, 10th Floor, Agioi Omologites, P.C. 1082, Nicosia, Ciprus)

The ultimate controlling parties have not been changed during 2020. Gábor Futó (as the major shareholder) together with his parents, are the ultimate beneficial owners of CORDIA International Ingatlanfejlesztő Zrt. with its registered office in Budapest, Hungary. The ultimate consolidating entity is FR Group B.V. A list of the companies from which the financial data are included in this Consolidated Financial Statements and the extent of ownership and control are presented in Note 4.

Change on the composition of the Board of Directors
Mr Tomasz Lapinski resigned from his position as the member of the Board of Directors of the Company as of 1 August 2020 and Mr Péter Bódis has been appointed by the General Meeting as new member of the Board of Directors as of 1 August 2020 for indefinite period.

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

2. Basis of preparation and measurement

(a) Basis of preparation and statement of compliance

The consolidated financial statements of Cordia International Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC). The financial statements are for the group consisting of Cordia International Plc and its subsidiaries.

The consolidated financial statements have been prepared on a going concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. The consolidated financial statements were authorized by the Boards of Directors of Cordia International on the 18th May 2021.

The parent company and the subsidiaries operating in Hungary prepare their separate financial statements according to the Hungarian Accounting Standards 2000. C. (the HAS). The parent company prepares a separate IFRS financial statements for bond holders information purposes. The subsidiaries operating in Poland prepare their separate financial statements in accordance with accounting policies specified in the Polish Accounting Act dated 29 September 1994 with subsequent amendments and the regulations issued based on that Act (all together: 'Polish Accounting Standards'). The subsidiaries operating in Romania prepare their separate financial statements in accordance with accounting policies specified in Accounting Law no. 82/1991 with subsequent amendments and the regulations issued based on that Act (all together: 'Romanian Accounting Standards'). The subsidiaries operating in Spain prepare their separate financial statements in accordance with accounting policies specified in 'Plan General de Contabilidad 2008 (PGC2008)'. The subsidiaries operating in the United Kingdom prepare their separate financial statements in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. Some of the regulations in the Hungarian, Polish, Spanish, Romanian or British accounting standards are different from IFRS. These consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRSs as adopted by EU.

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, please see Note 3.

A number of new or amended standards became applicable for the current reporting period:

- Defnition of a Business (Amendments to IFRS 3)
- Defnition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to References to Conceptual Framework in IFRS Standards
- Covid-19-Related Rent Concessions – amendments to IFRS 16

The above amendments and improvements to IFRSs do not impact the annual consolidated financial statements of the Group.

Seasonality of operations has no significant impact on the consolidated financial statements information.

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of those financial assets that have been measured at fair value through profit or loss. The methods used to measure fair values for the purpose to prepare the consolidated financial statements are discussed further in Note 23.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of Hungarian Forint, which is the parent company's functional currency and the Group's presentation currency.

(d) Basis of consolidation

These Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Majority of the Group companies have 31 December as their year-end. In case a subsidiary has different financial year-end then for consolidation purposes its most recent financial statements were adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements in line with requirements in IFRS10 par. B93.

Consolidated financial statements are prepared using uniform accounting policies for similar transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are fully eliminated, except where there are indications for impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. As these transactions meet the exception definition as of IAS 12.15.b deferred tax related to the acquisition is not recognized at the transaction date. In case the transaction is between parties under common control the difference between the fair value of the assets and liabilities acquired and the consideration paid is accounted for in the other capital if it arose from a transaction with owners in their capacity as owners based on the analysis of the substance.

Otherwise, in case an acquired subsidiary or group of assets meets the definition of "business" as defined by IFRS 3 the Group applies the acquisition method to account for business combinations. In this case the consideration transferred is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Joint arrangements:

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Use of estimates and critical judgments

The Group estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Revenue recognition

IFRS 15, Revenue from Contracts with Customers (issued in May 2014 and effective for the periods beginning on or after 1 January 2018):

(i) Capitalization of incremental costs to obtain a contract

- Cordia Group has already (before the adaptation of IFRS 15) capitalized variable sales commission of real estate agents in case those commissions can be directly linked to the specific sales contract in the previous year’s consolidated financial statements. Capitalized sales commission is recognized as other asset and reversed to cost of sales upon transferring the control of property to the customer and recording the revenue.

(ii) Recognizing revenue

- IFRS 15 changed the indicators required to be assessed in order to determine, when revenue shall be recognized. In case of Cordia Group, based on IFRS 15.35 revenue shall be recognized at a point time. This is the point, when control over the property is transferred to the customer.

Based on IFRS 15.38, there are five indicators that a customer has obtained control of an asset:

- The entity has a present right to payment.
- The customer has legal title.
- The customer has physical possession.
- The customer has the significant risks and rewards of ownership.
- The customer has accepted the asset.

(iii) Significant financing component

Notwithstanding the provisions of IFRS 15 para 61, a contract with a customer would not have a significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

Cordia Group believes that the customer pays in advance to ensure purchase of the apartment. This is the market practice and significant majority of the apartments are sold before completion of the projects. Selling price in case of paying in advance is not lower than the price that would be paid upon completion. Cordia Group believes that based on these arguments, payments are not made in advance to provide financing, therefore no significant financing component exists. Therefore transition to IFRS 15 had no impact on the financial statements.

Write-down revaluating the inventory:

The company internally assesses the net realizable value of the inventory and decreases the value when the net realizable value is lower than the cost amount. In view of the situation in the Hungarian, Polish, Spanish, English and Romanian property market in which the Group operates, during the year ended 31 December 2020 and 31 December 2019 the Group performed an inventory review with regard to its valuation to net realizable value based on the valuation report issued by the independent property valuation expert. As a result, during the years ended 31 December 2020 and 31 December 2019, the Group did not make any write-down adjustment. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

Subsidiaries with less than 50% ownership held by the Group

Finext BP SICAV-SIF

As of 31 December 2020, the Group owns less than 50% of the investment units only in Finext BP SICAV-SIF, but it is capable of controlling the entities through the rights provided by its shares. As of 31 December 2019, in Finext Funds BP SICAV-SIF the Group owned less than 50% of the investment unit, but it was capable of controlling the entity through the rights provided by its shares. This means that funds issued two classes of investment units, where the ones owned by the Group allow it to control the entities as required by IFRS 10 (i.e. all the major decisions are to be decided by Cordia International). Please also refer to Note 4 (c) about net assets attributable to non-controlling investment unit holders of these fund.

Korporacja Budowlana DOM SA

KB DOM SA is a related party of the recently acquired Polnord S.A. In the opinion of the Polish Financial Supervision Authority ("PFSA"), the course of general meetings of KB DOM SA in 2016-2019 show that Polnord S.A has had the ability to control KB DOM SA despite not having the majority of votes in the share capital of KB DOM SA. On these general meetings Polnord S.A. was present but other shareholders were not, so Polnord SA had the majority of the votes. In the opinion of PFSA, this confirms that Polnord S.A. has had the ability to exercise control over KB DOM SA and consequently needs to consolidate it as a subsidiary into Polnord S.A.'s consolidated financial statement in 2019 in accordance with par. 20 of IFRS 10 despite Polnord SA holds only 34.65% of shares in KB DOM S.A. (41.25% of voting rights taking into consideration the treasury shares of KB DOM SA Eventually Polnord S.A. fulfilled the recommendation from PFSA.

3. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss for the year except for the exchange gains and losses related to cash flow hedges or hedges for qualified investments which shown in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance expense and finance income respectively, unless they are capitalized as explained in Note 3 (i) ("Borrowing costs"). All other foreign exchange gains and losses are presented net also in the income statement within finance expense and finance income respectively.

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

IAS 21 requires entities to translate foreign currency monetary items outstanding at the end of balance sheet date using the closing rate. The closing rate is the spot exchange rate at the balance sheet date.

A foreign currency transaction is recorded, on initial recognition, at the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. This process is known as 'translation' – that is, financial data denominated in one currency is expressed in terms of another currency.

The date of transaction is the date on which the transaction first qualifies for recognition in accordance with IFRS. For revenues, expenses, gains and losses, the spot exchange rate at the dates on which those elements are recognised should be used; however, this might be impracticable in practice. Management might, therefore, use a rate that approximates to the actual rate (such as an average rate).

(b) Revenue

Revenue is recorded based on IFRS 15 from 1 January 2018.
Below the accounting policy for IFRS 15 is described based on the 5-step model.

Identifying the contract

An agreement between two or more parties that creates enforceable rights and obligations meets the definition of a contract in the revenue standard. A contract can be written, oral, or implied by Cordia Group's customary business practices.

Cordia Group's customary business practices is to have always written contracts with customers.

The following criteria should be met before Cordia Group accounts for a contract with a customer:

a. the contract has been approved (in writing, orally, or in accordance with other customary business practices) and the parties are committed to perform their respective obligations,
b. the entity can identify each party's rights;
c. the entity can identify the payment terms;
d. the contract has commercial substance; and
e. it is probable that the entity will collect the consideration to which it is entitled for transferring the goods and services to the customer.

Cordia Group believes that the criteria above is met in case of all its written customer contracts.

Identify the performance obligations

Performance obligations are the unit of account for the purposes of applying the revenue standard, and they therefore determine when and how revenue is recognised.

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. At contract inception, Cordia Group assesses the goods or services promised to a customer, and identifies each promise to transfer as either:

a. a good or service (or a bundle of goods or services) that is distinct; or

b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Promises in a contract can be explicit, or implicit if they create a valid expectation that the entity will provide a good or service based on the entity's customary business practices, published policies or specific statements.

A series of distinct goods or services provided over a period of time is a single performance obligation if the distinct goods or services are substantially the same and have the same pattern of transfer to the customer. A series of distinct goods or services has the 'same pattern of transfer' if both of the following criteria are met:

a. each distinct good or service meets the criteria to be a performance obligation satisfied over time; and

b. the same measure of progress towards complete satisfaction of the performance obligation is used.

A good or service that is promised to a customer is distinct if:

a. the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct); and

b. the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

Cordia Group considers each property (i.e. apartment, parking lot, storage) as one performance obligation. Cordia Group transfers the control to the customer over the properties at the same time. Services are not sold together with the properties. Based on this, Cordia Group treats properties in each customer contract as a single performance obligation, because separation would not have an impact on the financial statements.

Determining the transaction price

The transaction price in a contract reflects the amount of consideration that Cordia Group expects to be entitled to in exchange for goods or services transferred. The transaction price includes only those amounts to which the entity has rights under the present contract and excludes amounts collected on behalf of third parties. The consideration promised in a contract with a customer might include fixed amounts, variable amounts, or both. Contractually stated prices for goods or services might not represent the amount of consideration that Cordia Group expects to be entitled to as a result of its customary business practices with customers.

Allocating the transaction price to separate performance obligations

The transaction price should be allocated to each separate performance obligation, or distinct good or service, so that revenue is recorded at an amount that depicts the amount of consideration that the entity expects to be entitled to in exchange for transferring the promised goods or services.

The transaction price should be allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer.

Recognizing revenue

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer.

Control either transfers over time or at a point in time. Management needs to determine, at contract inception, whether control of a good or service transfers to a customer over time or at a point in time. If the performance obligation is not satisfied over time, it is satisfied at a point in time.
Revenue is recognised over time if any of the following three criteria are met:
a. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
b. the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c. the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the criteria for satisfying a performance obligation over time are met. The guidance on control should be considered, to determine when the performance obligation is satisfied by transferring control of the good or service to the customer. In addition, there are five indicators that a customer has obtained control of an asset:

- The entity has a present right to payment.
- The customer has legal title.
- The customer has physical possession.
- The customer has the significant risks and rewards of ownership.
- The customer has accepted the asset. [IFRS 15 para 38]

Based on the indicators above, Cordia Group recognizes revenue based on date of transferring the control of the properties to the customers. Please see the detailed accounting policy in Note 3 (e) about critical judgments.

Other considerations

Cordia Group capitalises the incremental costs of obtaining a contract with a customer if it expects to recover those costs. However, costs to obtain a customer do not include payments to customers.

Cordia Group capitalizes variable sales commission of real estate agents in case those commissions can be directly linked to the specific sales contract. Capitalized sales commission is recognized as other asset and reversed to cost of sales upon transferring the property to the customer and recording the revenue.

Advances received related to pre-sales of residential units, which represent deferred income, are deferred when they do not meet the criteria to be recognized as revenue. When they subsequently meet these criteria, they are recognized as revenue.

Other revenues include rental income, service charges and management charges from properties. Revenue from service and management charges is measured at the fair value of the consideration received or receivable, and amounts disclosed as net of rebates and VAT.

Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income. Revenues from the early termination of operating leases recognized at the date of occurrence.

(c) Interest income and expense

Interest income and expense are recognized within `finance income’ and `finance expense’ in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Group has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not. Properties built in residential property development projects are considered to be qualifying assets for the Group.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(d) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or equity - in which case, the tax is also recognized in other comprehensive income or equity.

The Group based on the operation of the mother company considers the following taxes as income tax defined by IAS 12:

- corporate income tax;
- local business tax;
- innovation duty.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group established a tax-efficient legal structure, as the property development funds and subfunds are not obliged to pay income taxes under the current laws and regulations, therefore the Group’s effective tax rate is low (please see effective tax reconciliation in Note 14).

(e) Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.
Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed of. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the income statement.

Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

(f) Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

ii. Depreciation

Depreciation is calculated on the straight-line basis over the estimated useful life of each component of an item of property and equipment.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Buildings: 50 years;
- Equipment's: 7 years;
- Fixtures and fittings: 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date, and adjusted prospectively since the beginning of the following year, if appropriate.

(g) Recognising and measuring goodwill or a gain from a bargain purchase

Goodwill is defined as "an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised".
Goodwill is measured, at the acquisition date, as the amount by which the figure at 1 exceeds the figure at 2 below:

1. The aggregate of:

- The fair value of consideration transferred.
- The amount of any non-controlling interest recognised.
- In a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

2. The assets and liabilities recognised in accordance with IFRS 3 (see para 29.88 onwards). [IFRS 3 para 32].

A gain on a bargain purchase occurs where the consideration, non-controlling interest and the previously held interest are less than the value of the identifiable net assets. A gain on a bargain purchase is immediately recognised by the acquirer in profit or loss. [IFRS 3 para 34]

<u>Acquisition costs</u>
Acquisition-related costs are considered separate transactions and are not part of the consideration transferred. Acquisition-related costs represent services that have been rendered to and consumed by the acquirer. They are accounted for as an expense when the acquirer consumes the related service. [IFRS 3 para 53]

Measurement period
The acquirer has a period of time, referred to as the 'measurement period', to finalise the accounting for a business combination. The measurement period ends on the earlier of the date when the acquirer receives the information that it needs (or determines that it cannot obtain the information) and one year after the acquisition date.

(h) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's or a cash generating unit's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Leases

This section summarizes the accounting policies related to IFRS 16 Leases. The group leases various offices, parking places and cars. Rental contracts are typically made for fixed periods of 4 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The group has adopted IFRS 16 simplified method retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option .

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are wholly immaterial.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The Group separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The group does not provide residual value guarantees in relation to equipment leases.

Rights of perpetual usufruct of land (Poland)

On 20 July 2018, the Act on the transformation of perpetual usufruct of land developed for residential purposes into ownership of that land came into force. In respect of land on which as of 1 January residential buildings were built for which an occupancy permit had been issued prior to that date, the perpetual usufruct of that land shall be transformed into ownership of that land. As regards land developed with multi-family residential buildings that have not been commissioned before 1 January 2019, the conversion date for such properties will be the day on which the decision permitting the occupancy of the building becomes final.

The Group is legally released from the debt arising from the obligation to pay perpetual usufruct fees or transformation fees only upon the legal (notarised) transfer to the buyer of the interest in the land appurtenant to the unit sold.

From 1 January 2019, costs related to lease of perpetual usufruct of land are recognized as inventories for the duration of the property project development. Before implementation of IFRS 16, these fees were expensed as incurred. Since these fees related to the land, no depreciation is recorded on these right-of-use assets.

The related lease liability is recognised under short-term liabilities.

Until the time of transfer of the above mentioned ownership, land-related lease liabilities remain on the balance sheet of the Group. At the time of handover of the unit (which is also the time of recognition of the revenue from the sale of the unit), the portion of the asset related to the lease is transferred from Inventory to Receivables from the customer, in the amount corresponding to the recognised land-related lease liability.

Until the time of transfer of the ownership to the customer, both the receivable and the liability are recognised as a short-term receivable or liability, because they will be settled through the transfer to the customer within the "operating cycle". At the date of ownership transfer to the buyer, land-related lease liability and the related receivables from the buyer of the unit are reversed from the accounting records.

The Group has decided to present right-of-use assets within the same item in which the relevant underlying assets would be presented if they were owned by the Group (as lessee).

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial
- application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(j) Inventories of residential units

Inventories consist of multi-family residential real estate projects to individual customers.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred relating to the construction of a project. Costs relating to the construction of a project are included in inventories of residential units as follows: costs incurred relating to projects or a phase of a project which are not available for sale (work in progress), costs incurred relating to units unsold associated with a project.

Project construction costs include:

- land or leasehold rights for land;
- construction costs paid to the general contractor building the residential project;
- planning and design costs;
- borrowing costs to the extent they are directly attributable to the development of the project (see accounting policy (p));
- professional fees attributable to the development of the project;
- construction overheads and other directly related costs.

Inventory is recognized as a cost of sales in the statement of comprehensive income when the sale of residential units is recognized.

(k) Borrowing costs

Borrowing costs directly attributable to the inventory of properties which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized equals the gross interest incurred on those borrowings. Interest is capitalized as from the commencement of the development work until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifcally for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(l) Financial instruments

As described previously, the Group applies IFRS 9 for accounting of financial instruments from 1 January 2018.

Classification and measurement

Financial assets

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument.

IFRS 9 has two measurement categories: amortised cost and fair value. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met, as described below.

If the financial asset is a debt instrument (or does not meet the definition of an equity instrument in its entirety), management should consider the following assessments in determining its classification:

- The entity’s business model for managing the financial asset.
- The contractual cash flows characteristics of the financial asset.
- A financial asset should be subsequently measured at amortised cost if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; ‘principal’ and ‘interest’.
- A financial asset should be subsequently measured at FVOCI if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

If the financial asset does not pass the business model assessment and SPPI criteria, or the fair value option is applied it is measured at FVTPL. This is the residual measurement category.

Cordia Group’s business model refers to how an entity manages its financial assets in order to generate cash flows. IFRS 9 prescribes two business models: holding financial assets to collect contractual cash flows; and holding financial assets to collect contractual cash flows and selling. FVTPL is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into one of the two prescribed business models.

Investments in equity instruments are always measured at fair value. Equity instruments that are held for trading (including all equity derivative instruments, such as warrants and rights issues) are required to be classified at FVTPL, with dividend income recognised in profit or loss.

For all other equities within the scope of IFRS 9, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss.

Cordia Group’s financial assets are debt instruments that are measured at amortized cost because those are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual term of the financial asset gives rise to cash flows that pass the SPPI test.

Financial liabilities

Cordia Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. It is, therefore, necessary to measure those contractual rights and obligations on initial recognition. All financial liabilities in IFRS 9 are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability.

There are two measurement categories for financial liabilities: fair value, and amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL or an entity has opted to measure a liability at FVTPL.

Trade receivables that do not have a significant financing component are initially measured at their transaction price. A similar concept is commonly applied to short-term trade payables where the effect of discounting would be immaterial, consistent with the requirements of paragraph 8 of IAS 8.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

All the financial liabilities of the Group are kept at amortized cost.

Offsetting financial assets and financial liabilities

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

Impairment of financial assets

Cordia Group applies IFRS 9 impairment model to:

- investments in debt instruments measured at amortised cost;
- investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- all loan commitments not measured at fair value through profit or loss;
- financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at fair value through profit or loss; and
- lease receivables that are within the scope of IFRS 16, ‘Leases’, trade receivables and contract assets within the scope of IFRS 15 that give rise to a conditional right to consideration.

The model does not apply to investments in equity instruments.
The entity follows the rules of IFRS 9 outlines a ‘three-stage’ model (‘general model’) for impairment based on changes in credit quality since initial recognition:

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses (‘ECL’) are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

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

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material.

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

For trade receivables, contract assets and lease receivables Cordia Group applies simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. As a practical expedient, a provision matrix is be used to estimate ECL for these financial instruments

(m) Trade and other receivables

Financial assets recognized in the consolidated statement of financial position as trade receivables are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment.

(n) Receivables from related parties

Financial assets recognized in the consolidated statement of financial position as receivables from related parties consist of contract amount receivable in the normal business activity for goods and services, as well as loans granted to affiliates. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

(o) Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less, except for collateralized deposits, treasury bills if those are considered highly liquid assets with no significant risk furthermore the advance payment received from customers for project financing purposes if withdraw process is considered perfunctory.

The restricted cash classified as cash equivalent are related to cash received from customers as advance payment for financing the projects and the cash withdrawn from the project loan facilities. The banks providing loan financing have light restriction over these funds to secure their loan facility however the approval process to use these funds are considered perfunctory.

Cordia's model of operations assumes that instead of using payments received from customers directly to cover the development costs, majority of the cash received is deposited at accounts with restricted use as cash securing construction loans received. The banks allow however for full or partial the use of such funds, (sometimes subject to utilization fees) and these balances are presented as cash and cash equivalents in the financial information.

The control over the use of the deposited sums is always with Cordia based upon the agreement between the respective bank and Cordia and such action of unlocking deposited cash can take place in due time after such decision of Cordia management, i.e. without any unnecessary delay (but in any case not later than within a few banking days). This means, that the cash, which is deposited in the accounts with some restrictions applicable, can be fully and immediately exploited by the subsidiaries in order to net with the pre-agreed financial liabilities (e.g. bank loans) as well as to finance the relevant costs of the projects co-financed by the customers buying apartments.

The overdrafts are shown in current liabilities in borrowings line.

(p) Equity

i. Share capital

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

ii. Share premium

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

iii. Currency translation reserve

Exchange differences arising on translation of the entities with different functional currency are recognized in currency translation reserve

iv. Other reserves

Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity during an asset acquisiton made between entities under common control are included other reserve.

v. Retained Earnings

The cumulated profit and loss attributable to the owners of the parent.

(q) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down (and should be calculated with in the effective interest calculation and the amortized cost of the loan). In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(r) Bonds

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

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

Based on IAS23 general and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

(s) Amounts withheld for guarantees

Amounts withheld for guarantees is the conractual amount that the Group witholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Cordia Group's warranty rights. At the end of the warranty period, the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

(t) Trade and other payables

Trade payables are contract amount payable in the normal business activity for goods and services. Trade payables are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.
Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(u) Liabilities to related parties

Liabilities to related parties are contract amount payable in the normal business activity for goods and services, as well as loans payable to affiliates. Liabilities to related parties are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.
Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(v) Dividend distribution

Dividend distribution to the parent company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved.

(w) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Interests in other entities

(a) Group structure

The details of the Hungarian, Polish, Spanish, English and Romanian entities whose financial statements have been included in these Consolidated Financial Statements, the percentage of ownership and voting rights held by the Company and the classification of investments as at 31 December 2020 and 2019, are presented in the table.
The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near completion.
Cordia Global 1 and Cordia Global 4 development sub-funds handed over all of the residental units related to their projects therfor the legal entities have been liquidated.

Entity name	Place of operation	Share of ownership & voting rights at 31.12.2020	Share of ownership & voting rights at 31.12.2019	Nature of relationship 31.12.2020	Nature of relationship 31.12.2019	Referred as
Villena Sp. z o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PVIL
Cordia Zyrardów Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PZYR
Cordia Management Poland Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PFMA
Cordia Polska Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PWA1
Cereman Vagyonkezelő Zrt.	Hungary	100%	100%	Subsidiary	Subsidiary	CER
Cordia Lands Investment Ltd.	Nicosia, Cyprus	100%	100%	Subsidiary	Subsidiary	CLI
Cordia Development 1 Ingatlanbefektetési Alap	Hungary	100%	100%	Subsidiary	Subsidiary	CD1
Cordia Development 2 Ingatlanbefektetési Alap	Hungary	100%	100%	Subsidiary	Subsidiary	CD2
Cordia Global 1 Ingatlanbefektetési Részalap	Hungary	N/A	100%	N/A	Subsidiary	CG1
Cordia Global 2 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG2
Cordia Global 3 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG3
Cordia Global 4 Ingatlanbefektetési Részalap	Hungary	N/A	100%	N/A	Subsidiary	CG4
Cordia Global 5 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG5
Cordia Ingatlanbefektetési Alap	Hungary	100%	100%	Subsidiary	Subsidiary	ACIA
Cordia Management Szolgáltató Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CMA
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CNA
Sasad Resort 2 Kft	Hungary	72.50%	72.50%	Subsidiary	Subsidiary	SR2
Cordia Poland GP One SP. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PGP1
Projekt Warszawa 1 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PPW1
Projekt Warszawa 2 Cordia Partner 3 Sp. z o.o. Sp.k.	Poland	100%	100%	Subsidiary	Subsidiary	PPW2
Projekt Warszawa 3 Cordia Partner 5 Sp. z o.o. Sp.k.	Poland	100%	100%	Subsidiary	Subsidiary	PPW3
Projekt Kraków 1 Cordia Partner 3 Spółka z o.o. Sp.k.	Poland	100%	100%	Subsidiary	Subsidiary	PPK1
Cordia Central Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CCI
Cordia Real Estate Funds Luxembourg SICAV-RAIF /previously FINEXT Funds LUX One	Luxembourg	100%	100%	Subsidiary	Subsidiary	FFL1
Cordia Global 6 Ingatlanbefektetési Részalap	Hungary	50%	50%	Joint-venture	Joint-venture	CG6
Cordia Global 7 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG7

Entity name	Place of operation	Share of ownership & voting rights at 31.12.2020	Share of ownership & voting rights at 31.12.2019	Nature of relationship 31.12.2020	Nature of relationship 31.12.2019	Referred as
Cordia Global 8 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG8
Cordia Global 9 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG9
Cordia Global 10 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG10
Cordia Global 11 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG11
Cordia Global 12 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG12
Cordia Global 13 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG13
Cordia Global 14 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG14
Cordia Global 15 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG15
Cordia Global 16 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG16
Cordia Global 17 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG17
Cordia Global 18 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG18
Cordia Global 19 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG19
Cordia Global 20 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG20
Cordia Munkavállalói Résztulajdonosi Program Szervezet	Hungary	100%	100%	Subsidiary	Subsidiary	CMR
CDS-Cordia Development Services Srl	Romania	100%	100%	Subsidiary	Subsidiary	RCDS
Cordia Parcului Residential Project Srl	Romania	100%	100%	Subsidiary	Subsidiary	RCPR
Cordia Belváros Ingatlanfejlesztő Kft.	Hungary	70%	70%	Subsidiary	Subsidiary	CBI
Cordia FM Társasházkezelő Kft	Hungary	100%	100%	Subsidiary	Subsidiary	COR
Cordia New Times Ingatlanfejlesztő Kft.	Hungary	70%	70%	Subsidiary	Subsidiary	CNT
Cordia New Homes Kft	Hungary	100%	100%	Subsidiary	Subsidiary	CNH
Finext Funds BP SICAV-SIF	Luxembourg	20%	20%	Subsidiary	Subsidiary	FFLB
Cordia Romania Holding One Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CR1
Cordia Romania Holding Two Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CR2
Cordia Development 3 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD3
Cordia Development 4 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD4
Cordia Development 5 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD5
Cordia Development 1 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCPO
Projekt Warszawa 5 Cordia Partner 2 spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PPW5
Projekt Kraków 2 Cordia Partner 2 spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PPK2
Projekt Kraków 3 Cordia Partner 2 spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PPK3
Cordia Dante Project SRL	Romania	100%	100%	Subsidiary	Subsidiary	RDAN
Cordia Navigatorilor Project SRL	Romania	100%	100%	Subsidiary	Subsidiary	RNAV
Cordia Corarilor Development SRL	Romania	100%	100%	Subsidiary	Subsidiary	RCOR
Cordia Project Services SPV3 SRL	Romania	100%	100%	Subsidiary	Subsidiary	RPS3
Cordia Project Development SPV2 SRL	Romania	100%	100%	Subsidiary	Subsidiary	RPD2
Cordia Project Real Estate Development SPV4 S.R.L.	Romania	100%	N/A	Subsidiary	N/A	RPD4

Entity name	Place of operation	Share of ownership & voting rights at 31.12.2020	31.12.2019	Nature of relationship 31.12.2020	31.12.2019	Referred as
Cordia Project Real Estate Development SPV5 S.R.L.	Romania	100%	N/A	Subsidiary	N/A	RPS5
Cordia Partner 2 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCP2
Cordia Partner 3 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCP3
Cordia Partner 4 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCP4
Cordia Development 2 Spółka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD2
Cordia Development 10 Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PD10
Cordia Development 6 Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD6
Cordia Development 8 Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD8
Cordia Development 9 Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCD9
Cordia Europe Holding Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CEH
Cordia Global 21 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG21
Cordia Global 22 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG22
Cordia Global 23 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG23
Cordia Global 24 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG24
Cordia Global 25 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG25
Cordia Global 26 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG26
Cordia Global 27 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG27
Cordia Global 28 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG28
Cordia Global 29 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG29
Cordia Global 30 Ingatlanbefektetési Részalap	Hungary	100%	100%	Subsidiary	Subsidiary	CG30
Cordia Partner 5 Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCP5
Cordia Partner 6 Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCP6
Projekt Kraków 4 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PCPH
Projekt Trójmiasto 1 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPT1
Projekt Warszawa 6 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPW6
Projekt Warszawa 7 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPW7
Cordia Project Company Sociedad Limitada	Spain	100%	100%	Subsidiary	Subsidiary	SCPC
Cordia Holdco Fuengirola SL/ previously Cordia Development Services Company SL	Spain	100%	100%	Subsidiary	Subsidiary	SCDS
Cordia Iberia Holding Sociedad Limitada	Spain	100%	100%	Subsidiary	Subsidiary	SCIH
Cordia Marbella Project Company, S.L.	Spain	100%	100%	Subsidiary	Subsidiary	SCMP
Cordia Development Company SL	Spain	90%	90%	Subsidiary	Subsidiary	SCDC
Cordia Fuengirola Development Company Sociedad Limitada	Spain	90%	90%	Subsidiary	Subsidiary	SCFD
Cordia Spain Holding Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CPM
Universo CG13 Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	C13K
Kertész CG15 Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	C15K
GrandCorvin2 CG19 Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	C19K
Futó CG21 Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	C21K

Entity name	Place of operation	Share of ownership & voting rights at		Nature of relationship		Referred as
		31.12.2020	31.12.2019	31.12.2020	31.12.2019	
Millenium Residence Első Ütem CG22 Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	C22K
Millenium Residence Második Ütem CG23 Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	C23K
Finext Optimum 2 értékpapír alapok alapja részalap	Hungary	100%	100%	Subsidiary	Subsidiary	FOP2
Projekt Kraków 5 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPK4
Projekt Kraków 6 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPK6
Projekt Trójmiasto 2 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPT2
Projekt Warszawa 8 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPW8
Projekt Warszawa 9 Cordia Partner 2 Sp. z.o.o. Sp.k	Poland	100%	100%	Subsidiary	Subsidiary	PPW9
Cordia Romania Holding A Kft.	Hungary	100%	100%	Subsidiary	Subsidiary	CMH
European Residential Investments Vagyonkezelő Kft.	Hungary	100%	N/A	Subsidiary	N/A	ERI
Finext Global 1. Ingatlanforgalmazó Részalap	Hungary	100%	N/A	Subsidiary	N/A	FG1
Argo Properties N.V.	Germany	18%	N/A	Associate	N/A	ARGO
Cordia Supernova Sp. z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary	PCW1
Projekt Gdansk 1 Cordia Partner 6 Spółka z.o.o. Sp.k.	Poland	100%	100%	Subsidiary	Subsidiary	PPW4
Projekt Kraków 7 Cordia Partner 2 Sp. z.o.o. Sp.k.	Poland	100%	100%	Subsidiary	Subsidiary	PPK7
Polnord SA	Poland	92.92%	N/A	Subsidiary	N/A	PNSA
FPP Powsin Sp. z o.o.	Poland	45.53%	N/A	Join venture	N/A	PFP1
FPP Osiedle Moderno Sp. z o.o.	Poland	45.53%	N/A	Join venture	N/A	PFP2
Fadesa Polnord Polska Sp. z o.o.	Poland	45.53%	N/A	Join venture	N/A	PFPP
Haffnera Apart Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PHAA
Haffnera Park Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PHAP
Hydrosspol Sp. z o.o. w likwidacji	Poland	27.88%	N/A	Associate	N/A	PHYD
Korporacja Budowlana DOM SA	Poland	32,20% 41.25%%	N/A	Subsidiary	N/A	PKBD
Korporacja Budowlana Dom Sp. z o.o. w restrukturyzacji	Poland	32,20% 41.25%%	N/A	Subsidiary	N/A	PKBD rest
Cogilco Polonia Sp. z o. o.	Poland	32,20% 41.25%%	N/A	Subsidiary	N/A	Cogilico
KBD Prefabrykacja Sp. z o. o.	Poland	32,20% 41.25%%	N/A	Subsidiary	N/A	KBD
Polnord Spółka Akcyjna Finanse S.j.	Poland	92.92%	N/A	Subsidiary	N/A	PNAF
Polnord Apartamenty Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNAP
Polnord Brama Wilanowska Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNBW
Polnord Construction Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNCO
Polnord Gdańsk Dwa Tarasy Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNGD
Polnord Haffnera 1 Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNHA
Polnord Inwestycje Sp. z o.o. S.j.	Poland	92.92%	N/A	Subsidiary	N/A	PNI2
Polnord inwestycje Sp. z o.o. Łódź City	Poland	92.92%	N/A	Subsidiary	N/A	PNIC
Polnord Inwestycje Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNIN
Polnord Olsztyn Tęczowy Las Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNOT
Polnord Rezydencje Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNRE
Polnord Szczecin Ku Słońcu Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNSK
Polnord Warszawa-Ząbki Neptun Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PNWZ

Entity name	Place of operation	Share of ownership & voting rights at 31.12.2020	31.12.2019	Nature of relationship 31.12.2020	31.12.2019	Referred as
Osiedle Innova Sp. z o.o.	Poland	45.53%	N/A	Join venture	N/A	POSI
Stroj Dom ZSA (Rosja)	Russia	92.92%	N/A	Subsidiary	N/A	PSDO
Stacja Kazimierz I Sp. z o.o.	Poland	46.46%	N/A	Join venture	N/A	PSK1
Stacja Kazimierz III Sp. z o.o.	Poland	46.46%	N/A	Join venture	N/A	PSK2
Stacja Kazimierz III Sp. z o.o. SK	Poland	46.46%	N/A	Join venture	N/A	PSK3
Śródmieście Wilanów Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PSRW
Wilanów Office Park-bud. B1 Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PWO1
Wilanów Office Park-bud. B3 Sp. z o.o.	Poland	92.92%	N/A	Subsidiary	N/A	PWO2
Cordia UK Holdings Limited	United Kingdom	100%	N/A	Subsidiary	N/A	UCUK
Cordia Blackswan Property Limited	United Kingdom	100%	N/A	Subsidiary	N/A	UCBH
Cordia Blackswan Holdings Limited	United Kingdom	97%	N/A	Subsidiary	N/A	UCBP
Blackswan Property Limited	United Kingdom	97%	N/A	Subsidiary	N/A	UBSP
Blackswan Developments (The Gothic) Limited	United Kingdom	97%	N/A	Subsidiary	N/A	UBDG
Blackswan (Bradford Works) Limited	United Kingdom	97%	N/A	Subsidiary	N/A	UBSB
Blackswan Developments (Barr Street) Limited	United Kingdom	97%	N/A	Subsidiary	N/A	UBDB
Cordia Blackswan (Thorp) Limited	United Kingdom	97%	N/A	Subsidiary	N/A	UCBT

Please refer to Note 5 for the list of newly acquired entities.

Please also refer to Note 3(a) about critical judgments and significant accounting policies.

(b) Interests in joint-ventures and associates

Set out below is the joint ventures and associates of the group as at 31 December 2020. The entity listed below have share capital consisting solely of ordinary shares, which are held directly by the group.

Entity name	Place of operation	Share of ownership & voting rights at 31.12.2020	31.12.2019	Nature of relationship	Measurement method
Cordia Global 6 Alap	Hungary	50%	50%	Joint venture	Equity method
Argo Properties N.V	Germany	18.00%	0%	Associate	Equity method
FPP Powsin Sp. z o.o.	Poland	45.53%	0%	Joint venture	Equity method
FPP Osiedle Moderno Sp. z o.o.	Poland	45.53%	0%	Joint venture	Equity method
Fadesa Polnord Polska Sp. z o.o.	Poland	45.53%	0%	Joint venture	Equity method
Hydrosspol Sp. z o.o. w likwidacji	Poland	27.88%	0%	Associate	Equity method
Osiedle Innova Sp. z o.o.	Poland	45.53%	0%	Joint venture	Equity method
Stacja Kazimierz I Sp. z o.o.	Poland	46.46%	0%	Join venture	Equity method
Stacja Kazimierz III Sp. z o.o.	Poland	46.46%	0%	Join venture	Equity method
Stacja Kazimierz III Sp. z o.o. SK	Poland	46.46%	0%	Join venture	Equity method

(c) Net assets attributable to non-controlling investment unit holders

As described previously, the Group had controlling investment in two investment funds as of 31 December 2020 and 31 December 2019, namely Cordia Real Estate Funds Luxembourg SICAV-RAIF Sub-Fund (previously known as Finext Funds One SICAV-SIF) and Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund. At the financial year-end besides the Group, there were only other non-controlling investors as owners of Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund.

The two sub-funds operate under a similar scheme in which, the funds' life is limited and pre-determined upon establishment. The funds issue two classes of investment notes in form of shares, Class C is owned by the Group, Class P is purchased by the non-controlling investors. The two share classes provide different rights and they have different risk profile. Based on the funds' prospectus, repayment of the original investments and distributions of profits and losses are to be made as follows:

- First, original investments into Class P and Class C shares shall be returned pro-rata and pari passu. Potential losses are therefore suffered pro-rata, based on the invested capital.
- After distributions equal to the invested capital to all unit holders, the potential profits are not distributed on pro-rata basis but in different proportions, with such proportions changing based on IRR achieved by the Class P unitholders versus pre-agreed IRR hurdles.

The Group does not provide any guarantee on the return on the capital invested by the non-controlling investment unit holders. In case the projects in the fund generate losses, the losses are shared between the Group and the non-controlling investment unit holders on a pro-rata basis up to the amount of the capital invested. Each parties' liability is limited to the amount of capital invested in the fund.
The Group has no unconditional obligation to pay back any amount invested by the non-controlling investment unit holders, however – after the completion of any project in the fund – the generated free cash shall be returned to the investors and the Group has no sole right to decide about potential reinvestments into potential new projects. Therefore the Management believes that presenting these balances among general liabilities or among the Group equity would be misleading and it would not provide a fair picture about the financial position of the Group. Based on the above, and based on the industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated statement of financial position.

Please see below the movements in the balances during the period.

In thousands of Hungarian Forints (HUF)	
Balance 31 December 2018	**16,286,632**
Investment made by non-controlling investment unit holders	9,970,000
Redemption	(7,490,178)
Profit / (Loss) attributable to non-controlling parties	(1,053,162)
Other change in non-controlling interests	(198,840)
Balance 31 December 2019	**17,514,452**
Profit / (Loss) attributable to non-controlling parties	682,432
Closing balance 31 December 2020	**18,196,884**

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance among net assets attributable to non-controlling investment unit holders.Please see below the most important financial information regarding Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund. Please note, that these figures are based on the stand-alone statutory financial statements, therefore consolidation adjustments are not included. In their stand-alone statutory financial statements, the fund measures its investments in other entities within the Group at fair value with gains and losses recognized through the P&L.

31.12.2020 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**
Current assets	8,237,616
Current liabilities	39,784
Current net assets	8,197,832
Non-current assets*	29,305,749
Non-current liabilities	0
Non-current net assets	29,305,749
Net assets	**37,503,581**
Accumulated net assets attributable to non-controlling Class P investment unit holders	**18,196,884**

*Majority of Non-current assets represent the investments in subsidiaries.

For the period ended 31 December 2020 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**
Revenue	0
Profit for period	7,084,522
Other comprehensive income	0
Total comprehensive income	7,084,522
Profit allocated	1,416,904
Dividends paid	0

For the period ended 31 December 2020 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**
Cash flow from operating activities	(399,722)
Cash flow from investing activities	(1,393,720)
Cash flow from financing activities	0
Net change in cash and equivalents	**(1,793,442)**

31.12.2019 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**
Current assets	7,587,299
Current liabilities	18,379
Current net assets	7,568,920
Non-current assets*	22,850,138
Non-current liabilities	0
Non-current net assets	22,850,138
Net assets	**30,419,058**
Accumulated net assets attributable to non-controlling Class P investment unit holders	**17,514,452**

*Majority of Non-current assets represent the investments in subsidiaries.

2019 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**
Revenue	0
Profit for period	3,321,876
Other comprehensive income	0
Total comprehensive income	3,321,876
Profit allocated	(1,494,436)
Dividends paid	0

2019 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**
Cash flow from operating activities	(1,494,436)
Cash flow from investing activities	0
Cash flow from financing activities	9,970,000
Net change in cash and equivalents	**8,475,564**

(d) Non-controlling interests

Movements in non-controlling interests during the year ended 31 December 2019 and 31 December 2020 are as follows:

In thousands of Hungarian Forints (HUF)	***Note***	**2020**	**2019**
Opening balance		**208,384**	**86,823**
Comprehensive income/(loss) attributable to non-controlling interests		(72,784)	33,386
Non-controlling interest arising on acquisition	*5*	2,564,930	88,175
Closing balance		**2,700,530**	**208,384**

5. Group composition

(a) Change in group structure

In comparison to 31 December 2019 there were the following changes in the group structure.

Newly established entities:

Entity name	Place of operation	Voting rights	Nature of relationship
European Residential Investments	Hungary	100%	Subsidiary
Cordia UK Holdings Limited	United Kingdom	100%	Subsidiary
Cordia Blackswan Holdings Limited	United Kingdom	97%	Subsidiary
Cordia Blackswan Property Limited	United Kingdom	97%	Subsidiary
Cordia Blackswan (Thorp) Limited	United Kingdom	97%	Subsidiary
Cordia Project Real Estate Development SPV4 S.R.L.	Romania	100%	Subsidiary
Cordia Project Real Estate Development SPV5 S.R.L.	Romania	100%	Subsidiary

Cordia International Zrt. acquired the following entities in 2020.

Newly acquired entities:

Entity name	Place of operation	Voting rights	Nature of relationship
Argo Properties N.V.	Germany	18,00%	Associate
Polnord S.A.	Poland	92,92%	Subsidiary
Blackswan Property Limited	United Kingdom	97%	Subsidiary
Blackswan Developments (The Gothic) Limited	United Kingdom	97%	Subsidiary
Blackswan (Bradford Works) Limited	United Kingdom	97%	Subsidiary
Blackswan Developments (Barr Street) Limited	United Kingdom	97%	Subsidiary
Finext Global 1. Ingatlanforgalmazó Részalap	Hungary	100%	Subsidiary

Closed entities:

Cordia Global 1 Ingatlanbefektetési Részalap and Cordia Flobal 4 Ingatlanbefektetési Részalap, 100% subsidiaries operated in Hungary have ceased operation after successfully closed Kapás 21 and Rózsa55 projects and sold all residental units.

(b) Significant acquisitions

Argo Properties N.V.

On 24th March 2020 European Residential Investment Vagyonkezelő Kft. a wholly owned subsidiary of the Company entered into a share sale and purchase agreement as Buyer with Futureal Holding B.V. (a sister company) as Seller in regard of the sale and purchase of 2,492,910 shares representing 20.6% ownership of ARGO Properties N.V. ("ARGO"). Argo is a Dutch company operating in Germany. Purchase price of the stock package is EUR 34,400,000. By this transaction the Company launches its new business line of residential leasing / residential investments. ARGO is a dynamically growing company buying residential leasing properties. ARGO currently owns properties at Berlin Leipzig, Dresden and Magdeburg. In order to finance its ambition growth plans Argo and its shareholders decided in August 2020 to increase its capital further. Cordia Group has contributed in the capital increase less than its proportionate share therefore its interest decreased from 20,6% to 18% by the end of the year. ARGO Properties N.V. completed an initial public offering (IPO) on 11 May 2021 raising EUR 54m from investors at a pre-money valuation of EUR 270m. Cordia invested further EUR 3 million in ARGO during the IPO and now holds a 15.9% stake in the company. ARGO's shares will be listed on the Tel Aviv Stock Exchange (TASE).

Polnord S.A:

The Company has successfully accomplished the acquisition of new shares issued by Polnord Spółka Akcyjna (a public listed company, well established and focused on the residential projects in Poland). Based on the share-purchase agreement executed in December 2019, the Company purchased 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) newly issued T-Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights (following the capital increase). The purchase price was PLN 2.12 per 1 share.
On February 10th 2020 as a result of the registration of the share capital increase Cordia International Zrt. has completed the acquisition of 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) T-Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights. Cordia purchased 373,309 number of shares of POLNORD from the market which represents 0.39% of total shares by which reached a 65,66% ownership.
Despite Cordia became the leading shareholder the operational control was not yet obtained by which Polnord was classified as associate from consolidation perspective.
The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held plus the fair value of any additional consideration transferred as of the date when the investment became an associate. As this method is based on the analogy with the revised IFRS 3 guidance on step acquisition of subsidiaries, any acquisition-related costs are expensed in the period in which the costs are incurred. All the consideration was paid in cash.

In thousands of Hungarian Forints (THUF)	*10th February 2020*
Fair Value of Polnord consolidated Net Asset	36,619,117
Cordia Ownership	65.66%
Proportionate share from Polnord Net Asset	24,043,836
Consideration paid	10,560,242
Bargain Gain on Polnord as associate	**13,483,594**

Polnord SA had poor liquidity position and was close to insolvency therfore decided to increase its share capital. The Company has acquired the newly issued stocks through a public tender by which acquired nearly 66% of total voting rights. The purchase price was paid fully in cash.

The abovementioned bargain gain appears on 'Share of profit/(loss) in associate and joint venture' PnL line.

(c) Acquisition of NCI and Subsidiary

Pursuant to Polish law, i.e. Article 74.1. of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies, and also fulfilling its obligation under Article 73.2.1 of the Act, on 14 February 2020, the Company announced a tender offer for the sale of the remaining approximately 34.34% of the shares in Polnord for the price per share of PLN 3.55 (the "Tender Offer"). Upon the conclusion of the Tender Offer and in connection with the settlement thereof, on 9 April 2020, the Company purchased 26,595,374 shares in Polnord for the purchase price of PLN 3.55 per share. Therefore, the Company increased its stake in Polnord from 64,042,109 shares (approximately 65.66% of the share capital) prior to the settlement of the Tender Offer to 90,637,483 shares (approximately 92.92% of the share capital of Polnord). The Company **took over operational control** over Polnord as of 10th of April, when Cordia representatives were authorised to represent also Polnord towards third parties. As of 24th of April 2020, the extraordinary meeting of shareholders of Polnord appointed – following instructions from the Company - new supervisory board members, which day after appointed also Cordia's representatives to the management board of Polnord. All the consideration transferred was paid in cash.

In thousands of Hungarian Forints (THUF)	*9th April 2020*
Fair Value of Polnord consolidated Net Asset	36,403,662
Cost of purchasing shares from public call	7,528,145
Remaining Non-Controlling Interest (7,08%)	2,515,344
Investment in associate	24,044,065
Bargain Gain on Polnord as subsidiary	**2,316,108**

The fair value of previously held interest is calculated based on quoted share price.
The abovementioned bargain gain appears on 'Other Income' PnL line.

Identifable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of POLNORD Group.

In thousands of Hungarian Forints (THUF)	
Assets	
Intangible assets	20,740
Investment properties	20,969,899
Property, plant and equipment	2,028,626
Long-term receivables from third parties	7,272,548
Investments accounted for using equity method	4,214,689
Deferred tax assets	950,995
Other long-term assets	10,804
Goodwill	1,262
Inventory	39,387,086
Trade and other receivables	3,587,736
Other current assets	26,024
Income tax receivables	135,008
Restricted cash	638,529
Cash and cash equivalents	7,878,587
Liabilities	
Deferred tax liabilities	1,050,345
Bonds	10,649,570
Provision	7,160,257
Lease liabilities	13,069,625
Other liabilities	378,538
Trade and other payables	4,187,794
Loans and borrowings	770,857
Customer advances	13,254,710
Short-term liabilities to related parties	197,150
Total identifable net assets acquired	**36,403,662**

Measurement period:
Based on IFRS3.45 The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

The Group considers the accounting for business combination of POLNORD complete.

Acquisition in the United Kingdom
Cordia International Zrt., as a latest milestone of its international expansion strategy, has acquired 97% of the UK developer Blackswan Group through Cordia Blackswan Holdings Limited subsidiary of the group in September 2020. The Blackswan Group consisted four companies: Blackswan Property Limited, Blackswan (Bradford Works) Limited, Blackswan Developments (The Gothic) Limited and Blackswan Developments (Barr Street) Limited. Cordia financed the transaction by using funds collected from the bond issuance under National Bank of Hungary's Bond Funding for Growth Scheme. The acquisition allows Blackswan to deliver projects across the West Midlands. The acquisition is considered and accounted as business combination.

Details of the purchase consideration, the net assets acquired and goodwill as follows:

In thousands of Hungarian *Forints (THUF)*	*1st September 2020*
Fair Value of Blackswan consolidated Net Asset	459,837
Cordia Ownership	97%
Non controlling interest proportionate share from Fair Value of Blackswan Net Asset	13,795
Consideration transferred	906,307
Goodwill	**460,265**

Purchase consideration includes

In thousands of Hungarian *Forints (THUF)*	
Cash paid	129,650
Contingent consideration	776,657
Total purchase consideration	**906,307**

Identifable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of Blackswan Group.

In thousands of Hungarian Forints (THUF)	*1st September 2020*
Assets	
Property, plant and equipment	1,681
Inventory	2,242,994
Trade and other receivables	373,425
Other current assets	76,390
Loan receivables	234
Other taxes receivables	984
Cash and cash equivalents	5,853
Liabilities	
Deferred tax liabilities	54,453
Lease liabilities	1,022,917
Loans	1,012,588
Related party liabilities	27,215
Trade and other payables	119,421
Other tax liabilities	714
Other short-term liabilities	4,416
Total identifable net assets acquired	**459,837**

The goodwill is attributable to the local market presence and knowledge. The Blackswan Group has additional pipeline projects, from which the group can starts its expansion in Birmingham. The brand does not qualify for separate recognition and the goodwill will not be deductible for tax purposes.

Contingent consideration recognized at acquisition

In the event that certain pre-determined conditions are met additional contingent consideration amounts are payable.
The Group has included 736,860 thousand HUF as contingent consideration, which represents its fair value at the date of acquisition. At 31 December 2020 there was no change in the amount of contingent consideration other than revaluation of the contracted amount in GBP.

The group has agreed to pay additional consideration of 352,818 thousands HUF if the total expected trade receivable amount from the ongoing project before acquisition is collected. This amount is the net proceeds of Blackswan Property Limited related to this one particular project. The amount is equal to the contracted proceeds less the corporation tax payable by the company on the proceeds.

In the event that certain funding and pre-sales criteria of the Barrstreet and Bradford projects are met, additional consideration may be payable in the amount of 45,767 thousands HUF and 59,696 thousand HUF. The amount will be adjusted with the difference of the actual profit margin and the estimated profit margin of the projects.

Additional consideration may be payable upon completion of the Gothic Commercial Unit. The group will grant the Gothic Commercial Unit Lease to the Seller with the discount of 278,579 thousands HUF below expected market price.

Acquired trade receivables

The fair value and the gross contractual amount of acquired trade receivables was 373,346 THUF at acquisition date. No loss allowance was recognised related to the trade receivables amount. The receivable amount is related to one project, which was completed by Blackswan Property Management before the acquisition and the amount was expected to be fully collactable. The total outstanding amount has been received after reporting date.

Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Blackswan Group, the group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Revenue and profit contribution

The acquired business contributed other revenues of 110,588 thousand HUF and net profit of 30,937 thousend HUF to the group for the period from 1 September to 31 December 2020.
If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and loss for the year ended 31 December 2020 would have been 24,254 THUF and 9,826 THUF respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired

In thousands of Hungarian Forints (THUF)

Cash consideration	129,650
Less: Balances acquired	
Cash	5,853
Net outflow of cash – investing activities	**123,797**

Acquisition-related costs

The Group incurred acquisition-related costs of 144,937 thousands HUF on legal fees, agency fees and due diligence costs. These costs have been included in 'administrative expenses'.

Settlement of pre-existing relationship
There was no pre-existing relationship between the acquired entities and the group.

UK audit exemption
The following direct and indirect subsidiaries of the Company, incorporated in the United Kingdom, are exempt from the requirements of an audit of individual accounts for the period ended 31 December 2020 by virtue of the guarantee provided by the Company under s479A of Companies Act 2006.

Company name	Company reg. no.
Blackswan Property Limited	0819 8235
Blackswan Developments (Barr Street) Limited	1051 4504
Blackswan Developments (The Gothic) Limited	1123 2837
Blackswan (Bradford Works) Limited	1188 2508
Cordia UK Holdings Limited	1279 3732
Cordia Blackswan Holdings Limited	1279 5323
Cordia Blackswan Property Limited	1279 6392
Cordia Blackswan (Thorp) Limited	1307 0819

Acquisition of Finext Global 1 Real Estate Sub-fund
As of 28 September the Group acquired Finext Global 1 real estate sub-fund (FG1) from a sister company. The transaction was at market price. Majority of its assets are investment properties from which rental revenue is generated. The Fair Value of investment properties owned by the subsidiary at acquisition date is around EUR 10 million.

6. Revenue

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Revenue from sale of real estate	65,748,915	33,631,034
Other revenue	2,540,584	847,361
Total revenue	**68,289,499**	**34,478,395**

Revenue from sales of real estate is recognized at point in time and consists of sale of residential units and related parking lots and storage. Other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot. Revenues from service and rental charges are recognized over time, other fees are recorded at a point in time.

During the financial year 2020, the Group finished six projects in Hungary, six in Poland and started to hand over the apartments to its customers. Revenue was also recognized from delivering apartments on projects finished in the previous period.

The revenue increase reflects the progress in finishing more and more projects but also the revenue recognized in the newly acquired Polnord subsidiary. From the six projects in Poland four projects were acquired through Polnord.

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**Cordia group without Polnord**	**Polnord**	**Total 2020**
Revenue from sale of real estate	45,738,989	20,009,926	65,748,915
Other revenue	1,603,289	937,295	2,540,584
Total revenue	**47,342,278**	**20,947,221**	**68,289,499**

The Group has delivered 1,750 residental units to its customers during the financial year 2020, out of which 961 units were delivered in Hungary and 789 units were delivered in Poland, while during 2019 the relevant results amount to 843 apartments to its customers of which 560 units were delivered in Hungary and 283 units were delivered in Poland.

Please refer also to Note 41 about related party transactions.

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Opening balance of capitalized variable sales commissions	**533,085**	**426,173**
Increase	347,633	406,533
Amortization	(301,820)	(299,621)
Closing balance of capitalized variable sales commissions	**578,898**	**533,085**

Capitalized variable sales commission are presented among other short-term assets.

Please refer also to Note 40 about investment commitments, and contracted sales, and Note 44 about the sales breakdown by segment.

7. Cost of sales

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Cost of sales of main activities	54,798,984	21,175,967
Cost of sales of other revenue	1,350,889	10,259
Total cost of sales	**56,149,873**	**21,186,226**

Under IFRS the inventories are measured at the lower of cost and net realisable value. However the recently acquired Polnord assets were recognized at fair value in line with IFRS3 para18. Since the projects were already at or close to delivery phase with very high presale ratio the projects had low risk factor and uncertainty which resulted in a fair-value uplift by which the expected gain was realized through bargain gain instead of gross margin. Later in the normal operating cycle the uplifted inventory of finished projects were transfered to cost of sales. In financial year on consolidated level an average of 24% gross margin was realized on cordia projects excluding projects acquired through Polnord.

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**Cordia group without Polnord**	**Polnord**	**Total 2020**
Cost of sales of main activities	35,170,541	19,628,443	54,798,984
Cost of sales of other revenue	806,462	544,427	1,350,889
Total cost of sales	**35,977,003**	**20,172,870**	**56,149,873**

8. Selling and marketing expenses

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Advertising	737,645	1,095,831
Sales and other	2,000,514	1,648,350
Total selling and marketing expenses	**2,738,159**	**2,744,181**

The majority of selling and marketing expenses is related to advertising residential properties under construction. Sales and other costs includes all the sales costs not directly related and not incremental to a specific customer contract. Incremental sales bonuses are capitalized as "Other current assets" in an amount of THUF 578,898 as of 31 December 2020 (THUF 533,085 as of 31 December 2019).

For the period ended 31 December

In thousands of Hungarian Forints (THUF)	**Cordia group without Polnord**	**Polnord**	**Total 2020**
Advertising	713,839	23,806	737,645
Sales and other	1,868,135	132,379	2,000,514
Total selling and marketing expenses	**2,581,974**	**156,185**	**2,738,159**

9. Administrative expenses

For the year ended 31 December

In thousands of Hungarian Forints (THUF)	**2020**	**2019**
Personnel expenses and external services	3,938,614	2,351,515
Materials and energy	102,140	58,218
Depreciation	554,189	198,466
Bank fees and other charges	269,624	153,984
Total administrative expenses	**4,864,567**	**2,762,183**

Personnel expenses are related to staff of the Hungarian, Polish, Romanian, Spanish and the British management companies (Cordia Management Szolgáltató Kft., Cordia Management Poland Sp. Z.o.o., Cordia Development Services Srl., Polnord S.A. and Blackswan Property Limited). This does not include construction and engineering staff costs, which are capitalized as inventory.

Personnel expenses include also the payments to the key management team responsible for development of the residential projects made via participation in the earnings generated by relevant subsidiaries or funds dedicated to particular investments. These expenses are not capitalized to inventories and are disclosed as personnel expenses.

The personnel expenses and external services increased due to the acquisition of Polnord.

For the period ended 31 December

In thousands of Hungarian Forints (THUF)	**Cordia group without Polnord**	**Polnord**	**Total 2020**
Personnel expenses and external services	2,813,685	1,124,929	3,938,614
Materials and energy	72,488	29,652	102,140
Depreciation	511,695	42,494	554,189
Bank fees and other charges	200,437	69,187	269,624
Total administrative expenses	**3,598,305**	**1,266,262**	**4,864,567**

10. Breakdown of expenses by nature

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Employee benefits expenses	1,600,721	1,061,166
Material type expenditures	5,447,816	4,246,732
Depreciation and amortization	554,189	198,466
Total	**7,602,726**	**5,506,364**

Material type expenditures consist of Selling and Marketing related services provided by external suppliers in the amount of HUF 2,738,159 thousand, externally provided General Administrative type services in the amount of HUF 2,337,893 thousand and of Bank Fees, material and Energy Costs in the amount of HUF 371,764 thousand.

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**Cordia group without Polnord**	**Polnord**	**Total 2020**
Employee benefits expenses	1,037,456	563,265	1,600,721
Material type expenditures	4,631,128	816,688	5,447,816
Depreciation and amortization	511,695	42,494	554,189
Total	**6,180,279**	**1,422,447**	**7,602,726**

11. Other income

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Bargain purchase gain on acquistion of controlling share in Polnord	2,316,106	0
Net gain (loss) on investment property and property, plant and equipment sold	24,960	0
Reversal of provision	1,632,467	0
Other	395,273	91,825
Total other income	**4,368,806**	**91,825**

See detailed calculation of the Bargain Gain on the acquisition of Polnord in Note 5 (c).
The reversal of provision is related to the balances and transactions in the recently acquired Polnord group. See detailed movement schedule at note 34.

12. Other expenses

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Taxes	139,262	103,292
Fines, penalties, default interest and compensation	219,011	194,294
Creation of a provision	1,103,162	0
Write-downs on receivables	158,251	0
Other	579,164	416,656
Total other expense	**2,198,850**	**714,242**

Other expenses increased significantly comparing to previous year due to the recently acquired Polnord subsidiary mainly on provision creation and receivable write-down lines.
See detailed provision movement schedule at note 34.

The write-downs on receivables is connected with Polnord plot in Olsztyn, because part of the plot was taken over by city. The compensation from the City was written down in accordance with the principle of prudence.

Other category contains investment property related expense HUF 58 million, warranty repairs HUF 90 million, costs incurred from court procedures in Polnord HUF 22 million and warranty repairs in the amount of HUF 7 million, compensation HUF 77 million.

13. Finance income and expense

Finance expense include those finance expenses that are not capitalized – directly nor indirectly – to the inventories.
Cost of the bank financing, if relates to securing the needs of the asset under development (work in progress) are typically capitalized (directly) to the particular asset. Part of the finance expense related to bonds issued by the Company is indirectly capitalized to the inventories, as the funds raised by the Company via the bonds issues are used – among the other needs – for financing of the properties acquisition and their preparations and development.

Other finance income and cost is mainly related to realized foreign exchange differences on borrowing and trade payables.

Interest expense is recognized mainly for bank loans and non-capitalizable interest of bonds. Please also refer to Note 28 about loans.

For the year ended 31 December 2020 *In thousands of Hungarian Forints (THUF)*	**2020**
Interest income	163,618
Other finance income	6,634,681
Finance income	**6,798,299**
Interest expense	182,988
Bond interest expense	1,273,965
Other finance expense	5,282,612
Finance expense	**6,739,565**
Net finance income / (expense)	**58,734**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

For the year ended 31 December 2019

In thousands of Hungarian Forints (THUF)	**2019**
Interest income	35,764
Other finance income	2,003,255
Finance income	**2,039,019**
Interest expense	218,403
Other finance expense	2,075,173
Finance expense	**2,293,576**
Net finance income / (expense)	**(254,557)**

14. Income tax

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Current tax		
Current period	253,272	368,002
Taxation in respect of previous periods	20,557	0
Total current tax expense / (benefit)	**273,829**	**368,002**
Deferred tax		
Origination and (reversal) of temporary differences	702,552	(38,877)
Tax losses utilized / (recognized)	(68,165)	0
Total deferred tax expense / (benefit)	**634,387**	**(38,877)**
Total income tax expense / (benefit)	**908,216**	**329,125**

Reconciliation of effective tax rate

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Profit / (loss) for the year	21,436,544	6,433,246
Total income tax expense / (benefit)	908,216	329,125
Profit / (loss) before income tax	**22,344,760**	**6,762,371**
Expected income tax using the Hungarian tax rate (9%)	**2,011,028**	**608,613**
***Tax effect of*:**		
Impact of other income taxes[1]	66,986	58,757
Non-taxable profit[2]	(1,188,265)	(348,640)
Other differences[3]	18,467	10,395
Tax expense for the period	**908,216**	**329,125**
Effective tax rate	4%	5%

[1] This line mainly includes the impact of Hungarian local business tax, which is also classified as income tax based on IAS 12.

[2] Hungarian investments funds are not subject to income tax. Bargain gain realized on acquisition is a non-taxable item.

[3] Other differences contain non-deductible expenses, impacts of different tax rates used at foreign entities and foreign exchange differences. None of these items are material separately.

15. Intangible assets

For the year ended 31 December 2020	**Software**	**Intellectual property and rights**	**Total**
In thousands of Hungarian Forints (THUF)			
Cost or deemed cost			
Balance at 1 January	75,537	266,538	342,075
Acquisition	19,266	5,205	24,471
Additions	10,911	45,681	56,592
Sales and disposals	(299)	(80)	(379)
Closing balance	**105,415**	**317,344**	**422,759**
Depreciation and impairment losses			
Balance at 1 January	34,826	112,009	146,835
Acquisition	3,323	407	3,730
Depreciation for the period	36,138	57,990	94,128
Sales and disposals	(62)	(45)	(107)
Closing balance	**74,225**	**170,361**	**244,586**
Currency Translation Adjustment	1,020	36	1,056
Carrying amounts			
At 1 January	42,353	154,552	196,905
Closing balance	**32,210**	**147,019**	**179,229**

The increase in intangible assets consists of the normal office software and the implementation of IT systemsand increase due to acquisition of Polnord. All intangible assets have finite useful lives and they are amortized using the straight-line method. Average useful life is 3 years.

For the year ended 31 December 2019	**Software**	**Intellectual property and rights**	**Total**
In thousands of Hungarian Forints (THUF)			
Cost or deemed cost			
Balance at 1 January	19,433	237,351	256,784
Additions	56,104	29,281	85,385
Sales and disposals	0	94	94
Closing balance	**75,537**	**266,538**	**342,075**
Depreciation and impairment losses			
Balance at 1 January	9,984	58,944	68,928
Depreciation for the period	24,842	53,111	77,953
Sales and disposals	0	46	46
Closing balance	**34,826**	**112,009**	**146,835**
Currency Translation Adjustment	1,642	23	1,665
Carrying amounts			
At 1 January	9,449	178,407	187,856
Closing balance	**42,353**	**154,552**	**196,905**

16. Investment properties

Based on IAS40 Investment property is a real estate (land, building or part of a building or both) owned or leased, treated as a source of income from rents or held due for capital appreciation.

The Group acquired investment properties as part of the acquisition of POLNORD. These are land plots hold for capital appreciation.

At the moment of initial recognition, investment properties are measured at the purchase price or production cost, taking into account the costs of the transaction. After the initial recognition of the property, based on the accounting policy choice of the Group it is using the fair value model and measures all investment properties at fair value, except when the entity is unable to reliably and regularly measure the fair value of the investment property.

The valuation of investment properties are usually carried out once a year as at the balance sheet date, primarily on the basis of reports prepared by independent appraisers who have appropriate experience and qualifications in the field of valuation of this type of property. Information presented by experts - assumptions and model adopted for the valuation - are reviewed by the Management Board. This analysis includes a review of changes in fair value from the previous measurement.

Due to the acquisition of Polnord, all the assets (including investment property) were re-evaluated. All owned investment properties have been appraised with the involvement of external appraisers (Ernst & Young sp. Z o.o. Corporate Finance sp. K.). The market values of the properties have been estimated using the comparative approach, the average price adjustment method or the pairwise comparison method.

In accordance with the IFRS 13 standard, all resulting fair value estimates for investment and development properties are included in level 3 of the fair value hierarchy.

Acquisition of Finext Global 1 real estate sub-fund
The group acquired Finext Global 1 real estate sub-fund (FG1) from a sister company. The transaction was at market price. Majority of its assets are investment properties from which rental revenue is generated. The Fair Value of investment properties owned by the subsidiary at acquisition date is around EUR 10 million.

For the period ended 31 December

In thousands of Hungarian Forints (HUF)	**2020**
Opening balance	0
Acquisition	24,519,831
Increases / (decreases)	(130,345)
Revaluation of investment property to fair value	(12,391)
Translation differences	189,314
Closing balance	**24,566,409**

Amounts recognised in PL for investment and development properties

For the year ended 31 December

In thousands of Hungarian Forints (HUF)	**2020**
Rental income from operating lease	24,120
Direct operating expenses	(68,875)
Leasing interest	(384,731)
Fair value gain recognised	(6,943)
Profit from sale of investment and development property	10,137
Amounts recognised in PL for investment and development properties	**(426,292)**

There were no investment properties in the prior year.

17. Property, plant and equipment

For the year ended 31 December 2020

In thousands of Hungarian Forints (THUF)	Buildings	Machinery and vehicles	Furniture, fittings and equipment	Assets under construction	Land Rights of perpetual usufruct	Total
Cost or deemed cost						
Balance at 1 January	1,529,573	105,635	571,799	55,177	0	2,262,184
Acquisition	1,319,333	404,839	59,226	128,340	227,063	2,138,801
Additions	142,340	164,881	142,945	142,502	0	592,668
Sales and disposals	(82,494)	(27,361)	(17,732)	0	0	(127,587)
Capitalization	0	0	0	(224,806)	0	(224,806)
Closing balance	**2,908,752**	**647,994**	**756,238**	**101,213**	**227,063**	**4,641,260**
Depreciation and impairment losses						
Balance at 1 January	315,180	39,140	285,128	0	0	639,448
Depreciation charge for the period	374,098	102,188	145,402	0	1,980	623,668
Sales and disposals	0	(13,176)	(10,787)	0	(475)	(24,438)
Closing balance	**689,278**	**128,152**	**419,743**	**0**	**1,505**	**1,238,678**
Currency Translation Adjustment	16,779	6,840	3,784	195	854	28,452
Carrying amounts						
At 1 January	1,215,193	67,096	288,167	55,458	0	1,625,914
Closing balance	**2,236,253**	**526,682**	**340,279**	**101,408**	**226,412**	**3,431,034**

For the year ended 31 December 2019 *In thousands of Hungarian Forints (THUF)*	**Buildings**	**Machinery and vehicles**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Cost or deemed cost					
Balance at 1 January	1,394,065	100,702	479,429	7,017	1,981,213
Additions	135,508	4,933	110,358	298,959	549,758
Sales and disposals	0	0	17,988	0	17,988
Capitalization				250,799	250,799
Closing balance	**1,529,573**	**105,635**	**571,799**	**55,177**	**2,262,184**
Depreciation and impairment losses					
Balance at 1 January	25,533	15,274	180,022	0	220,829
Depreciation charge for the period	289,647	23,866	112,820	0	426,333
Sales and disposals	-	-	7,714	0	7,714
Closing balance	**315,180**	**39,140**	**285,128**	**0**	**639,448**
Currency Translation Adjustment	800	601	1,496	281	3,178
Carrying amounts					
At 1 January	322,814	37,546	299,407	7,017	666,784
Closing balance	**1,215,193**	**67,096**	**288,167**	**55,458**	**1,625,914**

The following table shows the movements of Right of use assets included within Property, plant and equipment tables above:

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Cost or deemed cost		
Balance at 1 January	1,179,764	1,093,600
Acquisition	747,010	0
Additions to right of use assets	126,474	86,164
Termination of contracts	(56,252)	0
Closing balance	**1,996,996**	**1,179,764**
Depreciation and impairment losses		
Balance at 1 January	285,309	285,309
Depreciation charge for right of use assets	352,358	0
Termination of contracts	0	0
Closing balance	**637,667**	**285,309**
Carrying amounts		
At 1 January	894,455	808,291
Closing balance	**1,359,329**	**894,455**

Impairment loss

In the years ended 31 December 2020 and 31 December 2019, the Group did not recognize any impairment loss with respect to property and equipment.

18. Long-term receivables from third parties

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**	**2019**
Claim against the City of Warsaw (Case 10H)	4,433,355	0
Claim against Pol-Aqua S.A. (not paid rent for the office building)	1,919,545	0
Amounts kept in the escrow account in connection with the sale of office buildings	1,008,880	0
Receivables from long-term deposits (office rental)	98,399	0
Other	20,866	9,486
Total Long-term receivables from third parties	**7,481,045**	**9,486**

This balance has increased due to the acquisition of Polnord Group. The balances were recognized on fair value at acquisition date. Claims and receivables are considered recoverable by the Management.

The so called 10H case is Polnord's claim against the Town Hall of Warsaw. On 28 June 2013 Polnord SA' subsidiary tabled a motion with the Mayor of the Capital City of Warsaw, pursuant to Article 98, paragraphs. (1) and (3) of the Real Property Management Act, for undertaking negotiations on determination and payment of indemnities for plots of land, located in the district of Wilanów in the City of Warsaw, with the total area of 10 hectares, allocated for public roads ("the Plots of Land"). On July 29th 2020 the Head of Legionowo County has issued a decision determining a compensation for plots of land comprising an area of 8.4 ha in the sum of PLN 49.5 Million. With respect to the remaining properties, proceedings are still pending in relation to the value of the appraisal.

19. Interests in joint-ventures and associates

The investment in its joint-ventures increased (proportionally with the other investor) in 2020 as below. For the period between 10th of February to the 9th of April Polnord Group was considered an associate from consolidation perspective. See detailed description at Note 5.

Investments in joint-ventures and associates

In thousands of Hungarian Forints (HUF)	**2020**	**2019**
Cordia Global 6 Ingatlanbefektetési Részalap	1,083,641	1,177,460
Argo Properties N.V.	15,237,313	N/A
Group of Stacja Kazimierz	2,191,932	N/A
Group of Fadesa	2,975,869	N/A
Total investment value at year end	**21,488,755**	**1,177,460**

Share of profit/(loss) in associate and joint venture

In thousands of Hungarian Forints (HUF)	**2020**	**2019**
Bargain Gain on Polnord as associate	13,483,594	0
Share of profit and loss		
Cordia Global 6 Ingatlanbefektetési Részalap	196,181	(146,460)
Argo Properties N.V.	1,506,419	0
Stacja Kazimierz	60,832	0
Fadesa	137,382	0
Other	203,146	0
Total share of profit and loss in associate and joint venture	**15,587,554**	**(146,460)**

Cordia Global 6 development sub-fund

Cordia Global 6 Ingatlanbefektetési Részalap entity consists projects named Marina Life 1 and 2. The entity is jointly controlled with a partner which is another Hungarian legal entity operating in the real estate industry.

Cordia Global 6 *In thousands of Hungarian Forints (HUF)*	**2020**	**2019**
Opening	1,177,460	729,800
Change in investments	70,000	594,120
Profit/(Loss) attributable to Group	196,181	(146,460)
Yield received from the joint venture	(360,000)	0
Closing carrying amount	**1,083,641**	**1,177,460**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Argo Properties N.V.

Cordia Group acquired 20,6% of the shares in Argo Properties N.V. by which it obtained significant influence. In order to finance its ambition growth plans Argo and its shareholders decided in August 2020 to increase its capital further. Cordia Group has contributed in the capital increase less than its proportionate share therefore its interest decreased from 20.6% to 18% by the end of the year. The Group still considers to have significant influence in Argo.

In thousands of Hungarian Forints (HUF)	
Opening	**0**
Purchase of investments	13,133,136
Profit or (Loss) attributable to the Group	1,506,419
Foreign currency translation difference	597,758
Closing carrying amount	**15,237,313**

Stacja Kazimierz

The Stacja Kazimierz project is carried out jointly with Grupa Holdingowa Waryński S.A. Throughout Polnord S.A. Cordia Group is holding 50% directly in Stacja Kazimierz I Sp. z o.o., Stacja Kazimierz II Sp. z o.o. and Kazimierz Station III Sp. z o.o. Sp. k.

In thousands of Hungarian Forints (HUF)	
Opening	**0**
Purchase of investments	2,131,100
Profit or (Loss) attributable to the Group	60,832
Closing carrying amount	**2,191,932**

Fadesa:

Polnord S.A. is holding 49% directly in Fadesa Polnord Polska Sp. z o.o. and 49% indirectly (via Fadesa Polnord Polska Sp. z o.o.) in FPP Powsin Sp. z o.o., Osiedle Innova Sp. z o.o., FPP Osiedle Moderno Sp. z o.o. The company was established jointly with the Spanish developer Martinsa Fadesa. The company plans to start the implementation of the Villa Botanica investment.

In thousands of Hungarian Forints (HUF)	
Opening	**0**
Purchase of investments	2,838,487
Profit or (Loss) attributable to the Group	137,382
Closing carrying amount	**2,975,869**

20. Other Assets

For the year ended 31 December *In thousands of Hungarian Forints (HUF)*	**2020**	**2019**
Advance payment for acquisition of investments in subsidiaries	1,944,588	10,472,932
Advances and prepayments made for inventories	780,795	313,425
Advances and prepayments made for services	439,198	629,258
Other prepaid expenses	452,010	588,141
Other current assets	598,880	0
Other	0	78,030
Total closing balance	**4,215,471**	**12,081,786**

Closing balance includes:		
Other long-term assets	204,147	613,036
Other short-term assets	4,011,324	11,468,750
Total closing balance	**4,215,471**	**12,081,786**

Balances presented as other assets are not a financial assets based on IFRS 9.

21. VAT receivables

Other tax receivables contains each year the receivables coming from different non-income tax type of taxes. The majority is VAT, balances from other taxes are not material. Since the Companies paid significant input VAT for their purchases and currently output VAT is not significant.

Based on the Hungarian legislation, in case advances from customers, VAT shall be paid by the Company upon receiving the advance from the customer. This amount is shown as other asset and it is deductible from the VAT payable upon invoicing the final invoice to the customer (i.e. upon handing over the finished apartments). Since finalizing the construction projects takes more than one year, the VAT related to project to be completed after 31 December 2021 is classified as non-current.

VAT receivables mainly contain VAT receivable relating to customer advance payments. Similarly to restricted cash, now Management's expectation is that these amounts may be realized within the normal operating cycle, therefore these balances are presented under current asset as at 31 December 2020.

22. Inventory

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Lands and Acquisition costs	53,230,385	43,088,118
Construction and Engineering costs	44,323,765	46,190,554
Planning	3,643,598	2,846,612
Borrowing costs	2,552,146	1,358,735
Other, including capitalized VAT	3,260,612	3,248,666
Work in progress	**107,010,506**	**96,732,685**

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Finished goods	**33,350,862**	**4,013,992**

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Goods for resale	**230,669**	**146,809**

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Advances for delivery of goods	**214,988**	**0**

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Rights of perpetual usufruct of land (lease)	**4,505,874**	**2,060,815**

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Write-down	**(18,145)**	**0**

In thousands of Hungarian Forints (HUF)	**Closing balance 31.12.2020**	**Closing balance 31.12.2019**
Total inventories at the lower of cost or net realizable value	**145,294,754**	**102,954,301**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The valuation of inventory is as follows:

As at 31 December *In thousands of Hungarian Forints (HUF)*	**2020**	**2019**
Net realizable value exceeding cost	144,761,058	102,954,301
Valued at net realizable value*	533,696	0
Total inventory	**145,294,754**	**102,954,301**

*These inventories had to be impaired to net realizable value since their costs exceeded their net realizable value.

Group performed an inventory review with regard to its valuation to net realizable value based on the valuation report issued by the independent property valuation expert. As a result, during the period ended 31 December 2020, the Group recognized impairment In the amount of HUF 18 million. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

For information about future commitments to the general contractor for construction services related to inventory construction, see Note 40.

Inventory is pledged and used to secure bank loans.

23. Financial assets and financial liabilities

This note provides information about the group's financial instruments, including:
- an overview of all financial instruments held by the group
- specific information about each type of financial instrument.

The group holds the following financial instruments:
For the year ended 31 December 2020

In thousands of Hungarian Forints (HUF)	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets			
Long term bank deposits		204,602	204,602
Other long term receivables		7,488,121	7,488,121
Other long term financial assets		33,477	33,477
Restricted cash		895,826	895,826
Total Non-current financial assets	**0**	**8,622,026**	**8,622,026**
Current financial assets			
Other short-term financial assets	6,231,886	273,605	6,505,491
Restricted Cash		4,389,570	4,389,570
Short-term receivables from related parties		412,769	412,769
Trade and other receivables less Other tax receivables		2,583,923	2,583,923
Loan receivable		5,230,000	5,230,000
Cash and cash equivalents		66,534,808	66,534,808
Total Current financial assets	**6,231,886**	**79,424,675**	**85,656,561**
Total financial assets	**6,231,886**	**88,046,701**	**94,278,587**

The Restricted Cash relating to the payments that were deposited in escrow accounts by the customers purchasing premises in the projects of the Cordia Group.
The Other short-term financial assets value increased at year end due to purchase of discount treasury bill with maturity in August 2021.

For the year ended 31 December 2019:

In thousands of Hungarian Forints (HUF)	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets			
Long-term receivables from related parties		1,010	1,010
Loans receivables from third parties		9,486	9,486
Restricted cash		2,100,120	2,100,120
Current financial assets Securities (Other short-term financial assets)	277,833	0	277,833
Restricted Cash		3,062,290	3,062,290
Short-term receivables from related parties		846,049	846,049
Trade and other receivables		328,946	328,946
Loan receivable		342,963	342,963
Cash and cash equivalents		51,070,192	51,070,192
Total financial assets	**277,833**	**57,761,056**	**58,038,889**

For the year ended 31 December 2020

In thousands of Hungarian Forints (HUF)	**Financial liabilities at amortized cost**	**Total**
Non-current financial liabilities		
Loans and borrowings	8,308,903	8,308,903
Bond	85,925,646	85,925,646
Lease liabilities	6,921,749	6,921,749
Amount withheld for guarantees	1,301,097	1,301,097
Total Non-current financial liabilities	**102,457,395**	**102,457,395**
Current financial liabilities		
Trade and other payables	16,328,131	16,328,131
Loans and borrowings	31,708,301	31,708,301
Short-term liabilities to related parties	1,549,807	1,549,807
Bond	5,280,690	5,280,690
Lease liabilities	10,565,727	10,565,727
Total Current financial liabilities	**65,432,656**	**65,432,656**
Total financial liabilities	**167,890,051**	**167,890,051**

For the year ended 31 December 2019

In thousands of Hungarian Forints (HUF)	**Financial liabilities at amortized cost**	**Total**
Non-current financial liabilities		
Loans and borrowings	14,108,026	14,108,026
Amount withheld for guarantees	2,393,654	2,393,654
Bond	44,421,137	44,421,137
Lease liabilities	632,638	632,638
Total Non-current financial liabilities	**61,555,455**	**61,555,455**
Current financial liabilities		
Trade and other payables	10,314,925	10,314,925
Loans and borrowings	11,506,888	11,506,888
Short-term liabilities to related parties	542,695	542,695
Bond	68,892	68,892
Lease liabilities	2,328,719	2,328,719
Total Current financial liabilities	**24,762,119**	**24,762,119**
Total financial liabilities	**86,317,574**	**86,317,574**

24. Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Trade receivables	196,785	137,501
Accrued revenue	211,499	603,179
Other receivables	4,485	106,379
Total closing balance	**412,769**	**847,059**

Closing balance includes:		
Current assets	412,769	846,049
Non-current assets	0	1,010
Total closing balance	**412,769**	**847,059**

As of 31 December 2020 and 2019 The Group has not provided loan to related parties.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	396,683	580,002
EUR	13,460	121,051
PLN	2,626	146,006
Total closing balance	**412,769**	**847,059**

25. Loan receivable

The Parent company provided a short term interest free loan facility to Pedrano Construction Kft. and Pedrano Homes Kft. who are the general contractors in numerous Hungarian projects and are considered strategic partners. The provided amount can not exceed the consolidated liability of the Group to Pedrano therefore it is considered fully recoverable and so the Group did not account any impairment. The loan is constantly repaid by the borrower as the liabilities of the subsidiaries are settled.

26. Trade and other receivables

The table below presents the breakdown of trade and other receivables:

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Gross trade receivables	1,031,902	214,966
Decreased by impairment	(74,936)	(4,940)
Net trade receivables	**956,966**	**210,026**
Vendor overpayment	8,770	0
Accrued revenue	538,007	66,788
Accrued interest	3,003	0
Advances for the acquisition of real estate	87,219	0
Other taxes receivables	51,458	0
Other receivables	949,163	52,132
Total trade and other receivables	**2,594,586**	**328,946**

This balance has increased due to the acquisition of Polnord Group. The balances were recognized on fair value at acquisition date. Trade and other receivables are considered recoverable by the Management.

In thousands of Hungarian Forints (HUF)	**Cordia without Polnord**	**Polnord**	**Total**
Gross trade receivables	201,349	830,553	1,031,902
Decreased by impairment	-3,564	-71,372	-74,936
Net trade receivables	**197,785**	**759,181**	**956,966**
Accrued revenue	538,007	0	538,007
Accrued interest	3,003	0	3,003
Other receivables	37,438	911,725	949,163
Advances for the acquisition of real estate	0	87,219	87,219
Vendor overpayment	8,770	0	8,770
Other taxes receivables	10,659	40,799	51,458
Total trade and other receivables	**795,662**	**1,798,924**	**2,594,586**

Accrued revenue consist receivable in the amount of HUF 446 million from previously finished project in one of the recently acquired British subsidiary.

The polish State Treasury took over a land plot owned by Polnord to execute the road investment project involving the Warsaw Southern Ring Road. Other receivables consist HUF 464 million receivable related to this case.

The other receivable balance contains a guarantee retention for prefabricated items in the amount of HUF 312 million originated in the recently acquired KB DOM SA polish subsidiary.

Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The group's impairment and other accounting policies for trade and other receivables are outlined in different notes respectively.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

The following tables presents the maturity of trade receivables:

In thousands of Hungarian Forints (HUF)		Cordia without Polnord	Polnord	Total at YE
Trade receivables				
Overdue	Not	49,109	103,843	152,952
	1-30 days	8,158	36,249	44,407
	31-90 days	39,240	146,953	186,193
	91-364 days	87,245	52,963	140,208
	365+ day	17,597	490,545	508,142
Total closing balance		**201,349**	**830,553**	**1,031,902**

The aged trade receivable balances are increased due to the acquisition of Polnord group. The trade receivables were recognized at fair value at acquisition.

From the trade receivables overdue more than 365 days the most significant is a receivables balance of the subsidiary KB DOM SAin the amount of HUF 239 million. The subsidiary is in the proces of restructuring, annexes and compensation are signed between KB DOM SA and its customers. Part of the receivables balance was compensated and settled after the balance sheet date and the lawyers are on the oppinion that the amounts are recoverable. The aged balance over one year also contains a receivables HUF 87 million from PHN WILANÓW Sp. z o.o., which is connected with sale of offices to PHN Wilanów. The remaining balance contains mainly receivables from client after sale of apartments and advance payments for several projects.

From the overdue trade receivables HUF 110 million is related to Cordia FM, the subsidiary mainly provides services for condominiums. HUF 200 million is related to Polnord acquisition, the amount is receivables from client after sale of apartments and advance payments for several projects.

In thousands of Hungarian Forints (HUF)		31.12.2019
Trade receivables		
Overdue	Not	210,026
	1-30 days	0
	31-90 days	0
	91-364 days	0
	365+ day	4,940
Total closing balance		**214,966**

As at 31 December

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
Opening	8,588	6,950
Impairment loss	66,348	1,638
Reversal of impairment	0	0
Closing impairment balance	**74,936**	**8,588**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	196,472	175,985
EUR	60,538	26,425
PLN	1,867,795	49,652
RON	12,053	76,884
GBP	457,728	0
Total closing balance	**2,594,586**	**328,946**

27. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits or other highly liquid short-term financial instrument which are freely available for the Group and customer advances (restricted cash) available for project financing. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits have a duration varying between one day and three months depending on the immediate cash requirements of the Group. As at 31 December 2020 and 31 December 2019, they earn interest at the respective short-term deposit rates.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Cash at bank and in hand	21,142,495	28,319,935
Short-term bank deposit	27,190,272	10,000,000
Discount treasury bill	7,476,572	2,299,968
Restricted cash	10,725,469	10,450,289
Total cash and cash equivalents	**66,534,808**	**51,070,192**

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

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
EUR	7,750,300	2,677,768
PLN	14,507,790	2,810,885
HUF	44,065,299	45,465,384
RON	155,329	115,236
GBP	40,481	0
USD	15,609	0
Other	0	919
Total cash and cash equivalents	**66,534,808**	**51,070,192**

There is no pledge over cash and cash equivalents.

28. Loans and borrowings

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

For the period ended 31 December *In thousands of Hungarian Forints (HUF)*	**2020**
Opening balance	**25,614,914**
Acquisitions	1,430,274
New bank loan drawdown	33,908,390
Loan repayments	(21,164,559)
Other changing (FX, other)	228,185
Total closing balance	**40,017,204**

For the year ended 31 December *In thousands of Hungarian Forints (HUF)*	**2019**
Opening balance	**10,069,298**
Acquisitions	0
New bank loan drawdown	22,694,512
Loan repayments	(4,078,605
Other changing (FX, other)	(3,070,291)
Total closing balance	**25,614,914**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Closing balance includes:		
Current liabilities	31,708,301	11,506,888
Non-current liabilities	8,308,903	14,108,026
Total closing balance	**40,017,204**	**25,614,914**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	32,531,735	23,425,487
EUR	4,156,544	0
RON	2,793,234	0
PLN	78,648	2,189,427
GBP	457,043	0
Total closing balance	**40,017,204**	**25,614,914**

Conditions of significant bank loans:
As at the period ended 31 December 2020:

Legal entity	Bank	Loan Type	Maturity	Loan currency	Loan facility in currency	Withdrawn loan amount in THUF	Interest rate base
CG3	Takarék Kereskedelmi Bank Zrt.	Construction loan	2021.03.12	HUF	4,730,000,000	3,715,604	BUBOR 1M+margin
CG3	Takarék Kereskedelmi Bank Zrt.	VAT Loan	2021.03.12	HUF	100,000,000	60,965	BUBOR 1M+margin
CG5	Takarék Kereskedelmi Bank Zrt.	Construction loan	2021.09.26	HUF	3,030,000,000	2,367,364	BUBOR 1M+margin
CG5	Takarék Kereskedelmi Bank Zrt.	VAT loan	2021.09.26	HUF	100,000,000	24,229	BUBOR 1M+margin
CG9	K&H Bank Zrt.	Land loan	2021.09.30	HUF	2,700,000,000	1,865,931	BUBOR 1M+margin
CG9	K&H Bank Zrt.	VAT loan	2021.09.30	HUF	150,000,000	-	BUBOR 1M+margin
CG10	OTP Bank Nyrt.	Construction	2022.03.31	HUF	4,610,000,000	3,766,906	BUBOR 1M+margin
CG12	K&H Bank Zrt.	Construction loan	2021.09.30	HUF	7,500,000,000	7,308,067	BUBOR 1M+margin
CG12	K&H Bank Zrt.	VAT loan	2021.09.30	HUF	150,000,000	54,247	BUBOR 1M+margin
CG13	Takarék Kereskedelmi Bank Zrt.	Construction loan	2024.02.09	HUF	6,951,289,000	653,356	BUBOR 1M+margin
CG13	Takarék Kereskedelmi Bank Zrt.	VAT loan	2024.02.09	HUF	150,000,000	2,721	BUBOR 1M+margin
CG17	Takarék Kereskedelmi Bank Zrt.	Construction loan	2022.04.02	HUF	5,580,000,000	4,449,990	BUBOR 1M+margin
CG17	Takarék Kereskedelmi Bank Zrt.	VAT loan	2022.04.02	HUF	100,000,000	91,036	BUBOR 1M+margin
CG18	OTP Bank Nyrt.	Construction loan	2021.12.31	HUF	7,260,000,000	6,292,004	BUBOR 1M+margin
CG18	OTP Bank Nyrt.	VAT loan	2021.12.31	HUF	200,000,000	67,929	BUBOR 1M+margin
CG27	CIB Bank Zrt.	Construction loan	2027.02.03	HUF	3,250,000,000	1,811,385	BUBOR 6M+margin
KB DOM	ING	Construction loan	2019.09.30	PLN	9,775,000	775,060	WIBOR 3M+margin
PPK2	Alior Bank	Construction loan	2022.09.30	PLN	53,281,304	-	WIBOR 3M+margin
PPK2	Alior Bank	VAT loan	2022.04.30	PLN	2,000,000	-	WIBOR 3M+margin
PPW2	Powszechna Kasa Oszczędności Bank Polski S.A.	Construction loan	2022.06.30	PLN	61,725,000	1,835,670	WIBOR 3M+margin
PPW2	Powszechna Kasa Oszczędności Bank Polski S.A.	VAT loan	2022.06.30	PLN	3,000,000	181,637	WIBOR 3M+margin
PPW4	Alior Bank	Construction loan	2023.08.15	PLN	41,455,546	-	WIBOR 3M+margin
PPW4	Alior Bank	VAT loan	2022.12.15	PLN	1,500,000	-	WIBOR 3M+margin
RCPR	OTP Bank Nyrt.	Construction loan	2023.03.31	EUR	11,060,000	2,903,689	EURIBOR 3M+margin
RCPR	OTP Bank Romania S.A.	VAT loan	2022.09.30	RON	4,779,800	78,648	ROBOR 3M+margin
RCPR	OTP Bank Romania S.A.	Construction loan	2023.03.31	EUR	4,740,000	1,245,405	EURIBOR 3M+margin
RCPR	OTP Bank Nyrt.	Construction loan	2023.03.31	EUR	8,120,000	-	EURIBOR 3M+margin
RCPR	OTP Bank Romania S.A.	VAT loan	2023.03.31	RON	1,000,000	-	ROBOR 3M+margin
RCPR	OTP Bank Romania S.A.	Construction loan	2023.03.31	EUR	3,480,000	-	EURIBOR 3M+margin
UBDG	HSBC Bank plc	UK COVID Bounceback loan	2021.11.09	GBP	50,000	20,308	Free
UBSP	HSBC Bank plc	UK COVID Bounceback Loan	2021.10.07	GBP	50,000	20,308	Free
Total of fully consolidated entities						**39,592,459**	

No bank covenants were breached. The bank loans are secured by real estate property mortgages.

Conditions of significant borrowings from partners:

As at the period ended 31 December 2020:

Legal entity	Partner	Loan Type	Maturity	currency	Loan facility	Withdrawn loan amount in THUF	Interest rate base
SCDC	OTERO PATRIMONIAL, S.L	Loan from partner	2025.05.31	EUR	20,401	7,449	EURIBOR 6M
UBDG	Kandler Investments	Loan from previous owner	2021.12.31	GBP	875,110	355,435	Free
UBSP	Marcus Hawley	Pre-acquisition loan	2021.12.31	GBP	4,702	1,910	Free
UCBH	Marcus Hawley	Construction loan	2030.09.03	GBP	145,465	59,082	Free
Total of fully consolidated entities						**423,876**	
PSK2	Jointly from Polnord Finanse 50% and MS Waryński50%	Operative financing	2021.12.31	PLN	160,000	12,686	5%
Total including JVs and associates						**436,562**	

The remaining balance of Loans and borrowings are overdrafts in Polish entities in the amount of 869 thousands HUF.

As at the year ended 31 December 2019:

Legal entity	Bank	Loan Type	Maturity	Loan currency	Loan facility in currency	Withdrawn loan amount in THUF	Interest rate base
CG8	OTP Bank Nyrt.	Construction loan	2020.03.30	HUF	5,700,000,000	1,951,339	BUBOR 1M+margin
CG8	OTP Bank Nyrt.	VAT loan	2020.03.30	HUF	200,000,000	0	BUBOR 1M+margin
CG7	OTP Bank Nyrt.	Construction loan	2020.03.30	HUF	2,000,000,000	1,434,068	BUBOR 1M+margin
CG3	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.03.16	HUF	2,600,000,000	1,930,539	BUBOR 1M+margin
CG3	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.03.16	HUF	100,000,000	4,160	BUBOR 1M+margin
CG3	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.03.16	HUF	4,730,000,000	3,075,112	BUBOR 1M+margin
CG3	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.03.16	HUF	100,000,000	48,285	BUBOR 1M+margin
CG5	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.11.26	HUF	3,030,000,000	1,022,580	BUBOR 1M+margin
CG5	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.11.26	HUF	100,000,000	15,406	BUBOR 1M+margin
CG11	Takarék Kereskedelmi Bank Zrt.	Construction loan	2021.10.26	HUF	5,335,000,000	1,124,130	BUBOR 1M+margin
CG11	Takarék Kereskedelmi Bank Zrt.	VAT loan	2021.10.26	HUF	100,000,000	57,660	BUBOR 1M+margin
CD2	Takarék Kereskedelmi Bank Zrt.	Construction loan	2020.10.08	HUF	5,620,000,000	4,206,592	BUBOR 1M+margin
CD2	Takarék Kereskedelmi Bank Zrt.	VAT loan	2020.10.08	HUF	100,000,000	70,506	BUBOR 1M+margin
CG10	Sberbank Magyarország Zrt.	Construction loan	2022.03.25	HUF	1,300,000,000	885,740	BUBOR 1M+margin
CG18	OTP Bank Nyrt.	Construction loan	2021.12.31	HUF	7,260,000,000	1,856,540	BUBOR 1M+margin
CG18	OTP Bank Nyrt.	VAT loan	2021.12.31	HUF	200,000,000	54,752	BUBOR 1M+margin
CG17	Takarék Kereskedelmi Bank Zrt.	Construction loan	2022.04.02	HUF	5,580,000,000	1,867,629	BUBOR 1M+margin
CG17	Takarék Kereskedelmi Bank Zrt.	VAT loan	2022.04.02	HUF	100,000,000	69,316	BUBOR 1M+margin
CG9	KERESKEDELMI ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	2,700,000,000	475,588	BUBOR 1M+margin
CG9	KERESKEDELMI ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	778	BUBOR 1M+margin
CG12	KERESKEDELMI ÉS HITELbank ZRT.	Construction loan	2021.09.30	HUF	7,500,000,000	3,254,650	BUBOR 1M+margin
CG12	KERESKEDELMI ÉS HITELbank ZRT.	VAT loan	2021.09.30	HUF	150,000,000	18,738	BUBOR 1M+margin
PPK1	PKO Bank Polski	Construction loan	2021.08.31	PLN	24,800,000	370,964	WIBOR 3M+margin
PPK1	PKO Bank Polski	VAT loan	2021.08.31	PLN	1,000,000	35,315	WIBOR 3M+margin
PPW1	Santander Bank	Construction loan	2022.06.19	PLN	46,901,525	1,780,823	WIBOR 1M+margin
PPW3	PKO Bank Polski	Construction loan	2022.06.30	PLN	61,725,000	0	WIBOR 3M+margin
PPW3	PKO Bank Polski	VAT loan	2022.06.30	PLN	3,000,000	0	WIBOR 3M+margin
Total of fully consolidated entities						**25,611,210**	
CG6	OTP Bank Nyrt.	Construction loan	2021.09.30	HUF	10,230,720,000	3,287,026	BUBOR 1M+margin
CG6	OTP Bank Nyrt.	VAT loan	2021.09.30	HUF	400,000,000	53,847	BUBOR 1M+margin
Total including JVs and associates						**28,952,083**	

No bank covenants were breached. The bank loans are secured by real estate property mortgages.

29. Customer advances received

The table below presents the project level breakdown of the liability originated from customer advances received.:

In thousands of Hungarian Forints (HUF)

	Project name	31.12.2020	31.12.2019
CD1	Corvin Átrium	0	880
CD2	Thermal Zugló 3	900,995	2,717,965
CG1	Kapás 21	0	75,226
CG10	Sasad Hilltop	1,550,554	1,192,212
CG11	Grand Corvin	1,962,160	3,619,833
CG12	Marina Portside	2,492,479	1,583,568
CG13	Universo	2,872,428	2,820,664
CG16	Termál Zugló 4	44,538	0
CG17	Young City 3	1,313,395	765,586
CG18	Akadémia Garden	2,473,457	1,372,184
CG19	Grand Corvin 2	6,704,261	6,480,881
CG2	Corvin Átrium 2	0	913,816
CG3	Young City	1,722,044	1,429,614
CG3	Young City 2	16,510	2,017,741
CG4	Rózsa55	0	1,326,021
CG5	Grand'Or	1,206,862	968,666
CG7	Marina Garden	251,972	7,805,922
CG8	Sasad Resort Hill	114,871	1,204,576
CG8	Sasad Resort Sun	151,217	1,193,490
CG9	Centropolitan	951,192	737,951
COR	N/A	22,727	62,747
RCPR	Parcului201	1,582,726	675,464
RCPR	Parcului202	47,491	0
PPK1	Lotniczówka	235,140	489,104
PCW1	Supernova	0	66,804
PPW1	Zielone Bemowo 1	0	517,817
PPW1	Zielone Bemowo 2	3,988,201	715,039
PPW2	Horyzont Praga	1,414,926	44,696
PPW3	Jerozolimska	11,497	0
PPK3	Bokserska	11,894	11,639
PPW4	Jaśkowa Dolina	3,172	0
PPK2	Jerozolimska	36,449	0
PNAP	Fotoplastykon II	82,904	N/A
PNAP	Fotoplastykon III	35,515	N/A
PNAP	Studio Morena	197,637	N/A
PNBW	Wilania	578,001	N/A
PNRE	Wiktoria	1,198,656	N/A
PSRW	Wioletta	182,691	N/A
Other	N/A	109,666	0
	Total of fully consolidated entities	**34,468,228**	**40,810,106**

In thousands of Hungarian Forints (HUF)

	Project name	31.12.2020	31.12.2019
CG6	Marina Life	2,383,084	1,843,563
CG6	Marina Life 2	1,580,904	982,397
PFPP	Innova Concept	5,137,379	N/A
	Total including JVs and associates	**43,569,595**	**43,636,066**

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
Closing balance includes:		
Current customer advance	24,722,164	11,705,108
Non-current customer advance	9,746,064	29,104,998
Total closing balance	**34,468,228**	**40,810,106**

30. Liabilities to related parties

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

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
Trade payables	151,103	264,349
Loan	0	51,820
Accrued expenses payables	543,030	226,526
Advance dividends received	855,674	0
Total closing balance	**1,549,807**	**542,695**

The dividend was paid to Polnord by one of its joint venture, Stacja Kazimierz III Sp. z o.o. Sp. k.

Closing balance includes:		
Current liabilities	1,549,807	542,695
Non-current liabilities	0	0
Total closing balance	**1,549,807**	**542,695**

The table below presents the movement in loans and borrowings:

In thousands of Hungarian Forints (HUF)	2020
Opening balance	**51,820**
New loan drawdown	0
Loan repayments	(55,057)
Other changing (revaluation, other correction)	3,237
Total closing balance	**0**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

At the reporting date The Group did not provide loan to related parties outside of the consolidation group.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	352,221	316,169
EUR	341,912	226,526
PLN	855,674	0
RON	0	0
GBP	0	0
Total closing balance	**1,549,807**	**542,695**

31. Trade and other payables

The table below presents the breakdown of trade and other payables:

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Trade payables	14,018,481	9,955,599
Accrued expenses	1,173,342	187,217
Other payables	702,465	172,109
Deferred income	433,843	0
Closing balance	**16,328,131**	**10,314,925**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	10,792,813	7,421,751
EUR	968,573	139,437
PLN	3,936,781	2,159,543
RON	503,958	591,631
GBP	121,608	2,563
USD	4,398	0
Total closing balance	**16,328,131**	**10,314,925**

32. Amount withheld for guarantees

Amounts withheld for guarantees is the contractual amount that the Group withholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Cordia Group's warranty rights. At the end of the warranty period , the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

33. Leasing Liabilities

This note provides information for leases where the group is a lessee.

In thousands of Hungarian Forints (HUF)	**2020**	**2019**
Opening balance	**2,961,357**	**2,426,990**
Acquisition	14,092,875	**0**
Recognition of new lease liability	197,956	822,000
Derecognition of lease liability	(55,728)	(8,406)
Interest expense	719,799	59,802
Foreign exchange difference	82,495	0
Currency translation adjustment	152,114	0
Repayment of lease liability	(663,392)	(339,029)
Total closing balance	**17,487,476**	**2,961,357**

Closing balance includes:		
Short-term lease liabilities	10,565,727	632,638
Long-term lease liabilities	6,921,749	2,328,719
Total closing balance	**17,487,476**	**2,961,357**

The leasing liabilities are related to the following categories in 2020:

In thousands of Hungarian Forints (HUF)	**Cordia group without Polnord**	**Polnord**	**Total 2020**
Leasing liability related to property, plant and equipments (offices and cars)	780,750	479,467	1,260,217
Leasing liability related to investment property	0	9,452,875	9,452,875
Leasing liability related to inventory	1,040,025	0	1,040,025
Leasing liability related to rights of perpetual usufruct of land within inventory	2,160,097	3,574,262	5,734,359
Total closing balance of leasing liabilities	**3,980,872**	**13,506,604**	**17,487,476**

The statement of profit or loss shows the following amounts relating to leases except for depreciation charges of Right of use assets:

In thousands of Hungarian Forints (HUF)	*Note*	**2020**	**2019**
Interest expense	*13*	719,799	59,802
Expense relating to short-term leases			285,308
Expense relating to leases of low-value assets that are not shown above as short-term leases		0	0
Expense relating to variable lease payments not included in lease liabilities		0	0

The total cash outflow for leases in 2019 was 345,110 thousand HUF and 558,407 thousand HUF in 2020.

34. Provision

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2020**
Provision for severance pays, retirement benefits, holidays and similar	142,478
Provisions for warranties	506,302
Provisions for legal claims	527,860
Provisions for onerous contract	818,184
Provision for the right of perpetual usufruct of land (interest and principal)	3,926,379
Other	95,809
Total provision	**6,017,012**

Most of the provisions are acquired with the acquisiton of Polnord group.
Provision for warranty repairs are recognised in relation to development projects in the subsidiaries of Polnord S.A.
The provision created for legal claims is related to housing associations' claim against Polnord projects in Szczecin, Olsztyn and Tricity.
The onerous contract provision is for liabilities and litigations in relation to a vacant space in Polnord's subsidiary office building.
Polish subsidiaries are parties in litigations with the National Support Centre for Agriculture involvement, related to perpetual usufruct of land in area of the Warsaw's Wilanów District and the connected annual fees for which the Group has provision as the right of perpetual usufruct of land.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Closing balance includes:		
Current liabilities	5,173,497	102,151
Non-current liabilities	843,515	0
Total closing balance	**6,017,012**	**102,151**

Movements in provision during the financial year

For the period ended 31 December 2020

In thousands of Hungarian Forints (THUF)	**Employee related privision**	**Warranties**	**Legal claims**	**Onerous contract**	**Perpetual usufruct)**	**Other**	**Total**
Carrying amount at start of year	**9,936**	**0**	**0**	**0**	**0**	**92,215**	**102,151**
Acquired through business combination	657,140	269,958	438,017	2,045,185	3,749,951	0	7,160,251
					Charged/credited to profit or loss		
Additional provision recognised	88,653	271,814	88,066	650,810	151,427	3,580	1,254,350
Unused amounts reversed	(215,862)	(38,694)	(1,584)	(1,192,298)	0	0	(1,448,438)
Unwinding of discount	0	0	0	0	0	0	0
Amounts used during the year	(399,167)	0	0	(692,923)	0	0	(1,092,090)
Currency Translation Adjustment	1,778	3,224	3,361	7,410	25,001	14	40,788
Carrying amount at end of year	**142,478**	**506,302**	**527,860**	**818,184**	**3,926,379**	**95,809**	**6,017,012**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

35. Bonds

The Group has carried out a successful bond issue on 5 November 2019 (Cordia 2026/I). The financial settlement date is 7 November 2019, the maturity is 7 November 2026. The amount of funds raised is HUF 44.4 billion. The capitalization rate equals to the effective interest rate of the Bonds.

The Group has successfully issued a new bond series named “CORDIA2030/I HUF” on the 27 July 2020. The issue consisted of 720 Bonds. Each Bond have been issued in Hungarian forint and with a face value of HUF 50,000,000 (fifty million Hungarian forint). Total Face Value of the Bonds issued is HUF 36,000,000,000 (i.e. thirty-six billion Hungarian forint).
The term of the Bonds is a ten-year period commencing on the Issue Date and ending on 27 July 2030.

On 10 December 2020 a tap issueance was performed on the bond series named “CORDIA2030/I HUF” with the same conditions. The tap issuance consisted of 80 Bonds with a total face value of HUF 4,000,000,000 (i.e. four billion Hungarian forint).

The table below presents the movement in bond related liabilities:

In thousands of Hungarian Forints (HUF)	**31.12.2020**
Opening balance	**44,490,029**
Increase due to acquisition	10,649,570
Proceeds from bond loans	41,450,840
Repayment of bond loans	(2,851,269)
Redemption	(2,913,908)
Effective interest	2,469,743
Interest payment	(2,124,218)
Other	35,549
Total closing balance	**91,206,336**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Closing balance includes:		
Current liabilities	5,280,690	68,892
Non-current liabilities	85,925,646	44,421,137
Total closing balance	**91,206,336**	**44,490,029**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	86,262,488	44,490,029
PLN	4,943,848	0
Total closing balance	**91,206,336**	**44,490,029**

Bond terms and conditions
Cordia International has carried out a successful bond issue on 5 November 2019 (Cordia 2026/I).
In 2020 Cordia International has successfully issued a new bond series named “CORDIA2030/I HUF” on the 27 July 2020. On 10 December 2020, a tap issuance was performed on the bond series named “CORDIA2030/I HUF” with the same conditions.

Please see the bond conditions summarised below.

Bond series	Cordia 2026/I	Cordia 2030/I	Cordia 2030/I tap issuance
ISIN code	HU0000359211	HU0000359773	HU0000359773
Date of issuance	November 7, 2019	July 27, 2020	July 27, 2020
Maturity	November 7, 2026	July 27, 2030	July 27, 2030
Face value	44,000,000,000 HUF	36,000,000,000 HUF	4,000,000,000 HUF
Bond issued	880	720	80
Face value/Bond	50,000,000 HUF	50,000,000 HUF	50,000,000 HUF
Coupon	Fixed 4%	Fixed 3%	Fixed 3%
Coupon payment frequency	Semi-annually	Semi-annually	Semi-annually
Coupon payment date	November 7, May 8	January 27, July 27	January 27, July 27

Bond terms and conditions of bond series Cordia 2026/I:

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

Bond terms and conditions of bond series Cordia 2030/I:

Amortisation, Redemption and Purchases:
Each Bond shall be repaid by the Issuer at HUF 5,000,000 (per Bond) and payable semi-annually on the last six (6) Coupon Payment Dates, being 27 July 2027, 27 January 2028, 27 July 2028, 27 January 2029, 27 July 2029, 27 January 2030 and and at HUF 20,000,000 as the Final Redemption Amount due and payable on 27 July 2030, being the last Coupon Payment Date, which is also the Maturity Date.

Valuation of the Bond liability
The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.
Bonds are initially recognised at fair value, net of transaction costs incurred then subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Issuer undertakings:

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

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

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

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

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

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

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

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Consolidated Debt (CD)	137,240,527	70,207,094
Cash and Cash Equivalents (C)	66,534,808	51,070,192
Restricted cash (RC)	376,375	271,496
Net Consolidated Debt	**70,329,369**	**18,865,406**
Total Assets (TA)	285,935,228	181,570,651
Customer Advances (CA)	34,468,228	40,810,106
Cash and cash equivalents (C)	66,534,808	51,070,192
Restricted cash (RC)	376,375	271,496
Total Consolidated Assets net of Cash & Customer Advances	**184,555,817**	**89,418,857**
Consolidated Leverage Ratio	**38.11%**	**21.10%**

Bond related Issuer Undertakings were fulfilled both at current reporting date and in previous periods as well.

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

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

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

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

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

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

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

The calculation presented below is based on the IFRS Separate Financial Statements of Cordia Internationl Zrt.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Share capital	18,013,760	9,897,492
Share premium	13,461,608	8,690,521
Foreign currency translation reserve	335,303	0
Retained earnings	61,833,826	34,347,479
Issuer Equity	**93,644,497**	**52,935,492**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Bank Loans	0	0
Bonds (non-current)	85,925,646	44,421,137
Bonds (current)	336,842	68,891
Provision	0	0
Issuer Debt	**86,262,488**	**44,490,028**
Cash and Cash Equivalents	**30,582,651**	**16,043,682**
Special Restricted Cash	**0**	**0**
Issuer Net Debt	**55,679,837**	**28,446,346**
Issuer Net Debt to Equity Ratio	**0.59**	**0.54**

Bond related Issuer Undertakings were fulfilled both at current reporting date and in previous periods as well.

Polnord Bond description:

Due to the acquisition of POLNORD bond liability increased with the following bonds.

Seria	Nominal value	Coupon	Issuance Date	Maturity Date	Coupon Payment Date
NS10	18,000 KPLN	Wibor 3m + margin	29.09.2017	29.09.2020	quarterly
Series D	30,000 KPLN	Wibor 6m + margin	18.12.2015	31.12.2020	semi-anually
Series P**	36,750 KPLN	Wibor 3m + margin	07.03.2018	07.03.2021	quarterly
Series MB3	40,000 KPLN	Wibor 6m + margin	22.06.2018	22.06.2021	semi-anually

In September, 2020, in line with the maturity date, the Company redeemed series NS10 bonds in the amount of PLN 18 mln.
In September, 2020 the Company redeemed part of the series D bonds in the amount of PLN 7.5 mln.
Series P bonds was purchased by Cordia International Zrt., therefore there is no bond liability on group level.

As of the reporting date the following bonds are consolidated.

Seria	Nominal value	Coupon	Issuance Date	Maturity Date	Coupon Payment Date
Series D	22,500 KPLN	Wibor 6m + margin	18.12.2015	31.12.2020	semi-anually
Series MB3	40,000 KPLN	Wibor 6m + margin	22.06.2018	22.06.2021	semi-anually

Based on the conditions of bond series MB3 in each reporting period Polnord shall test the ratio of Net debt to Equity. The Ratio shall not exceed 70% on the Check Date.

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

Issuer Equity - mean total equity indicated in Polnord S.A. published Consolidated Financial Report pepared in accordance with IFRS.

Issuer Debt - mean indicated in Polnord S.A. published Consolidated Financial Report balance sheet or off-balance sheet obligation to pay the amount indicated in this report, resulting from a loan or lease agreement,factoring, bonds, granted surety or guarantee, accession to a debt or takeover liabilities or other financial liabilities resulting from the concluded derivative transaction which is not a security in 1: 1 (one to one) ratio of another transaction concluded by the Issuer or another entity covered by the Report Financial in the ordinary course of business.

Issuer Net Debt - mean Issuer Debt less (i) Cash and Cash Equivalents of the Issuer and (ii) Special Restricted Cash (up to 50 mln PLN)

As at 31.12.2020 Net Debt to Equity Ratio was 0 based POLNORD published consolidated financial statement.

36. Shareholders' equity

Share capital

As at 31 December 2019 the parent company's share capital was EUR 32,000,000 (9,897,492 thousands HUF) consisting of ordinary shares with nominal value of EUR 1 in the number of 32,000,000. All shares are fully paid. Ordinary shares provide the rights to the holders on a pro-rata basis.

As of 1st January 2020 the parent company changed its statutory book keeping currency from EUR to HUF which resulted in translating share capital and share premium to HUF. The effects of this legal change has been presented in the equity movement schedule.

The Shareholders of the Company have unanimously voted for increasing the capital of the Company by HUF 12,001,129,600. The capital increase has taken place by issuing 7,431,040 pieces of ordinary shares of a par value of HUF 1,000 each, at an issue value of HUF 1,615/share with rights identical to the existing ordinary shares of the Company, thus the registered capital of the Company increases by HUF 7,431,040,000 equalling to HUF 18,013,760,000. The amount exceeding the sum of the registered capital of the Company will be accounted for capital reserve. As of date of this report, the shareholders have fully paid the new shares by injecting HUF 12,001,129,600 to the Company.

		31.12.2020
Company	**Nominal value of shares (THUF)**	**Ownership percentage**
Cordia Holding B.V.	17,653,485	98.00%
Finext Consultants Limited	360,275	2.00%
Total	**18,013,760**	**100.00%**

Other reserves

In thousands of Hungarian Forints (HUF)	**31.12.2020**
Closing balance	**(286,680)**

The effect of the acquisitions accounted for using the predecessor method is recorded in other reserves. There was no transaction effecting other reserve in current period.

37. Non-controlling interests

Movements in non-controlling interests during the period ended 31 December 2020 are as follows:

In thousands of Hungarian Forints (HUF)	**2020**
Opening balance	**208,384**
Comprehensive income/(loss) attributable to non-controlling interests	(72,784)
Non-controlling interest arising on acquisition	2,564,930
Redemption of shares owned by non-controlling interest	0
Closing balance	**2,700,530**

38. Net assets attributable to non-controlling investment unit holders

Just as in the previous period, this line represents the investment of the non-controlling investment unit holders in the investment subfund subsidiaries out of which only Finext Funds BP SICAV-SIF had such non-controlling investment unit holders.

Please see below the movements in the balances during the period.

In thousands of Hungarian Forints (HUF)	
Opening	**17,514,452**
Investment made by non-controlling investment unit holders	0
Change in net assets attributable to non-controlling investment unit holders*	682,432
Redemption of investment units of non-controlling investment unit holders	0
Closing carrying amount	**18,196,884**

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

39. Fair value estimation of financial assets and liabilities

One of the financial asset that is measured at fair value through profit or loss in the consolidated financial statements is another investment, that is not material in neither reporting period (the fair value of the listed investment is HUF 247,252 thousands at the current period end of 31. December 2020 and was HUF 258,092 thousands at 2019 year-end respectively). The remaining financial asset, which is measured at fair value in the amount of HUF 5,984,634 thousands is discount treasury bill with the maturity date in August 2021.
All other financial assets and liabilities are measured at amortized cost. Furthermore, there are no non-financial assets or liabilities that are measured at fair value.
The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are loans and receivables either with variable interest rate (e.g. in case of borrowings) or short-term receivables and liabilities, where the time value of money is not material (e.g. in case of related party loans).

The fair value of bond liability was determined by reference to the average bid of commercial institutions which is considered as a level 1 information in the fair value hierarchy.

40. Commitments and contingencies

Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

In thousands of Hungarian Forints (HUF)	**Project name**	**31.12.2020**	**31.12.2019**
CD2	Thermal Zugló 3	0	1,487,768
CG3	Young City 2	0	1,221,385
CG5	Grand'Or	305,912	1,203,964
CG7	Marina Garden	0	151,647
CG8	Sasad Resort Hill	0	132,059
CG9	Centropolitan	327,959	1,842,943
CG10	Sasad Hilltop	0	2,680,487
CG11	Grand Corvin	0	1,859,910
CG12	Marina Portside	1,096,163	4,985,279
CG13	Universo	4,150,894	2,272,687
CG16	Thermal Zugló 4	3,778,957	0
CG17	Young City 3	762,344	3,207,031
CG18	Akadémia Garden	987,411	4,318,705
CG19	Grand Corvin 2	8,888,570	0
PPK1	Lotniczówka	0	745,263
PPK2	Jerozolimska	3,326,523	0
PPW1	Zielone Bemowo 2	0	2,270,558
PPW3	Kopalniana	3,985,235	0
PPW4	Jaskowa Dolina 1	2,682,509	0
PPW4	Jaskowa Dolina 2	3,105,661	0
PPW2	Horyzont Praga	949,553	3,413,607
PNRE	Wiktoria	49,985	N/A
PSRW	Wioletta	540,049	N/A
RCPR	Parcului202	4,302,187	2,872,227
Total of fully consolidated entities		**39,239,912**	**34,665,520**
CG6	Marina Life	0	2,262,760
CG6	Marina Life 2	992,072	3,572,100
PSK3	Stacja Kazimierz 5	2,311,491	N/A
PFP2	Innova Concept	179,188	N/A
Total including JVs and associates		**42,722,663**	**40,500,380**

Unutilized construction loans:

The table below presents the list of the construction loan facilities including VAT loan facility, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the bank loans available to the Company:

In thousands of Hungarian Forints (HUF)	**Project name**	**31.12.2020**	**31.12.2019**
CD2	Thermal Zugló 3	0	1,442,902
CG3	Young City	0	95,840
CG3	Young City 2	665,781	1,706,603
CG5	Grand'Or	738,407	2,092,014
CG7	Marina Garden	0	565,932
CG8	Sasad Resort Sun	0	3,948,661
CG9	Centropolitan	984,069	2,373,634
CG10	Sasad Hilltop	843,094	414,260
CG11	Grand Corvin	0	2,673,273
CG12	Marina Portside	287,685	4,376,611
CG13	Universo	6,445,212	0
CG17	Young City 3	1,138,975	3,743,055
CG18	Akadémia Garden	1,100,066	5,548,708
CG27	Marina City	1,438,615	N/A
PPW1	Zielone Bemowo 2	0	1,858,267
PCW1	Supernova	0	1,595,544
PPK1	Lotniczówka	0	5,022,013
PPK2	Jerozolimska	4,383,255	0
PPW2	Horyzont Praga	3,114,738	0
PPW4	Jaśkowa Dolina	3,405,945	0
RCPR	Parcului201	1,900,047	N/A
RCPR	Parcului202	4,600,638	N/A
Total of fully consolidated entities		**31,046,527**	**37,457,317**
CG6	Marina Life	0	1,974,487
CG6	Marina Life 2	0	5,315,360
Total including JVs and associates		**31,046,527**	**44,747,164**

Contingent receivables - contracted sales not yet recognized:

The table below presents amounts to be received from the customers having bought apartments from Cordia and its subsidiary companies and which are based on the value of the sale and purchase agreements signed with the clients until 31 December 2020 after deduction of payments received at reporting date (such payments being presented in the Consolidated Statement of Financial Position as customer advances):

In thousands of Hungarian Forints (HUF)		Contracted sales	Contingent receivables	Contingent receivables
Legal entity	**Project name**	**31.12.2020**	**31.12.2020**	**31.12.2019**
CD2	Thermal Zugló 3	2,010,707	1,188,968	4,991,242
CG1	Kapás 21	0	0	264,913
CG10	Sasad Hilltop	5,462,360	4,003,791	2,988,948
CG11	Grand Corvin	4,643,910	2,777,649	4,356,892
CG12	Marina Portside	9,304,716	6,977,807	4,462,496
CG13	Universo	3,304,125	606,380	661,536
CG16	Thermal Zugló 4	266,579	224,614	0
CG17	Young City 3	4,718,711	3,490,577	1,969,152
CG2	Corvin Átrium 2	0	0	419,228
CG3	Young City	52,001	52,001	3,100,414
CG3	Young City 2	4,290,034	4,290,034	5,110,681
CG4	Rózsa55	0	0	522,117
CG5	Grand'Or	4,532,939	3,326,077	2,994,436
CG7	Marina Garden	462,882	225,645	2,871,487
CG8	Sasad Resort Hill	410,948	302,412	3,020,974
CG8	Sasad Resort Sun	414,702	272,137	2,881,681
CG9	Centropolitan	2,521,160	1,621,318	1,924,279
CG18	Akadémia Garden	9,211,913	6,875,988	3,722,851
CG19	Grand Corvin 2	6,867,414	716,118	553,112
RCPR	Parcului201	6,620,070	5,038,257	1,583,573
PPW1	Zielone Bemowo 1	0	0	125,218
PPW1	Zielone Bemowo 2	4,956,543	982,614	1,486,543
PCW1	Supernova	0	0	251,560
PPW2	Horyzont Praga	2,844,924	1,439,585	353,070
PPK1	Lotniczówka	280,337	45,197	578,998
PPK2	Jerozolimska	184,963	183,761	0
PNAP	Fotoplastikon I	3,286	3,286	N/A
PNAP	Fotoplastikon II	157,842	76,719	N/A
PNAP	Fotoplastikon III	86,297	50,888	N/A
PNAP	Studio Morena	242,699	47,122	N/A
PNRE	Wiktoria	1,312,047	117,104	N/A
PNBW	Wilania	829,383	255,926	N/A
PSRW	Wioletta	385,205	216,046	N/A
Other	Other	141,226	129,991	N/A
Total of fully consolidated entities		**76,519,923**	**45,538,012**	**51,195,401**

In thousands of Hungarian Forints (HUF)		Contracted sales	Contingent receivables	Contingent receivables
Legal entity	**Project name**	**31.12.2020**	**31.12.2020**	**31.12.2019**
CG6	Marina Life	5,643,558	4,407,510	4,790,559
CG6	Marina Life 2	5,877,937	4,399,975	2,728,569
PFPP	Ostoja Wilanów B2	167,698	101,296	N/A
PSK3	Stacja Kazimierz III	67,461	67,461	N/A
PFP2	Innova Concept	2,430,411	357,807	N/A
Total including JVs and associates		**90,706,988**	**54,872,061**	**58,714,529**

41. Related parties

Transactions with key management personnel

During the financial year the Group recognized a total net sales revenue in the amount of HUF 89,629 thousand by delivering two residential units to key management personnel. The transactions occurred on arm's length basis.

Key Management Board personnel compensation

Apart from the compensation listed below, there were no further benefits, including share based payments granted to key management personnel that were granted during 2020. Key management personnel compensation can be presented as follows:

As at 31 December *In thousands of Hungarian Forints (HUF)*	**2020**	**2019**
Salary and other short time benefit	44,024	70,755
Incentive plan linked to financial results	364,388	300,951
Total	**408,412**	**371,706**

Loans to directors

As at 31 December 2020 and 31 December 2019, there were no loans granted to directors.

42. Financial risk management, objectives and policies

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.
The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Group financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group operates in foreign currencies too and therefore is exposed to foreign exchange risk, primarily with respect to Euro and Polish Zloty. Foreign exchange risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency

The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as residential sales revenue) are denominated. This is generally achieved by obtaining loan finance in the relevant currency.

(ii) Price risk

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

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property sales price risk.

The current sales price levels are in line with the market environments of the properties.

(iii) Cash flow and fair value interest rate risks

The group's cash-flow and fair value interest rate risk is predominantly controlled by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and mitigate financial risks in close co-operation with the group's operating units.

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents.
The Group has borrowings at fixed rates and therefore has exposure to fair value interest rate risk however this is considered insignificant. The Group issued Bonds which bears a coupon of 4.00% per annum.
The Group's individual development loans financing the projects have an average duration of less than two years, therefore the interest rate changes on these loans would not have material effect on the Group's result.

The management is constantly monitoring the Group's cash-flow forecasts which ensures to cover cash-flow risks.

Taking into consideration the current market environment the management expects no interest rate decrease, so only the effect of interest rate increase is shown in the following table:

Interest rate increase:	**Yearly effect on profit before tax (THUF)**
0,5 percentage point	**150,760**

Please also refer to Note 28 for the main conditions of the loan agreements.

(b) Credit risk

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

(c) Liquidity risk

The cash flow forecast is prepared by the operating units of the Group. The forecasts are summarized by the Group's finance department. The finance department monitors the rolling forecasts on the Group's required liquidity position in order to provide the necessary cash balance for the daily operation. The Group aims to maintain flexibility in funding by keeping committed credit lines available not to overdraw the credit lines and to meet the credit covenants. These forecasts take into consideration the Group's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

			As at 31 December 2020
In thousands of Hungarian Forints (HUF)	**Less than 1 year**	**Between 1 and 5 years**	**Beyond 5 years**
Loans and borrowings	31,708,301	8,308,903	0
Trade and other payables	16,328,131	0	0
Liabilities to related parties	1,549,807	0	0
Bonds	7,903,848	40,293,345	59,845,461
Lease liabilities	10,565,727	6,921,749	0
Net assets attributable to non-controlling investment unit holders	0	18,196,884	0
Total	**68,055,814**	**73,720,881**	**59,845,461**

			As at 31 December 2019
In thousands of Hungarian Forints (HUF)	**Less than 1 year**	**Between 1 and 5 years**	**Beyond 5 years**
Loans and borrowings	11,506,888	14,108,026	0
Trade and other payables	10,314,925	0	0
Liabilities to related parties	542,695	0	0
Bonds	1,762,424	21,738,021	30,620,784
Lease liabilities	2,328,719	632,638	0
Net assets attributable to non-controlling investment unit holders	0	17,514,452	0
Total	**26,455,651**	**53,993,137**	**30,620,784**

43. Capital management

When managing capital, it is the Group's objective to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the profit appropriation, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and leverage.

Banking covenants vary according to each loan agreement, but typically are not related directly to the gearing ratio of the Company but to the proportion of loan to value of the mortgage collateral which usually is required not to cross the limit of 70% or 80%.

During the period the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

There were no changes in the Groups approach to capital management during the year.

There are no covenants imposed on the Group by the terms and conditions of the Bonds issued by the Group. For the relevant calculation of the financial ratios which relate to the Undertakings committed by the Group see Note 35.

44. Segment report

Segment information

The Board of Directors is the Group's chief operating decision-maker body. The Group's operating segments are defined as separate entities developing particular residential projects, which for the reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations.

The Board of Directors considers the business from a geographic perspective. Geographically, management considers the performance in Hungary, Poland, Spain, Romania and in the United Kingdom. The segments derive their revenue primarily from the sales of residential properties to individual customers. According to the assessment of the Board of Directors, the operating segments identified have similar economic characteristics.

The Board of Directors monitors the budgeted and forecasted financial results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

Revenue

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

For the period ended 31 December 2020

In thousands of Hungarian Forints (HUF)	**Hungary**	**Poland**	**Romania**	**Spain**	**United Kingdom**	**Total**
Revenue	41,285,858	26,882,121	27,401	12,730	81,389	**68,289,499**
Gross Profit	9,314,421	2,730,758	328	12,730	81,389	**12,139,626**
Net Profit	20,807,102	1,056,403	(369,770)	(71,214)	14,023	**21,436,544**

For the period ended 31 December 2019

In thousands of Hungarian Forints (HUF)	**Hungary**	**Poland**	**Romania**	**Spain**	**Other**	**Total**
Revenue	25,532,234	8,941,993	4,168	0	0	34,478,395
Gross Profit	10,175,776	3,112,225	4,168	0	0	13,292,169
Net Profit	6,484,183	664,449	(415,820)	(41,038)	(258,527)	6,433,247

Assets as 31.12.2020

In thousands of Hungarian Forints (THUF)

	Hungary	Poland	Romania	Spain	UK
Assets					
Non-current assets					
Intangible assets	143,023	35,014	1,192	0	0
Investment properties	3,605,454	20,960,955	0	0	0
Property, plant and equipment	957,195	2,351,156	118,729	1,620	2,334
Long-term receivables from third parties	10,815	7,470,230	0	0	0
Long-term receivables from related parties	0	0	0	0	0
Investments accounted for using equity method	16,320,954	5,167,801	0	0	0
Deferred tax assets	49,986	563,394	0	0	0
Restricted cash	895,826	0	0	0	0
Long-term VAT receivables	558,783	0	0	0	0
Other long-term assets	32,415	207,263	208,529	1,095	0
Goodwill	0	1,305	0	0	460,265
Total non-current assets	**22,574,451**	**36,757,118**	**328,450**	**2,715**	**462,599**
Current assets					
Inventory	72,430,593	51,445,545	10,241,269	7,727,639	3,449,708
Trade and other receivables	250,802	1,867,794	12,053	6,209	457,728
Short-term receivables from related parties	410,143	2,626	0	0	0
Other short-term assets	3,287,858	397,658	325,808	0	0
Income tax receivable	15,390	31,182	33	0	0
Loan receivables	5,230,000	0	0	0	0
Short-term VAT receivables	1,038,284	2,048,990	263,238	82,377	23,460
Restricted cash	4,013,195	376,375	0	0	0
Other financial assets	6,232,169	90,744	182,578	0	0
Cash and cash equivalents	51,922,886	14,231,721	237,504	104,434	38,263
Total current assets	**144,831,320**	**70,492,635**	**11,262,483**	**7,920,659**	**3,969,159**
Disposal group of assets classified as held for sale					
Assets classified as held for sale	0	610,533	0	0	0
Total disposal group of assets classified as held for sale	**0**	**610,533**	**0**	**0**	**0**
Total assets	**167,405,771**	**107,860,286**	**11,590,933**	**7,923,374**	**4,431,758**
Fair value difference on inventories*	15,220,351				
Adjusted total assets	**182,626,122**	**107,860,286**	**11,590,933**	**7,923,374**	**4,431,758**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 31 December 2020. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.

Liabilities as of 31.12.2020

In thousands of Hungarian Forints (THUF)

	Hungary	Poland	Romania	Spain	UK
Non-current liabilities					
Loans and borrowings	6,231,647	2,018,174	0	0	59,082
Bonds	85,925,646	0	0	0	0
Long-term liabilities to related parties	0	0	0	0	0
Deferred tax liabilities	0	988,542	2,034	0	55,573
Other provision	0	843,515	0	0	0
Customer advances	9,647,454	51,118	47,492	0	0
Lease liabilities	148,838	5,685,382	60,850	0	1,026,679
Amount withheld for guarantees	821,048	180,154	299,895	0	0
Other long-term liabilities	91,239	159,226	0	0	0
Total non-current liabilities	**102,865,872**	**9,926,111**	**410,271**	**0**	**1,141,334**
Current liabilities					
Trade and other payables	11,600,392	4,052,891	503,958	51,386	119,504
Bonds	336,842	4,943,848	0	0	0
Short-term liabilities to related parties	596,029	910,508	27,688	15,582	-
Loans and borrowings	26,300,088	775,060	4,227,743	7,449	397,961
Customer advances	15,171,209	7,968,230	1,582,725	0	0
Lease liabilities	176,767	10,361,140	14,474	0	13,346
Other tax liabilities	623,651	341,143	9,627	10,467	2,704
Other provision	101,348	5,057,840	14,309	0	0
Income tax liabilities	42,068	136,224	0	1,369	747
Other short-term liabilities	0	194,642	0	1,128	762,178
Total current liabilities	**54,948,394**	**34,741,526**	**6,380,524**	**87,381**	**1,296,440**
Total liabilities	**157,814,266**	**44,667,637**	**6,790,795**	**87,381**	**2,437,774**

Assets as 31.12.2019

In thousands of Hungarian Forints (THUF)	**Hungary**	**Poland**	**Romania**	**Spain**	**Other**
Assets					
Non-current assets					
Intangible assets	155,000	38,688	3,213	0	4
Investment properties	0	0	0	0	0
Property, plant and equipment	1,023,928	542,349	59,637	0	0
Long-term receivables from third parties	9,486	0	0	0	0
Long-term receivables from related parties	0	1,010	0	0	0
Investments accounted for using equity method	1,177,459	0	0	0	0
Deferred tax assets	49,986	77,728	0	0	0
Restricted cash	2,100,120	0	0		
Long-term VAT receivables	1,526,564		0	0	0
Other long-term assets	587,386	25,650	0	0	0
Total non-current assets	**6,629,929**	**685,425**	**62,850**	**0**	**4**
Current assets					
Inventory	65,705,316	25,728,274	5,248,207	6,272,504	0
Trade and other receivables	192,935	49,652	80,983	5,376	0
Short-term receivables from related parties	653,137	192,912	0	0	0
Other short-term assets	271,849	10,698,780	498,121	0	0
Income tax receivable	27,594	4,412	1,225	25,179	0
Other tax receivables	813,136	2,466,421	452,455	50,697	0
Loan receivables	342,963	0	0	0	0
Restricted cash	1,259,556	1,719,373	83,361	0	0
Other financial assets	277,833	0	0	0	0
Cash and cash equivalents	47,992,442	2,642,697	140,616	294,437	0
Total current assets	**117,536,761**	**43,502,521**	**6,504,968**	**6,648,193**	
Total assets	**124,166,690**	**44,187,946**	**6,567,818**	**6,648,193**	**4**
Fair value difference on inventories*	13,647,348			-	
Adjusted total assets	**137,814,038**	**44,187,946**	**6,567,818**	**6,648,193**	**4**

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

Liabilities as of 31.12.2019

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Spain	Other
Non-current liabilities					
Loans and borrowings	11,920,925	2,187,101	0	0	0
Bonds	44,421,137	0	0	0	0
Long-term liabilities to related parties	0	0	0	0	0
Deferred tax liabilities	0	4,875	0	0	0
Customer advances	27,410,213	1,019,321	675,464	0	0
Lease liabilities	288,875	329,049	14,714	0	0
Amount withheld for guarantees	2,307,562	86,092	0	0	0
Other long-term liabilities	51,451	37,747	107,323	0	0
Total non-current liabilities	**86,400,163**	**3,664,185**	**797,501**	**0**	**0**
Current liabilities					
Trade and other payables	7,334,470	2,192,236	610,147	104,019	74,053
Bonds	68,892	0	0	0	0
Short-term liabilities to related parties	331,156	155,509	0	0	56,030
Loans and borrowings	11,504,562	0	0	2,326	0
Customer advances	10,879,330	825,778	0	0	0
Other tax liabilities	2,360,883	131,865	8,131	56	-
Income tax liabilities	46,724	43,062	0	0	7,565
Other provision	92,215	0	9,936	0	0
Lease liability	142,009	2,177,547	9,163	0	0
Total current liabilities	32,760,241	5,525,997	637,377	106,401	137,648
Total liabilities	**119,160,404**	**9,190,182**	**1,434,878**	**106,401**	**137,648**

The Board of Directors examined the effect of Polnord Group acquisition on the consolidated figures. For information purposes please see below this effect on the statement of financial position and on the statement of profit and loss. Polnord Group is not considered to be a separate operating segment but part of the Polish segment.

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**Cordia group without Polnord**	**Polnord**	**Total in 2020**	**2019**
Revenue	**47,342,278**	**20,947,221**	**68,289,499**	**34,478,395**
Cost of sales	**(35,977,003)**	**(20,172,870)**	**(56,149,873)**	**(21,186,226)**
Gross profit	**11,365,275**	**774,351**	**12,139,626**	**13,292,169**
Selling and marketing expenses	(2,581,974)	(156,185)	(2,738,159)	(2,744,181)
Administrative expenses	(3,618,437)	(1,246,130)	(4,864,567)	(2,762,183)
Net gain/loss from fair valuation of investment and development properties	54,235	(62,619)	(8,384)	0
Other expenses	(506,066)	(1,692,784)	(2,198,850)	(714,242)
Other income	2,423,704	1,945,102	4,368,806	91,825
Operating profit	**7,136,737**	**(438,265)**	**6,698,472**	**7,163,388**
Interest income	157,394	6,224	163,618	35,764
Other financial income	6,436,204	198,477	6,634,681	2,003,255
Finance income	**6,593,598**	**204,701**	**6,798,299**	**2,039,019**
Interest expense	(1,351,446)	(105,507)	(1,456,953)	(218,403)
Other financial expense	(4,694,117)	(588,495)	(5,282,612)	(2,075,173)
Finance expense	**(6,045,563)**	**(694,002)**	**(6,739,565)**	**(2,293,576)**
Net finance income/(expense)	**548,035**	**(489,301)**	**58,734**	**(254,557)**
Share of profit/(loss) in associate and joint venture	15,186,193	401,361	15,587,554	(146,460)
Profit before taxation	**22,870,965**	**(526,205)**	**22,344,760**	**6,762,371**

Assets as of 31. December

In thousands of Hungarian Forints (THUF)

	Cordia group without Polnord	Polnord	Total at 2020YE	2019YE
Assets				
Non-current assets				
Intangible assets	165,909	13,320	**179,229**	**196,905**
Investment properties	3,605,454	20,960,955	**24,566,409**	**0**
Property, plant and equipment	1,543,818	1,887,216	**3,431,034**	**1,625,914**
Long-term receivables from third parties	10,815	7,470,230	**7,481,045**	**9,486**
Long-term receivables from related parties	0	0	**0**	**1,010**
Investments accounted for using equity method	16,320,954	5,167,801	**21,488,755**	**1,177,459**
Deferred tax assets	129,417	483,963	**613,380**	**127,714**
Restricted cash	895,826	0	**895,826**	**2,100,120**
Long-term VAT receivables	558,783	0	**558,783**	**1,526,564**
Other long-term assets	446,641	2,661	**449,302**	**613,036**
Goodwill	460,265	1,305	**461,570**	**0**
Total non-current assets	**24,137,882**	**35,987,451**	**60,125,333**	**7,378,208**
Current assets				
Inventory	122,603,490	22,691,264	**145,294,754**	**102,954,301**
Trade and other receivables	795,664	1,798,922	**2,594,586**	**328,946**
Short-term receivables from related parties	412,769	0	**412,769**	**846,049**
Other short-term assets	3,927,287	84,037	**4,011,324**	**11,468,750**
Income tax receivable	22,155	24,450	**46,605**	**58,410**
Loan receivables	5,230,000	0	**5,230,000**	**342,963**
Short-term VAT receivables	2,444,991	1,011,358	**3,456,349**	**3,782,709**
Restricted cash	4,040,560	349,010	**4,389,570**	**3,062,290**
Other financial assets	6,505,491	0	**6,505,491**	**277,833**
Cash and cash equivalents	57,450,719	9,084,089	**66,534,808**	**51,070,192**
Total current assets	**203,433,126**	**35,043,130**	**238,476,256**	**174,192,443**
Disposal group of assets classified as held for sale				
Assets classified as held for sale	610,533	0	610,533	0
Total disposal group of assets classified as held for sale	**610,533**	**0**	**610,533**	**0**
Total assets	**228,181,541**	**71,030,581**	**299,212,122**	**181,570,651**

The notes on pages 8 to 99 are an integral part of these consolidated financial statements.

Liabilities as of 31. December

In thousands of Hungarian Forints (THUF)

	Cordia group without Polnord	Polnord	Total at 2020YE	2019YE
Non-current liabilities				
Loans and borrowings	8,308,903	0	**8,308,903**	**14,108,026**
Bonds	85,925,646	0	**85,925,646**	**44,421,137**
Long-term liabilities to related parties	0	0	**0**	**0**
Deferred tax liabilities	332,058	714,091	**1,046,149**	**4,875**
Other provision	0	843,515	**843,515**	**0**
Customer advances	9,746,064	0	**9,746,064**	**29,104,998**
Lease liabilities	1,358,484	5,563,265	**6,921,749**	**632,638**
Amount withheld for guarantees	1,301,097	0	**1,301,097**	**2,393,654**
Other long-term liabilities	93,761	156,704	**250,465**	**196,521**
Total non-current liabilities	**107,066,013**	**7,277,575**	**114,343,588**	**90,861,849**
Current liabilities				
Trade and other payables	13,307,530	3,020,601	**16,328,131**	**10,314,925**
Bonds	336,842	4,943,848	**5,280,690**	**68,892**
Short-term liabilities to related parties	695,403	854,404	**1,549,807**	**542,695**
Loans and borrowings	30,933,241	775,060	**31,708,301**	**11,506,888**
Customer advances	22,404,095	2,318,069	**24,722,164**	**11,705,108**
Lease liabilities	2,622,388	7,943,339	**10,565,727**	**2,328,719**
Other tax liabilities	987,592	0	**987,592**	**2,500,935**
Other provision	119,250	5,054,247	**5,173,497**	**102,151**
Income tax liabilities	90,005	90,403	**180,408**	**97,351**
Other short-term liabilities	763,306	194,642	**957,948**	**0**
Total current liabilities	**72,259,652**	**25,194,613**	**97,454,265**	**39,167,664**
Total liabilities	**179,325,665**	**32,472,188**	**211,797,853**	**130,029,513**

45. Other information

COVID-19:

During the year the Group reacted immediately and decisively to the threat related to COVID-19, ensuring continuity of operations with vast majority of staff working remotely from the end of March.

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.

46. Subsequent events

Public tender offer for all remaining shares of Polnord SA and decision on delisting of the shares

Cordia International Zrt. is 92,92% shareholder of Polnord SA at reporting date, has announced on 1st December 2020 a public tender offer to acquire the remaining approximately 7,08% of shares in Polnord SA. The goal was to increase Cordia's stake in Polnord SA to 100% of outstanding shares. The tender offer price has been set at 3,55 PLN a share in line with the requirements of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, offering significant upside to the most recent market price.

On 28th of January as a result of settlement of the Tender-Offer, the Group purchased 3,278,966 shares, representing approximately 3,36% of voting rights and capital of Polnord, and increased its stake to 96,28%.

On 8th of January 2020 the Extraordinary General Meeting of Polnord Shareholders adopted Resolution No. 3 on the withdrawal of all Polnord shares from trading on the regulated market operated by the Warsaw Stock Exchange.

On 18th of February 2021, CORDIA announced compulsory buyout (Squeeze-Out) to the remaining 3,626,678 (three million six hundred and twenty-six thousand six hundred and seventy-eight) Polnord's shares representing approximately 3.72% of Polnord's share capital, with the price of 3,55 PLN per share. On 23rd of February as a result of settlement of the Squeez-Out, CORDIA has become the sole owner of Polnord, i.e. the Company holds 97,543,127 shares, representing 100 % of the Polnord's share capital and 100 % of the total number of votes in the Polnord.

On 26th of February the Management Board of Polnord has submitted an application to the Polish Financial Supervision Authority for a permit to withdraw all Polnord's shares from trading on the regulated market. The application was submitted in order to implement Resolution No. 3 of the Extraordinary General Meeting of Polnord as of January 8, 2021 on the withdrawal from trading on the regulated market operated by the Warsaw Stock Exchange of all shares of Polnord.

Change in group structure after reporting date

On 1 April 2021, the Group completed on the purchase of a company, Nightingale Knitwear Centre Limited in the UK. The company purchased held the property that would form the third phase of our currently running project known as the The Gothic. With the acquisition the whole site is ready to be developed. As part of the international expansion additional five entities were established for the new projects in the United Kingdom since the reporting date.

Three holding entities, 100% subsidiaries of Cordia International Zrt. were sold to the related party Futureal Holding Vagyonkezelő és Ingatlanhasznosító Zrt. in January: Cordia Spain Holding Kft., Cordia Romania Holding One Kft. and Cordia Romania Holding Two Kft.

Argo
ARGO Properties N.V. completed an initial public offering (IPO) on 11 May 2021 raising EUR 54m from investors at a pre-money valuation of EUR 270m. Cordia invested further EUR 3 million in ARGO during the IPO and now holds a 15.9% stake in the company. ARGO's shares will be listed on the Tel Aviv Stock Exchange (TASE).

Spanish segment
On 12 May, 2021 Cordia Holdco Fuengirola, S.L. ("Cordia") has reached a mutual settlement agreement with its Joint Venture Partner, Otero Patrimonial, S.L. ("Otero") and acquired Otero's 10% shares held in Cordia Development Company S.L.U. As a result of the settlement Cordia become the sole owner of the Spanish subsidiary owing the project at Costa del Sol, Fuengirola, Spain.

Completion of projects

The Company's subsidiary involved in development of the residential project Sasad Resort Hilltop obtained the valid permit for occupancy of this project (comprising 112 apartments) in January and commenced delivery of the finished apartments to its customers in Budapest.

The Company's subsidiary involved in development of the residential project Parcului20 obtained the valid permit for occupancy of this project (comprising 265 apartments) in February and commenced delivery of the finished apartments to its customers in Bucharest.

The residential project Akadémia Garden in one of the Company's development subsidiary in Budapest obtained the valid permit for occupancy of this project (comprising 306 apartments) at the end of April. The delivery to the customers starts in May.

RAF I

On 7th May 2021, Cordia invested in "Real Asset Fund I", a real estate investment fund with a select few large investors, managed by London-based investment manager Matter Real Estate. Our stake in the fund is ca. 10%. The fund finances 3 development entities in England and Ireland. The funding for these developers is a mix of equity and debt. The fund acquires a majority stake in the operating entity, as well as provides a revolving debt facility for project financing. There are two residential developers – Placefirst in England and Genesis in Ireland – as well as an Irish health care facility developer called Zest, that the fund invests with. It is a passive investment for Cordia.

STAH

On 29th March 2021, Cordia invested in a joint venture with Matter Real Estate (formerly ESO Capital). The JV owns 60% of St Arthur Homes (STAH), an English FPRP (For Profit Registered Provider), which is a housing association providing affordable homes. Cordia's share in the joint venture is 70%. Additionally, the JV – through a separate FinCo – provides a revolving credit facility to STAH for acquisition purposes. STAH's operation is exclusively focused on the shared ownership tenure of affordable housing. STAH buys affordable units at a large discount from developers, which developers are required to sell according to their s106 agreements with the local council as part of their planning permit process. Each unit is then managed under a shared ownership scheme, ie. STAH sells a portion (usually 40%) of the unit to a buyer, while on the remaining 60% the buyer pays rent.

Auxesia

On 17th May 2021, Cordia signed documents in another joint venture investment with Matter Real Estate with final closing expected shortly after. Just like STAH, Auxesia Homes is also an affordable housing providing For Profit Registered Provider. The difference with STAH is that Auxesia operates in the North of England, provides both shared ownership and affordable rent tenures, and services mostly army veterans, NHS workers and "blue light" emergency workers such as fire fighters, policemen, etc., who considered to be the most reliable and sought after tenants. The deal is an 80/20 joint venture between Cordia and Matter Real Estate to buy 60% of Auxesia and provide a revolving credit facility.

New developments

On 23 April 2021, the Company's subsidiary signed the agreement with the general contractor to develop a 109 unit residential project in Vaskapu utca, Budapest.

On 10th May 2021, Cordia's UK subsidiary, Cordia Blackswan acquired a 7,650m2 development site on Cheapside street, in the trendy neighbourhood of Digbeth in Birmingham. The purchase is conditional upon the seller successfully obtaining a planning permission from Birmingham City Council for 366 residential units to be built on the site. The planning process is nearing its end and the building permit is expected in May 2021. It will allow Cordia Blackswan to grow its pipeline, with plans for delivering half of the total units in a private rental (PRS) scheme, while the other half of the units for open market sale.

The renovation work for the Gothic project has been started which is the first British project of Cordia.

Significant subsequent events related to the operation of Polnord

On January 22, 2021 the judge commissioner operating at the District Court Gdańsk North in Gdańsk, VI Commercial Division, issued a decision, pursuant to which he changed his decision of July 29, 2020. on the establishment of the Creditors' Council for Korporacja Budowlana Dom Sp. z o.o. in restructuring, in that it dismissed the creditors 'application for the establishment of the Creditors' Council as submitted by entities not entitled to file it. The basis for the Court's decision to dismiss the decision of July 29, 2020 was Art. 359 par. 1 of the Code of Civil Procedure in connection with with art. 209 of the Restructuring Law, the premise for its application was the announcement - periodic report for the first half of 2020. Polnord S.A. published on September 30, 2020 in which the company referred to the reservation contained in the auditor's report regarding the lack of full consolidation of the Korporacja Budowlana Dom SA Capital Group. After the analysis, Polnord S.A. decided to change its previous assessment and concluded that the actual relations with Korporacja Budowlana Dom SA Capital Group justify the motion that the Polnord S.A. exercises control over the Korporacja Budowlana Dom SA Capital Group. On the establishment of the Creditors' Council Korporacja Budowlana Dom S.A. ("KB Dom SA") informed in the current report No. 17/2020 of August 12, 2020. On January 27, 2021 KB DOM SA concluded an annex to the loan agreement of September 19, 2019 ("Loan Agreement") concluded between KB DOM SA (as the Borrower) and Polnord S.A. (as the Lender). As part of the annex to the loan agreement, Polnord S.A. granted KB DOM SA a loan in the amount of PLN 65,000.00 to cover the necessary, ongoing operating costs of KB DOM SA in 2021. The parties agreed that KB DOM SA would repay the additional amount of the loan granted on the basis of the annex to the loan agreement from the funds obtained from the sale of shares in the share capital of the subsidiary, ie Korporacja Budowlana Dom Sp. z o.o. in restructuring after the completion of the restructuring process. On January 28, 2021 KB DOM SA filed a petition for bankruptcy with the District Court of Gdańsk-Północ in Gdańsk, VI Commercial Division. The reason for submitting the application was the lack of agreement with creditors, despite negotiations conducted by the Management Board of KB DOM SA regarding the possibility of repayment of liabilities in line with the creditors' expectations. Moreover, the application was submitted due to the existence of the conditions resulting from Art. 11 sec. 1 of the Bankruptcy Law, i.e. the loss of KB DOM SA's ability to pay its financial liabilities.

On January 28, 2021 Polnord S.A. concluded two contracts for the purchase of undeveloped real estate with a total area of 13,329 m2, located in Warsaw, for a total net price of PLN 26 million.

On February 19, 2021 the Management Board of Polnord S.A. concluded an agreement under which it sold two properties with a total area of 13,329 m2 located in Warsaw. At the same time, it concluded a preliminary agreement for the purchase of real estate with an area of 2,0058 ha, located in Warsaw's Bemowo District. On this property, the company plans to build a multi-family housing estate with the planned number of 250 flats with a usable floor space of 13,000 flats, together with an underground garage and service premises on the ground floor. The conclusion of the contract for the transfer of ownership depends on the fulfillment of the conditions specified in the above-mentioned agreement.

The Management Board

Péter Bódis
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Tibor Földi	Péter Bódis	Pál Darida
Chief Executive Officer	Chief Financial Officer	

Budapest, 18th May 2021