CORDIA

INTERNATIONAL ZRT.

IFRS SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2020

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CONTENTS

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			
Interest revenue	*11*	1,958,263	1,023,919
Other investment income	*10*	0	23,700,763
Total investment income		**1,958,263**	**24,724,682**
Administrative and other expenses		280,797	51,969
Interest expense	*11*	1,974,348	315,603
Total operating expenses		**2,255,145**	**367,572**
Fair value change of instruments measured at fair value through profit and loss	*13*	**9,428,890**	**0**
Foreign exchange gain		1,669,488	1,228,106
Foreign exchange loss		264,165	333,584
Foreign exchange - net	*12*	**1,405,323**	**894,522**
Share of net profit of investments accounted for equity method	*8*	**17,868,315**	**1,557,035**
Profit before taxation		**28,405,646**	**26,808,668**
Income tax expense		**33,074**	**64,082**
Profit for the period		**28,372,572**	**26,744,586**
Exchange differences on translating foreign operations		335,303	0
Other comprehensive income/(loss)		**335,303**	**0**
Total comprehensive income for the period, net of tax		**28,707,875**	**26,744,586**

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

Statement of Financial Position

In thousands of Hungarian Forints (THUF)	***Note***	**31.12.2020**	**31.12.2019**
Assets			
Non-current assets			
Intangible assets		5,250	4,862
Long-term receivables - related parties	*6(a)*	47,402,797	24,891,477
Investment in subsidiaries	*8*	66,554,779	28,215,560
Total non-current assets		**113,962,826**	**53,111,899**
Current assets			
Short-term receivables - related parties	*6(a)*	22,344,025	18,732,580
Other current assets	*6(d)*	1,950,900	10,476,515
Loan receivables	*6(f)*	5,230,000	342,963
Other short-term financial assets	*6 (g)*	8,862,541	0
Income tax receivable		1,858	1,032
Cash and cash equivalents	*6(c)*	30,582,651	16,043,682
Total current assets		**68,971,975**	**45,596,772**
Total assets		**182,934,801**	**98,708,671**

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

In thousands of Hungarian Forints (THUF)	***Note***	**31.12.2020**	**31.12.2019**
Equity and liabilities			
Shareholders' equity			
Share capital	*9*	18,013,760	9,897,492
Share premium	*9*	13,461,608	8,690,521
Foreign currency translation reserve	*9*	335,303	
Retained earnings		61,833,826	34,347,479
Total equity		**93,644,497**	**52,935,492**
Non-current liabilities			
Related party liabilities	*6(b)*	279,662	1,125,055
Bonds	*6(e)*	85,925,646	44,421,137
Total non-current liabilities		**86,205,308**	**45,546,192**
Current liabilities			
Trade and other payables		28,485	46,876
Bonds	*6(e)*	336,842	68,891
Related party liabilities	*6(b)*	2,689,913	79,876
Other tax liabilities		29,756	612
Income tax liabilities		0	30,732
Total current liabilities		**3,084,996**	**226,987**
Total liabilities		**89,290,304**	**45,773,179**
Total equity and liabilities		**182,934,801**	**98,708,671**

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

Statement of Changes in Equity

For the period ended 31 December 2020

In thousands of Hungarian Forints (THUF)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 01 January 2019	**9,252,912**	**592,166**	**0**	**7,602,893**	**17,447,971**
Proceeds from capital increase	644,580	8,098,355	0	0	**8,742,935**
Profit for the period	0	0	0	**26,744,586**	**26,744,586**
Balance as at 1 January 2020	**9,897,492**	**8,690,521**	**0**	**34,347,479**	**52,935,492**
Proceeds from capital increase	7,431,040	4,570,090	0	0	**12,001,130**
Reclass due to legal changes	685,228	200,997	0	(886,225)	**0**
Total comprehensive income for the period	0	0	335,303	28,372,572	**28,707,875**
Balance at 31 December 2020	**18,013,760**	**13,461,608**	**335,303**	**61,833,826**	**93,644,497**

Please refer to Note 9 for explanation of the equity related movements.

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

Statement of Cash Flows

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	***Note***	**2020**	**2019**
Profit before tax		28,405,646	26,808,668
Adjustments to reconcile profit for the period to net cash used in operating activities*:*			
Net interest income		16,085	(708,316)
Share of net profit of investments accounted for equity method	*8*	(17,868,315)	(1 557 035)
Other non-cash movement*		(482,938)	(510 742)
Fair value change of instruments measured at fair value through profit and loss	*13*	(9,428,890)	0
Other investment income	*10*	0	(23 700 763)
Decrease/(increase) in trade and other receivables		(2,760)	44,109
(Decrease)/increase in liabilities from related parties	*6*	2,497,134	(2 332 984)
Decrease/(increase) in short-term financial assets	*6*	(8,862,541)	0
Increase in trade and other payables		10,751	33,817
Increase of related party receivables	*6*	(23,830,602)	(24 822 382)
Increase in loan receivables	*6*	(4,887,037)	(342 963)
Interest paid		(1,762,422)	(51 122)
Interest received		135,769	282,667
Income tax paid		(64,632)	(51 623)
Net cash (used in)/from operating activities		**(36,124,752)**	**(26 908 669)**
Consideration paid for investment in subsidiaries	*8*	(28,172,289)	(36 824 159)
Consideration received from sale or redemption of investments	*8*	25,029,900	0
Acquisitions of tangible and intangible assets		(388)	523
Dividend received	*8*	964,053	25,621,959
Net cash from/(used in) investing activities		**(2,178,724)**	**(11 201 677)**
Capital increase received	*9*	12,001,130	8,742,935
Loan drawdown		227,676	0
Loan repayment	*6*	(960,166)	0
Proceeds bond issue net of issuance costs	*6*	41,573,805	44 236 062
Net cash from financing activities		**52,842,445**	**52 978 997**
Net change in cash and cash equivalents		**14,538,969**	**14,868,651**
Cash and cash equivalents at beginning of the year		16,043,682	1,175,031
Cash and cash equivalents at end of the year	*6*	**30,582,651**	**16,043,682**

*The other non-cash movements derive mainly from accrued interest and the foreign currency difference on investments.

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

Notes to the Financial Statements

1. Background and business of the Company

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

Cordia International Private Limited Company ('the Company'), a Hungarian private limited company with its statutory seat in Budapest, Hungary, was established as of 27 April 2016 by Futureal Property Group Kft.

The Company is a holding company focused on managing its subsidiaries. The core business of the subsidiaries is to develop residential properties and then sale residential units.

The registered office is located at 47-53 Futó street, Budapest, Hungary. The Company (together with its Hungarian Polish, Spanish, Romanian 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 Spain, in Romania and in the United Kingdom.

As of 31 December 2019 and 2020 the Company had the following owners:

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

The ultimate controlling parties have not been changed during 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 these Separate IFRS financial statements and the extent of ownership and control are presented in Note 8. Full structure of Cordia International Zrt. Group (including companies with indirect ownership only) is presented in Note 2 below.

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

2. Cordia International Zrt. investment in subsidiaries

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

The Company's principal subsidiaries at 31 December 2020 and 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/Country of incorporation	Ownership interest held by the Company (direct interest)	
		31.12.2020	31.12.2019
Cordia Lands Investment Ltd.	Nicosia, Cyprus	94.95%	95%
Cordia New Times Ingatlanfejlesztő Kft.	Hungary, Budapest	70%	70%
Cordia Spain Holding Kft	Hungary, Budapest	100%	100%
Cordia Romania Holding One Kft.	Hungary, Budapest	100%	100%
Cordia Romania Holding Two Kft.	Hungary, Budapest	100%	100%
CORDIA Central Ingatlanfejlesztő Kft.	Hungary, Budapest	100%	100%
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary, Budapest	100%	100%
Cordia Management Szolgáltató Kft.	Hungary, Budapest	1%	1%
Cordia Management Poland sp. z o.o.	Poland	1%	1%
Cordia Belváros Kft.	Hungary, Budapest	70%	70%
Cereman Vagyonkezelő Zrt.	Hungary, Budapest	95%	95%
Cordia Románia Holding A	Hungary, Budapest	100%	100%
Cordia Iberia Holding, S.L.	Spain	100%	100%
Villena Sp. z o.o.	Poland	100%	100%
Cordia Supernova Sp. Z o.o.	Poland	100%	100%
CORDIA Polska SP. Z.o.o.	Poland	100%	100%
Cordia Real Estate Funds Luxembourg SICAV-RAIF/previously FINEXT Funds LUX One*	Luxemburg	100%	100%
CDS-CORDIA DEVELOPMENT SERVICES SRL	Romania	5%	5%
Cordia Europe Holding Kft.	Hungary, Budapest	0.035%	0.03%
Polnord S.A.	Poland	92.92%.	n.a.
European Residential Investments	Hungary	100%	n.a.
Cordia UK Holdings Limted	United Kingdom	100%	n.a

*Funds restructuring, the name of the fund has changed.

2019: Due to indirect interest through different group companies, all investments with direct ownership of less than 50% are considered subsidiaries. The company has control over these entities as defined in IFRS 10 'Consolidated financial statements' and are therefore accounted using the equity method under IAS 28. The Company holds redeemable shares in Cordia Real Estate Funds Luxembourg SICAV-RAIF. The investments in Cordia Real Estate Funds Luxembourg SICAV-RAIF are accounted for debt instruments and measured at fair value through profit and loss based on IFRS 9.

All the acquisitions from related parties were at market prices from entities under common control.

3. Basis of preparation and measurement

a. Basis of preparation and statement of compliance

The separate financial statements of Cordia International Zrt. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC). Separate IFRS financial statements are prepared to provide useful information for bond holders.

Cordia International Zrt. also prepares IFRS consolidated financial statements[1] for bond holders reporting purposes. Accounting policies applied in these financial statements are in line with the accounting policies used for preparation of IFRS consolidated financial statements.

Cordia International Zrt. prepares statutory separate financial statements under local GAAP (i.e. based on the regulations of Act C of 2000 in Hungary, also referred as “HAR”). HAR financial statements are serve as the basis for taxation and for all other local regulatory purposes.

The financial statements have been prepared applying a historical cost convention, except for the measurement of investment in subsidiaries which are measured subsequently by using the equity-method in line with IAS 28 and redeemable shares measured at fair value through profit and loss in line with IFRS 9.
The financial statements have been prepared on a going concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. The financial statements were authorized by the Boards of Directors of Cordia International on 18th of May 2021.

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

b. New and amended standards

The accounting policies adopted are consistent with those of the previous financial year.
A number of new or amended standards became applicable for the current reporting period:

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

The above amendments and improvements to IFRSs do not impact the annual separate financial information of the Cordia International Zrt.

c. Basis of measurement

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment in subsidiaries which are measured subsequently by using the equity-method in line with IAS 28 and redeemable shares measured at fair value through profit and loss in line with IFRS 9.

d. Functional and presentation currency

The financial statements are presented in thousands of Hungarian Forint, which is the company’s functional and presentation currency.

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

e. Use of estimates and critical judgments

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of subsidiaries

Investments in subsidiaries are initially recognized at costs and remeasured with IAS 28 equity method. The company assess at each balance sheet date whether there is objective evidence that an investment in subsidiary is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

In considering whether any impairment triggers exist, the company considers, among other, the following factors:

- The performance of its subsidiaries
- Market conditions and economic developments
- In case of a dividend payment:
    - whether the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets,
    - if the dividend exceeds the total comprehensive income of the subsidiary.

Impairment of receivables

The outstanding receivables of the company are loans granted to subsidiaries. They are initially valued at fair value and subsequently measured at amortized cost. In accordance with IFRS 9, the receivables are subject to the expected credit loss impairment model. Given that all recorded receivables are inter-company loans, the company considers them low-risk and estimated an impairment provision of nil, due to the following reasons:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk
- loans granted to the Company's subsidiaries are used to finance Cordia Group's activities related to development of its portfolio of residential assets and the assets purchased by the Company's subsidiaries increase in value and do not require impairment to be recognized.

If the bad debt rate on these receivables would be 1 percentage point higher, the Company had to recognize an additional impairment decreasing the equity by thHUF 697,468 as at 31 December 2020 (thHUF 436,240 as at 31 December 2019).

Determination of functional currency

The functional currency is determined by primary economic environment in which the Company operates. The Company is registered in Hungary however, a significant part of its transactions is done also in PLN and EUR. Management believes that indicators provided by IAS 21 show a mixed picture. Considering that the ultimate owner of the company is Hungarian, most of the construction projects are located in Hungary and the company's principal place of operations is in Hungary, bond financing is made in Hungarian Forint, management determined the functional currency to be the Hungarian Forint (HUF).

4. Significant accounting policies

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

a. Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates – as published by the Hungarian National Bank - prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss for the year.

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

b. Revenue

Cordia International Zrt. is a holding company that does not enter into contracts with customers which are in the scope of IFRS 15. Based on this, impact of IFRS 15 'Revenue from contracts with customers' is not considered to be relevant. Cordia International Zrt's ordinary activities comprises holding investments and intercompany loans. Related income mainly includes dividend and interest income. Based on the accounting policy, the Company presents these amounts within total investment income in the statement of comprehensive income.

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

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

c. Financial instruments

Financial assets

In line with IFRS 9, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Since the Company is a holding entity with mainly intercompany loans as financial instruments, it has only financial assets held at amortized cost. Investments in subsidiaries are measured using the equity method in line with IAS 28. Redeemable shares can be redeemed anytime and considered this investment to be debt instrument, valued at fair value through profit and loss. The Company also holds puttable financial instruments in its subsidiary investment fund which do not meet the requirements described in paragraphs 16A to 16B of IAS32. Such instruments are outside of the scope of IAS27 therefore it is measured at Fair Value through Profit and Loss based on IFRS 9.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Currently the company only holds financial assets measured at amortized costs and measured at fair value through profit and loss. Refer also to Note 6 for more information on financial assets.

Financial liabilities – loans and borrowings (including bonds)
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized 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 recognized in profit or loss as financial income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Offsetting financial assets and financial liabilities

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

Impairment of financial assets
The IFRS 9 impairment model is applied to the receivables from related parties.

The entity follows the rules of IFRS 9 outlines a ‘three-stage’ model (‘general model’) for impairment based on changes in credit quality since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses (‘ECL’) are recognized 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 recognized, 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 recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

For intercompany loan receivables the Company applies practical expedient from IFRS 9 and measures impairment using lifetime ECL.

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

- the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognized, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material;
- loans granted to the Company's subsidiaries are used to finance Cordia Group's activities related to development of its portfolio of residential assets and the assets purchased by the Company's subsidiaries increase in value and do not require impairment to be recognized.

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

d. Receivables from related parties

Financial assets recognized in the statement of financial position are loan receivables from related parties. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

e. Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand, short-term deposits 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.

f. Liabilities to related parties

Financial liabilities to recognized in the statement of financial position are loans and borrowings obtained from related parties.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

g. Equity

i. Share capital

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

ii. Share premium

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

h. Investment in subsidiaries

Subsidiaries are all entities over which the Company has direct or indirect control. The Company controls directly or indirectly an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are recognized at cost and they subsequently measured by using the equity method in line with IAS 28. Assets that qualify as impaired are measured at their impaired value, any impairment is recorded in the income statement.

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

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

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

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

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

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

As previously mentioned the Company also holds puttable financial instruments in its subsidiary investment fund which do not meet the requirements described in paragraphs 16A to 16B of IAS32. Such instruments are outside of the scope of IAS27 therefore it is measured at Fair Value through Profit and Loss based on IFRS 9.

i. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Since dividend income is tax exempt, the Company has no significant income tax liability.

Deferred taxes arising on assets and liabilities are wholly immaterial, except for investment in subsidiaries. Tax consequences for the investments might only arise if the Company sells the investments. However, all material

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

5. Capital management

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

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

There are no covenants imposed on the Company by the terms and conditions of the Bonds issued. For the relevant calculation of the financial ratios which relate to the Undertakings committed by the Company and the Group see Note 6 (e).

6. Financial assets and financial liabilities

This note provides information about the company's financial instruments except the investments which are accounted for using equity method in accordance with IAS 28, including

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

Financial assets at amortized costs

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2020**	**31.12.2019**
Receivables from related parties	6(a)	69,746,822	43,624,057
Other financial assets	6(g)	8,862,541	0
Loan receivables	6(f)	5,230,000	342,963
Cash and cash equivalents	6(c)	30,582,651	16,043,682
Total financial assets at amortized cost		**114,422,014**	**60,010,702**

Financial assets measured at fair value through profit and loss

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2020**	**31.12.2019**
Investments measured at fair value through profit and loss	8	27,196,022	0
Total financial assets at fair value		**27,196,022**	**0**

Financial liabilities at amortized costs

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2020**	**31.12.2019**
Bonds	6(e)	85,925,646	44,421,137
Liabilities to related parties	6(b)	279,662	1,125,055
Total long term financial assets		**86,205,308**	**45,546,192**

In thousands of Hungarian Forints (HUF)	*Notes*	**31.12.2020**	**31.12.2019**
Trade and other payables		28,485	46,875
Bonds	6(e)	336,842	68,891
Liabilities to related parties	6(b)	2,689,913	79,876
Total short term financial assets		**89,260,548**	**195,642**

6 (a) Receivables related parties

Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Loan receivables	47,402,797	24,891,477
Non-current receivables from related parties	**47,402,797**	**24,891,477**
Loan receivables	19,328,495	17,478,051
Accrued interest receivables	2,935,935	992,663
Other receivables	79,595	261,866
Current receivables from related parties	**22,344,025**	**18,732,580**
Total receivables from related parties	**69,746,822**	**43,624,057**

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

	31.12.2020	**31.12.2019**
Opening balance	42,369,528	17,432,888
Loans granted	40,363,073	99,740,578
Loans repaid	(17,277,360)	(75,839,063)
Revaluation (FX difference)	1,276,051	1,035,125
Closing balance	**66,731,292**	**42,369,528**

All loans are provided to subsidiary companies of the group are unsecured. The loans are denominated in different currencies. The Company is dynamically reacting to the financing needs of the subsidiaries and reallocates loan as necessary on a continuous basis. Since the Company is a holding entity, Management believes that its operating activities include acting as a financial intermediator for its subsidiaries, cash flows related to these related party loan receivables are presented within cash flows from operating activities.

The table below presents the conditions of the most significant related party loan agreements:

As at 31.12.2020

Loan currency	**Balance in thHUF**	**Interest rate**
HUF	5,869,122	6.08%
HUF	17,172,707	BUBOR 3M + margin
EUR	8,896,481	5.89%
EUR	13,459,374	5.30%
PLN	19,357,993	7.15%
GBP	1,975,615	6.76%

The maturity of the outstanding related party loans is mainly 31 December 2024, from which thHUF 19,328,496 is repayable on demand. The expiration date of the GBP loan is 7 November 2016 and the maturity of the loan in the amount of thHUF 17,172,707 is 27 July 2030.

As at 31.12.2019

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

Based on the nature of the relationship, the Company has the following related party balances at each balance sheet date:

As at 31.12.2020

Nature of relationship	**Partner**	**Balance in thHUF**
Loan receivable	Subsidiary	66,731,292

As at 31.12.2019

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

6 (b) Liabilities to related parties

Liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Loans and borrowings	2,800,002	1,166,083
Trade payables	110,195	0
Accrued expenses payable	59,378	38.848
Total Liabilities to related parties	**2,969,575**	**1,204,931**

The loans and borrowings are obtained from subsidiaries in the group and are unsecured. Since the Company is a holding entity, Management believes that its operating activities include acting as a financial intermediator for its subsidiaries, cash flows related to these related party loan liabilities are presented within cash flows from operating activities.

The following table shows the conditions of the borrowings:

Loan currency	**Balance in thHUF**	**Interest rate**
PLN	279,662	WIBOR + margin
EUR	2,520,339	Interest free

As at 31.12.2019

Loan currency	**Balance in thHUF**	**Interest rate**
PLN	1 125 055	WIBOR + margin
HUF	30 000	Interest free
EUR	11 028	Interest free

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

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
Opening balance	**1,166,083**	**3,529,192**
Loans granted	19,590,414	23,778,594
Loans repaid	(17,967,927)	(26 223 635)
Revaluation (FX difference)	11,432	81,932
Closing balance	**2,800,002**	**1,166,083**

6 (c) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
Cash at hand	109	109
Cash at banks	18,605,970	3,743,605
Discount treasury bill	7,476,572	2,299,968
Bank deposit	4,500,000	10,000,000
Total cash and cash equivalents	**30,582,651**	**16,043,682**

The Company purchased discount treasury bills at year end. Treasury bills have an active and liquid market and short expiration.
The Company made bank deposit which had a maturity of one week.

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

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
EUR	5,555,942	21.792
PLN	64,423	171.383
HUF	24,960,087	15,850,507
GBP	2,199	0
Total cash and cash equivalents	**30,582,651**	**16,043,682**

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

In thousands of Hungarian Forints (HUF)	31.12.2020	31.12.2019
A	152,856	0
A-	11,809,924	3,557,169
AA	0	171,679
BBB+	0	14,757
BBB	14,112,091	2,299,968
BAA2	6,664	0
n/a	4,501,007	10 000 000
Cash at hand	109	109
Total cash and cash equivalents	**30,582,651**	**16,043,682**

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

6 (d) Other current assets

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Advance paid for acquisition of subsidiary	1,944,588	10,472,963
Other	6,312	3,552
Total short-term financial assets	**1,950,900**	**10,476,515**

Advance paid for acquisition of subsidiary is related to the Polnord acquisition in 2019 and in 2020. In 2019 the advance was paid to buy the majority of the shares. The Company has successfully accomplished the acquisition of new shares issued by Polnord in 2020 and increased its voting rights and shares to 92,92%. At the end of 2020 Cordia have made a tender offer for the remaining shares of Polnord.

6 (e) Bonds

In thousands of Hungarian Forints (HUF)	**2020**	**2019**
Opening balance	**44,490,028**	**0**
Fair value of proceeds from bonds issue	35,477,364	41,118,191
Adjustment to fair value at issuance	4,508,666	2,881,809
Issuance costs	(122,965)	(166,570)
Premium on issuance	1,573,805	402,643
Interest Accrued	2,098,014	253,955
Interest paid	(1,762,424)	0
Closing balance	**86,262,488**	**44,490,028**

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.

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

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

Bond terms and conditions:

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.

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.

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**
Bonds (non-current)	85,925,646	44,421,137
Bonds (current)	336,842	68,891
Issuer Debt	**86,262,488**	**44,490,028**
Cash and Cash Equivalents	30,582,651	16,043,682
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.

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	86,262,488	44,490,028
Total bonds	**86,262,488**	**44,490,028**

6 (f) Loan receivables

The Company provided a short-term interest free loan facility to Pedrano Construction Kft. and Pedrano Homes Kft. who are the general contractors in numerous Hungarian projects and are considered strategic partners. The provided amount cannot exceed the consolidated liability of the Group to Pedrano therefor it is considered fully recoverable and so the Group did not account any impairment. The loan is constantly repaid by the borrower as the liabilities of the subsidiaries are settled. The provided loan facilities are on demand with 15 days notice and interest free.

In thousands of Hungarian Forints (HUF)	**2020**	**2019**
Opening balance	**342,963**	**0**
Loans granted	8,092,734	1,300,000
Loans repaid	(3,205,697)	(1,000,000)
Revaluation (FX difference)	0	42,963
Closing balance	**5,230,000**	**342,963**

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
HUF	5,230,000	342,963
Total loan receivables	**5,230,000**	**342,963**

6 (g) Other short-term financial assets

In thousands of Hungarian Forints (HUF)	**31.12.2020**	**31.12.2019**
Discount treasury bill	5,984,634	0
Securities - bond	2,877,907	0
Total other short-term financial assets	**8,862,541**	**0**

The Company purchased discount treasury bill with the maturity of 25.08.2021. The face value of the treasury bill is 6,000,000 thHUF.

In September, the Company acquired series P bonds from its related party Polnord SA. The face value of the bonds is PLN 36.75 mln. The bond has the following conditions. The bond was redeemed in March 2021.

Seria	**Nominal value**	**Coupon**	**Issuance Date**	**Maturity Date**	**Coupon Payment Date**
Series P	36,750 PLN	Wibor 3m + margin	07.03.2018	07.03.2021	quarterly

7. Significant acquisition

Polnord S.A:

The Company has successfully accomplished the acquisition of new shares issued by Polnord Spółka Akcyjna (a public listed company, well established and focused on the residential projects in Poland). Based on the share-purchase agreement executed in December 2019, the Company purchased 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) newly issued T-Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights (following the capital increase). The purchase price was PLN 2.12 per 1 share.
On February 10th 2020 as a result of the registration of the share capital increase Cordia International Zrt. has completed the acquisition of 63,668,800 (sixty three million six hundred sixty eight thousand eight hundred) T-Series Shares representing 65.27% of the POLNORD's share capital and 65.27% of total voting rights. Cordia purchased 373,309 number of shares of POLNORD from the market which represents 0.39% of total shares by which reached a 65,66% ownership.

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

At the beginning of December Cordia has made a tender offer for the remaining shares of Polnord. Please see details in Note 19 under subsequent events.

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	24,043,835
Consideration paid	10,560,242
Bargain Gain on Polnord as associate	**13,483,594**

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**

From the above-mentioned bargain gains thHUF 15,897,288 appears on 'Share of net profit of investments accounted for using the equity method' PnL line and thHUF 97,586 loss is presented as 'Exchange differences on translating foreign operations'.

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.

8. Investments in subsidiaries

Subsidiaries are all entities over which the Company has direct or indirect control. The Company controls directly or indirectly an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are recognized at cost and they subsequently measured by using the equity method in line with IAS 28. Assets that qualify as impaired are measured at their impaired value, any impairment is recorded in the income statement.

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

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

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

If Cordia International's share of losses of a subsidiary, associate or joint venture equals or exceeds its interest in the subsidiary, associate or joint venture, Cordia International's discontinues recognising its share of further losses. The interest in a subsidiary, associate or joint venture is the carrying amount of the investment in the subsidiary, associate or joint venture under the equity method together with any long-term interests that, in substance, form part of Cordia International's net investment in the subsidiary, associate or joint venture. After Cordia International's interest is reduced to zero, a liability is recognised only to the extent that the Cordia International has incurred legal or constructive obligations or made payments on behalf of the subsidiary or associate. If the subsidiary, associate or joint venture subsequently reports profits, Cordia International recognises its share of those profits only after its share of the profits equals the share of losses not recognized.
An associate, subsidiary or joint venture might pay a dividend that is greater than the carrying amount of the investment in the Company's books. The carrying amount is reduced to nil, but it does not become negative. If the Company has no legal or constructive obligations to make payments on behalf of the associate, subsidiary or the joint venture, a gain is recognised in profit or loss for the remaining dividend. This gain is recorded as other investment income in the statement of total comprehensive income. Cordia International Zrt.'s accounting policy is to recognize any subsequent share of the profit/loss of the subsidiary through the statements of total comprehensive income. This means that the amount recorded as other investment income does not have an impact on the share of profit/loss recognized for the subsidiary by the Company in subsequent periods.

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

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

In thousands of Hungarian Forints (HUF)

As at 31.12.2019	**28,215,560**
New purchases (cash paid)	26,227,732
New purchases (use of advance payment)*	10,472,932
Foreign currency gain on redemption**	2,227,400
Redemption**	(25,363,800)
Share of net profit of investments accounted for using the equity method	17,868,315
Fair value change of instruments measured at fair value through profit and loss	7,535,390
Dividend	(964,053)
Revaluation difference	335,303
As at 31.12.2020	**66,554,779**

*Advance was paid at the end of 2019 for the acquisition of Polnord, please see Note 7.
**In 2019 the shares issued by Cordia Lands Investment Limited to the Company were redeemable anytime against payment by Cordia Lands Investment Limited payable from the profit, profit reserves, and share premium account. The shares purchased by Cordia International Zrt. resulted in an increase of THUF 22 643 462 in investment in subsidiaries last year. Based on the above, the Company considered this investment to be debt instrument. These shares were redeemed in 2020.

In thousands of Hungarian Forints (HUF)	
As at 31.12.2018	**1,728,296**
New purchases	3,707,736
Share of net profit of investments accounted for using the equity method	1,557,035
Dividend	(1,922,205)
Other	8,298
As at 31.12.2019	**5,079,160**
New purchase of redeemable shares	22,643,462
Revaluation difference on redeemable shares	492,938
Total investments at 31.12.2019	**28,215,560**

The following amounts are recognised in profit or loss due to change in investments accounted for equity method.

For the year ended 31 December *In thousands of Hungarian Forints (HUF)*	**2020**	**2019**
Bargain Gain on Polnord acquisition	15,897,288	0
Share of profit of investments accounted for equity method	1,971,027	1,557,035
Total share of net profit of investments accounted for equity method	**17,868,315**	**1,557,035**

9. Equity

9 (a) Share capital

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

As of 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 below as 'Reclass due to legal changes'.

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

(i) Movement in ordinary shares

In thousands of Hungarian Forints (HUF)	**Number of shares (thousand)**	**Par value**	**Share premium**	**Total**
Closing balance 31.12.2019	**32**	**9,897,492**	**8,690,521**	**18,588,013**
Proceeds from capital increase	7.43	7,431,040	4,570,090	12,001,130
Reclass due to legal changes	0	685.228	200.997	886.225
Closing balance 31.12.2020	**39.43**	**18,013,760**	**13,461,608**	**31,475,368**

		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%**

10. Other investment income

There were no other investment income in 2020.

Investment income in 2019

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

In 2019, the Company received a total dividend of THUF 25 621 959 from its subsidiaries. From this amount, THUF 1 922 205 was recorded as a decrease of the investment in subsidiaries balance.

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

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

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

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

The Company increased the equity of Cordia Lands Investment Ltd. in May 2019 after the decision on the dividend. This instrument is described in more details in Note 8.

11. Interest income and expense

In thousands of Hungarian Forints (HUF)	2020	2019
Interest income	1,958,263	1,023,919
Interest expense	1,974,348	315,603

Please refer to Note 6 (a) about loans granted to related parties, which generates most of the interest income. Interest expense is recognized mainly for the bond. Please also refer to Note 6 (e).

12. Foreign exchange gain/(loss)

In thousands of Hungarian Forints (THUF)	2020	2019
Foreign exchange gain	1,669,488	1,228,106
Foreign exchange loss	264,165	333,584
Foreign exchange - net	**1,405,323**	**894,522**

During 2020 the company incurred a net foreign exchange gain of THUF 1,390,581. This is a significant increase compared to last year. The increase is due to the fact that the HUF weakened significantly compared to the EUR and the PLN during 2020. Since the Company has significantly more EUR and PLN denominated asset, than liabilities, weak HUF caused a significant foreign exchange gain as at 31 December 2020. HUF/EUR and HUF/PLN exchange rates have changed significantly in 2020, this caused a significantly higher net foreign exchange gain than in the comparative period.

13. Fair value change of instruments measured at fair value through profit and loss

Amounts recognised in profit or loss

For the period ended 31 December

In thousands of Hungarian Forints (THUF)	2020	2019
Fair value change of instruments measured at fair value through profit and loss	7,535,390	0
Financial gain recognised on redemption of debt instruments	1,893,500	0
Fair value change of instruments measured at fair value through profit and loss	**9,428,890**	**0**

14. Related parties

All transactions with related parties are in relation to loans provided and received. The loans and conditions are set out in Note 6 above. No other transactions with related parties occurred. For a list of direct subsidiaries reference is made to Note 2.

In 2019 part of the loans issued to/from related parties bear no interest. In 2020 there was only one loan received with no interest at the end of the year. If these loans were entered into at 1% rates the interest paid/received would have been higher as follows:

Year ended 31 December **Interest**	2020	2019
Interest paid	198	39 834
Interest received	0	87 679

Cordia International purchased bonds from its subsidiary, Polnord SA. Please see the details in Note 6 (g).

Transactions with key management personnel

There was no transaction with key management personnel. Key management services are provided by a subsidiary (Cordia Management Kft.). Key management services provided on behalf of the Company are not separated from group level management services.

Key Management Board personnel compensation

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

15. Fair value estimation of financial assets and liabilities

The investments in funds are accounted as debt investments. The Company measures its direct investments in funds at fair value through profit and loss based on IFRS 9. The fair value is determined based on independent valuation report prepared by Fund Partner Solutions. Please see amounts recognized in profit and loss related to the financial assets measured at fair value through profit and loss at Note 13.

There is no other financial asset that is measured at fair value through profit or loss in the financial statements. The remaining financial assets and liabilities are measured at amortized cost.

The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as mostly they are related party short-term loans where the time value of money is not material. For explanation about liabilities related to the bond, please refer to Note 6 (e).

16. Financial risk management, objectives and policies

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Company financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks. Being a holding, financial risks related to the Company are limited.

A. Market risk

(i) Foreign exchange risk

The Company is impacted by the following risks related to foreign exchange rates:

- The Company has significant investment in foreign subsidiaries. A significant deterioration of the relevant foreign currencies could have an impact on the impairment to be recorded on investment in subsidiaries. Company has not identified any impairment indicator and Management sees the risk of EUR and PLN significantly weakening against HUF to be remote. Based on this, this risk is considered to be not significant.

- Foreign currency denominated assets and liabilities. Most of the assets denominated in foreign currency are from related party loan and receivables. Most of the liabilities denominated in HUF are from bond. Since the Company is managing fx risk on a group level, related risk is not addressed. Besides loans, the only significant foreign currency denominated items are the cash balances. Management sees the risk of EUR and PLN significantly weakening against HUF to be remote. Based on this, this risk is considered to be not significant.

(ii) Price risk
The Company has no significant exposure to price risk as it does not hold any equity securities or commodities.

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

B. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks and related party loan receivables. Credit risk is not material in case of cash, since it is held at major international banks. Loans are only granted for companies under common control. Based on this, credit is considered to be minimal for the Company. For concentration of credit risk please refer to Note 5 (a).

C. Liquidity risk

The cash flow forecast is based on the dividend and interest payments, because there are no other material transaction within the Company. The forecasts are summarized by the Company's finance department. These forecasts take into consideration the Company's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

The Company also minimizes its credit risks by holding its funds in financial institutions with high credit ratings. Please refer to Note 6 for detailed information about credit ratings.

All the liabilities of the Company are classified as short-term and payable within one year. Liquidity needs of the Company can be flexibly financed through on-demand related party loan receivables and liabilities.

Since the Company is a holding entity, there are no significant commitments for future periods.

				As at 31 December 2020
In thousands of Hungarian Forints (HUF)	**Repayable on-demand**	**Less than 1 year**	**1-4 years**	**More than 5 years**
Related party liabilities	0	2,689,913	279,662	0
Trade and other payables	0	28,485	0	0
Bonds	0	2,960,000	23,401,218	76,737,588
Total	**0**	**5,678,398**	**23,680,880**	**76,737,588**

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

17. Commitments

Capital commitment

The company entered into a subscription agreement with Cordia Real Estate Funds Luxembourg SICAV-RAIF, an investment company, a direct full subsidiary of the Company. The Company as the subscriber will be required to subscribe for shares issued by the fund at such times and in such tranches as the Fund may determine.
The total sub-fund commitment was HUF 75,000,000,000 and the remaining commitment is HUF 57,677,293,352 at reporting date. This is considered as an off-balance sheet item.

18. Segment report

The Company is in the scope of IFRS 8.

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

The Board of Directors is the Company's chief operating decision maker body. The Board of Directors does not consider the business based on the Company's separate financial statements, but they assess it on a project basis. There are no separately reportable segments the Company's separate IFRS financial statements.

The Board of Directors monitors the ratios set out by the bond terms. Please refer to Note 6 (e) for detailed explanation.

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

Consolidated segment information

Revenue

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

For the period ended 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)	**6,433,246**

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 are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represents the revaluation difference calculated based on local GAAP for these entities as of 30 June 2020. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.

Liabilities as of 31.12.2020

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	4,053,078	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	0
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	5,057,815	14,309	0	0
Income tax liabilities	42,068	136,224	0	1,369	747
Other short-term liabilities	0	194,697	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	0	0
Long-term VAT receivables	1,526,564		0	0	0
Other long-term assets	587,386	25,650	0	0	0
Total non-current assets	**6,629,929**	**685,425**	**62,850**	**0**	**4**
Current assets					
Inventory	65,705,316	25,728,274	5,248,207	6,272,504	0
Trade and other receivables	192,935	49,652	80,983	5,376	0
Short-term receivables from related parties	653,137	192,912	0	0	0
Other short-term assets	271,849	10,698,780	498,121	0	0
Income tax receivable	27,594	4,412	1,225	25,179	0
Other tax receivables	813,136	2,466,421	452,455	50,697	0
Loan receivables	342,963	0	0	0	0
Restricted cash	1,259,556	1719373	83,361	0	0
Other financial assets	277,833	0	0	0	0
Cash and cash equivalents	47,992,442	2,642,697	140,616	294,437	0
Total current assets	**117,536,761**	**43,502,521**	**6,504,968**	**6,648,193**	**0**
Total assets	**124,166,690**	**44,187,946**	**6,567,818**	**6,648,193**	**4**
Fair value difference on inventories*	13,647,348				
Adjusted total assets	**137,814,038**	**44,187,946**	**6,567,818**	**6,648,193**	**4**

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

Liabilities as of 31.12.2019

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Spain	Other
Non-current liabilities					
Loans and borrowings	11,920,925	2,187,101	0	0	0
Bonds	44,421,137	0	0	0	0
Long-term liabilities to related parties	0	0	0	0	0
Deferred tax liabilities	0	4,875	0	0	0
Customer advances	27,714,505	1,019,321	675,464	0	0
Lease liabilities	288,875	329,049	14,714	0	0
Amount withheld for guarantees	2,307,562	86,092	0	0	0
Other long-term liabilities	51,451	37,747	107,323	0	0
Total non-current liabilities	**86,704,455**	**3,664,185**	**797,501**	**0**	**0**
Current liabilities					
Trade and other payables	7,334,470	2,192,236	610,147	104,019	74,053
Bonds	68,892	0	0	0	0
Short-term liabilities to related parties	331,156	155,509	0	0	56,030
Loans and borrowings	11,504,562	0	0	2,326	0
Customer advances	10,879,330	825,778	0	0	0
Other tax liabilities	2,360,883	131,865	8,131	56	0
Income tax liabilities	46,724	43,062	0	0	7,565
Other provision	92,215	0	9,936	0	0
Lease liability	142,009	2,177,547	9,163	0	0
Total current liabilities	**32,760,241**	**5,525,997**	**637,377**	**106,401**	**137,648**
Total liabilities	**119,190,182**	**9,188,978**	**1,434,878**	**106,401**	**137,648**

19. Other information

COVID-19:

The Company is a holding entity, therefore the COVID-19 had no direct impact on the operation.

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.

20. 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.

Argo

During the financial year European Residential Investment Vagyonkezelő Kft. a wholly owned subsidiary of the Company entered into a share sale and purchase agreement as Buyer for ARGO Properties N.V. ("ARGO"). Argo is a Dutch company operating in Germany. Through its wholly owned subsidiary the Company had a 18% interest in Argo at 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 27argo0m. 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. a wholly owned subsidiary of Cordia Iberia Holding S.L. 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 Holdco Fuengirola, S.L. become the sole owner of the Spanish subsidiary owing the project at Costa del Sol, Fuengirola, Spain.

Cheapside

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.

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 (formerly ESO Capital). 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 Real Estate Funds Luxembourg SICAV-RAIF.

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.

The Management Board

Péter Bódis
Elektronicznie podpisany przez Péter Bódis
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Tibor Földi	Péter Bódis	Pál Darida
Chief Executive Officer	Chief Financial Officer	

Budapest, 18th May 2021