**CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság**

(short name: CORDIA International Ingatlanfejlesztő Zrt.; registered seat: 1082 Budapest, Futó utca 47-53. VII. em.; tax number: 25558098-2-42; the "Company" or Cordia International Zrt)

The Company (together with its Hungarian, Polish, Romanian, Spanish and British subsidiaries"the Group" or "Cordia Group" hereby announces its management report ("**Management Report**") according to the separate and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for financial year of 2020.

The Management Report is an analysis accompanying the annual report that presents the main processes and factors that have affected, or will affect, the Company's and the Group's business performance, development and position during the period covered by the annual report.

**PREAMBLE - Financial year of 2020:**

2020 proved to be a challenging year and Cordia International ZRt's business model was put to the test. On one hand, the VAT increase on residential apartments in Hungary impacted the market negatively, on the other hand the global pandemic outbreak caused economic turmoil and uncertainty. As a holding company, Cordia could have been effected directly by these unfavourable developments through its subsidiaries, but the Group's diversified business model has proven to be rock solid, and we even managed to continue expanding the business further.

Due to the outbreak of the global pandemic, our priority was to protect the health of our clients and employees in our subsidiaries. The Group has coped well with this challenge, introducing a number of new procedures and guidelines consisting in minimizing direct contacts by providing employees with the possibility of remote work, online meetings and compliance with health and safety rules. Our sales offices remained open for remote sales, and construction work was progressing without major set-backs.

Regarding the business, Cordia International Zrt, as a typical holding company, has completed a number of significant investments as well as financing transaction.

These new corporate acquisitions focused mainly on launching Cordia's new business line of residential rentals in certain growing European cities. This has strong strategic fit, provides a permanent operating income, enjoys long term secular demand from tenants and offers Cordia Group downside protection. The rapidly changing customer attitudes (millennials) accelerate the demand for rentals and for professional management.

As a first step in establishing the new residential rental business line, in March 2020 Cordia International Zrt. has acquired a 20.6% stake in Argo Properties N.V. for 34,4m EUR, further boosting its stake by 3m EUR in the August capital increase (after which its stake was reduced to 18% due to dilution). This investment establishes the Group's presence in Germany, Europe's strongest resi-for-lease market. Argo's focus is on growing cities of Dresden, Leipzig and Magdeburg. Efficient scale, experienced local management and institutional co-investor partners provide hands-on risk mitigation for Cordia Group.

The international business was further expanded in August 2020 in the United Kingdom thanks to the acquisition of a local property developer in Birmingham, BlackSwan LTD and the establishment of Cordia's arm and local platform in the UK, Cordia BlackSwan. These new investments, beyond the residential-for-sale developments, will supply built-to-rent (BTR) projects and target to become a best-in-class BTR developer and operator in the region. The acquisition allows BlackSwan to deliver a GBP 550 million project pipeline across the West Midlands.

As an addition to Cordia's resi-for-rent business, in September 2020, the Group has acquired Finext Global 1 Real Estate Sub-fund for about 10m EUR. This portfolio of residential apartments in Budapest generates rental income and can also increase in value over the long term.

The Polish business was also expanded significantly in 2020 by the acquisition of Polnord SA, a publicly listed company on the Warsaw Stock Exchange with a significant land bank. Cordia first acquired a close to 66% stake mainly by purchasing newly issued shares in December 2019, and helped to recapitalise Polnord SA, that had significant liquidity problems at that time. After the registration of the newly issued shares in February 2020, Cordia launched two tender offers in February and December 2020, and a squeeze-out of minority shareholders in February 2021, bringing its stake to 100% in Polnord SA. On the back of this, Polnord SA has applied to the Polish Financial Authority for the de-listing of shares from the Warsaw Stock Exchange. This will allow Cordia Group to fully integrate Polnord SA into our operations

In the subsequent period the Group has expanded its investment portfolio in several transactions strengthening its BTR segment further.

Among others, Cordia invested further EUR 3 million in ARGO during its capital increase and IPO and retained a 15.9% stake in the company post-money.

Cordia Blackswan has acquired a 7,650m2 development site on Cheapside street, in the trendy neighbourhood of Digbeth in Birmingham on which project of 366 residential units planned to be built. Cordia 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 Group has also invested in "Real Asset Fund I" managed by Matter Real Estate (formerly ESO Capital). Our stake in the fund is ca. 10%. The fund finances 3 development entities in England and Ireland.

Besides of the above, Cordia has also entered into two co-investments along with Matter Real Estate. In the first transaction, the Company co-invested in the JV which owns 60% of St Arthur Homes (STAH), an English FPRP (For Profit Registered Provider), which is a housing association providing affordable homes and exclusively focused on the shared ownership tenure of affordable housing. In the second transaction Cordia has signed documents to co-invest into Auxesia, which is like STAH, an affordable housing provider, but 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 in the UK.

Due to these acquisitions the Group has significantly increased its diversification across geographies and business segments, and can gain valuable insight and experience on the business model and operations of such businesses on developed markets.

Together with expanding its business footprint, Cordia has executed significant financing transactions as well.

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

Beside of the capital increase, the Group has issued new bonds within the framework of the Hungarian National Bank's bond program. The first tranche of a new 10-year bond was place in July 2020 with a total nominal value of 36bn HUF, followed by a 4bn HUF tap issue of the same series in December 2020.

Summarizing it all, despite the significant challenges in 2020, the financial position of our company and the Group is stable, and our cash flow projections do not indicate any liquidity problems for the next 12 months. In the opinion of the Company's management, the going concern principle - assessing the specific facts, risks, plans of the Group - remains applicable to the preparation of the annual report for the year ended 31 December 2020.

## 1. Goals and strategy of the Company and the business environment of the Company

Cordia Group is currently active as a residential developer in Hungary, Poland, Romania (CEE), Spain and the UK. The Group's goal is to create value for clients by developing residential units that are not only convenient living-spaces but also represent good long-term investments. Beside of the traditional build-to-sale products, Cordia has also started to develop it's build-to-rent business line, focusing mainly on the German, UK and Hungarian market. As a third pillar of business, Cordia is also actively looking for minority investment opportunities in real estate companies with exceptional risk-return profile and specialised know-how.

Below is brief overview of core strategy's tree pillars: general strategy, land acquisition strategy, financing strategy.

### 1.1. General strategy

_Integrated, full-service operation, best-in-class team, efficiencies of scale_

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

_Cycle-conscious, geographic and operational diversification, value investor's approach to acquisitions_

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

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

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

_Strong financing position_

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

_Strong brand_

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

_Capital market access_

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

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

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

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

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

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

## 1.2. Land acquisition strategy

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

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

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

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

## 1.3. Financing strategy

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

## 2. Main resources and risks of the enterprise and the changes and uncertainties associated with them

### 2.1 Main resources

#### 2.1.1 Strong brand name

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

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

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

#### 2.1.2 Highly skilled management team

In its almost two decades of operation, Cordia Group's highly qualified real estate professionals (currently >200) and local management teams have accumulated extensive knowledge of local markets and demonstrated a proven ability to source strategic development sites, design attractive and innovative projects that meet the demands of the local market and obtain planning and building permissions expeditiously

#### 2.1.3 Attractive Land Bank

Cordia holds its land bank through its SPV's. Land bank represented in number of units, increased significantly from 5 200 units at the end of 2019 to over 13 000 units comparing to end of 2020. It was driven, among others, mainly by successful acquisition of POLNORD S.A in Poland, and acquisition of 360°/Marina City land complex. Both investments secured Cordia long term prospects for future developments for many years in Budapest and Warsaw. Continuing diversification strategy, by acquisition of BlackSwan, Cordia entered on very attractive Buld-to-Rent market in Birmingham, UK.

#### 2.1.4 Relations with contractors

Long term presence on residential development market, and strong Cordia brand recognition make that the Company and it's SPV's are perceived by contractors as very reliable partner. This relation benefits in high quality services delivered by them. It also helps for continuous improvement in our operational performance, in all aspects of the residential development process from land acquisition, project planning, and procurement, sales and marketing to benefiting from scale.

## 2.2 Risks and risk management

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

| RISK | RISK MITIGATIONT |
|---|---|
| **Cyclical residential market** | deepening and extending the diversification both geographically and operationally (resi-for-lease) |
| **Unable to acquire further land** | developing, maintaining and motivating the agency network, proactive search and mapping activity, searching for acquisition and other special opportunities |
| **Zoning risk** | limiting the share of lands without proper zoning, closing of land acquisitions conditioned on zoning |
| **Building permit risk** | selecting experienced and locally well reputed architects, concept always in line with the prevailing regulation, proper management of interest of the stakeholders (authorities, neighbours, city architects, media providers, etc.) |
| **Market risk** | • deep understanding of the markets with monthly competitor analysis of the projects, regular market research, other indicators having effect on the market<br>• active price and sales speed management<br>• proper and efficient marketing activities with active advertisement management |
| **Construction risk** | well prepared project with good quality of construction design, close monitoring of the subcontractor payments and performances under the General Contractor, strong performance/quality/contract management of the contractors, selecting contractors with proper references and in good financial status |
| **Bank financing risk** | full-cover financing for projects, non-recourse loans, limited number of construction starts without bank financing offer/agreement available; keeping enhanced cash reserves for freezing banking liquidity situations when and until necessary |
| **Operation risk** | well defined, proper processes and people management |
| **Warranty risk** | proper security/insurance from contractors, permanent monitoring of the warranty processes, active intervention |
| **Risks of supply chain shocks** | Establish and maintain multiple quality material supply sources with geographical diversification; selective and well-designed increase of raw material inventories |
| **COVID-19 (or other) pandemic** | regional health protection and social distancing measures including – among others – strict disinfection of headquarter's offices, home office work, providing equipment for remote work, allocate funds for safe travel if travel is inevitable, disinfection gels, masks, gloves are provided to the on-site personnel, restrictive measures relating to on-site meetings. |

### 3. Business environment of the Company, results and outlook in the annual reporting period

Cordia International ZRt. is a typical holding company that invests in subsidiaries, and provides financing services for them. The business environment is affecting the holding company through the value of its subsidiaries, which are currently active on the residential real estate markets of Hungary, Poland, Romania (CEE), Spain and the UK. Cordia's strategy is to develop – through the subsidiaries - residential projects in the well urbanised areas with strong structural demand within this countries. For that the most important areas are Budapest, Warsaw, Tri-City, Cracow, Poznan, Bucharest, Marbella region and Birmingham

*3.1 For-sale-residential market overview : Budapest*

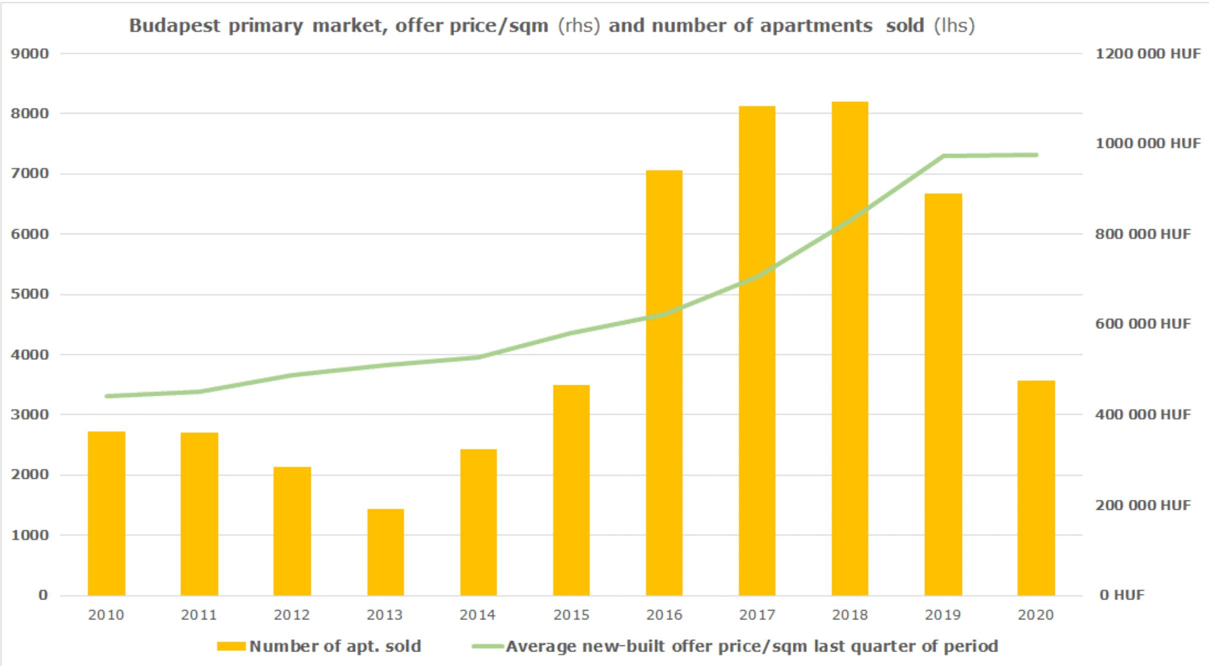
In last year new-built residential real estate market was impacted, among others, by two major factors, VAT changes and COVID-19. Both influenced negatively number of transactions, mostly by reduced supply in new projects and weaker demand. The impact of this two major factors on the pricing is however more complex.

For the most of the year negative trend in new-launched projects continued and reached its bottom in 3Q2020, where only approximately 244 flats in new projects has been started in Budapest. That was 83% lower than in 3Q2019. However the situation improved dramatically in 4Q of 2020, after government announced the return to reduced VAT rates starting form 1 January of 2021. As a result a number of flats launched in new projects reached 1 650 units in last quarter of 2020, and increased by 14% comparing to 4Q of 2019, returning to pre-COVID levels. The positive trend continued in 1Q2021.

Expectations on VAT reduction increased also demand and improved amount of transactions in 4Q 2020. Although total number for full year of 3 558 transactions , was lower by 46 % compared to the 2019, in last quarter of 2020 the decline was "only" 33% comparing to the same period in 2019. The positive trend in demand continued in 1Q2021 fuelled by returning confidence of buyers. We estimate that 1780 was sold in 1Q2021 by residential developers in Budapest. It was 67% higher than in 4Q2020, 90% higher than in 1Q2020 and even 2% higher than in 1Q of 2019. Again it looks like that the market returned to its pre-COVID levels.

Shrinking supply during 2020 supported prices, despite weaker demand. At the end of 2020 new-built apartments, average offer prices/sqm remained at the same level comparing to 4Q2019 in Budapest reaching 975 000 HUF/sqm. The prices recovered after slight decline in 1Q2020, caused by the first lock-down. It is worth to mention that due to changes in a VAT schedule, we believe that the mix of dwelling offered in 2020 is incomparable to the mix offered at the end of 2019.

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




*Source: Cordia Group*

The domestic housing credit-to-GDP and loan penetration can be still considered low comparing to other countries in EU. According to NBH, the recently extended Home Purchase Subsidy Scheme for Families (*Családi Otthonteremtési Kedvezmény*) continued to support demand for housing loans.

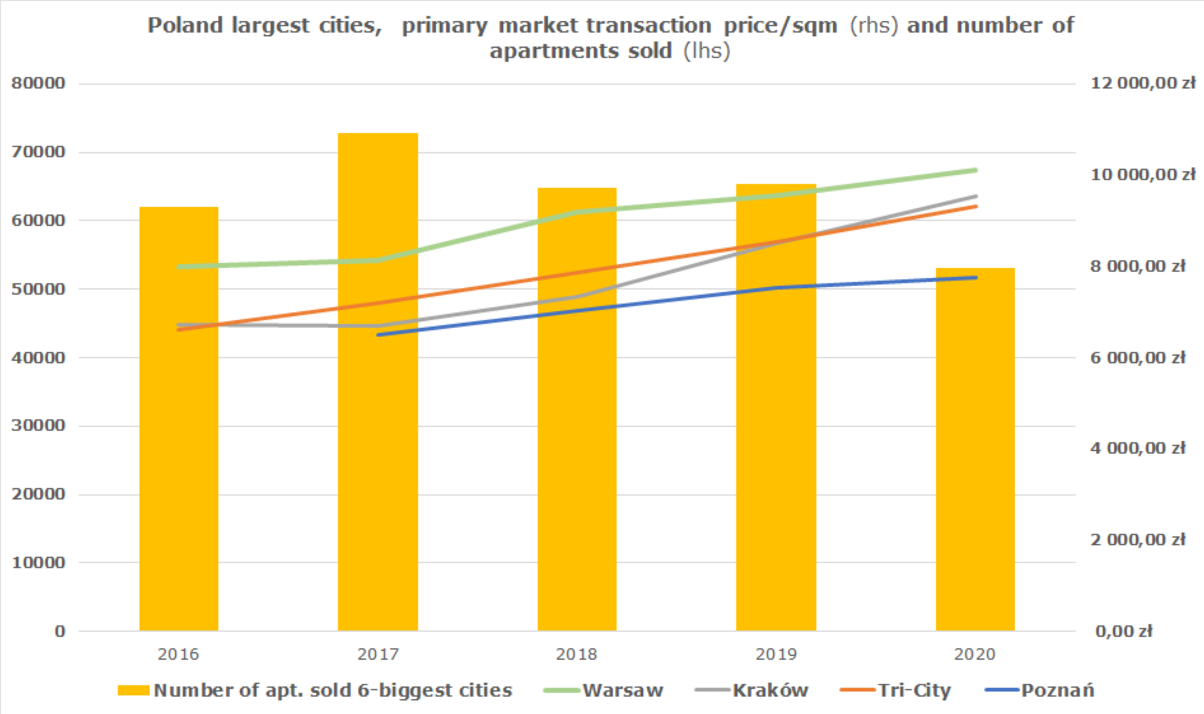
The number of households is increasing, mostly in the capital city. Budapest is attracting population in hope of finding jobs, resulting in mass movement from the country to the capital.

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

A decrease on both the demand and supply sides of residential market was observed in March and April, however signs of returning interests can be detected by increasing registration numbers in mid/late May 2020. Additionally, changes in VAT schedule and expectation for recent vaccination program increased confidence of buyers in 4Q2020. Positive trend continued in 1Q2021

*3.2 For-sale-residential market overview - Poland: Warsaw, Cracow, Tri-City*

In 2020 average new-home transaction prices rose by 7,5 % per square meter in biggest cities in Poland. The higher increase Cracow (+12%), the lowest increase was in Poznan (+3%). The biggest, Warsaw market had 6% average increase. Chart below represents major price and volumes trends at the end of year, on the largest residential markets in Poland.




*Source: JLL*

The rise of the prices was driven by strong first/larger apartment demand, supply shortages, and higher construction costs. It was also fuelled by investment demand due to attractive rental yields comparing to banks deposit offer, especially in 2nd half of 2020 after National Bank of Poland cut interest rates to 0,1% in May 2020.

The 2020 year, turned out to be very good period for residential developers taking into account COVID-19 pandemic. With total, over 53,000 apartments sold on the six largest markets, it was only 19% down vs. 2019. Taking in to account price increases the total market value had minor single digit decline.

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

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

a) The weaker results of the new supply

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

b) Mood changes of consumers

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

*3.3 For-sale-residential market overview - Romania: Bucharest*

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

In 1Q-3Q 2020 in Bucharest, total number of real estate transactions (land, apartments, houses) concluded was 70 552, that was 6% higher comparing to 1Q-3Q of 2019. After 20% decline in 2Q 2020 due to pandemic restrictions, in 3Q 2020 activity on the market returned to its pre-COVID level of around 25 000 transactions per quarter. It remained robust in 4Q2020 as well.


*Source: Cordia Group, Analizelmobiliare.ro*

In Bucharest, in Q3 2020 the average asking price (old and new apartments) was at EUR 1 440/sqm, up 3,5% comparing with Q4 2019. In 4Q2020, prices expanded further and increased to 1 465 EUR/sqm. Price development and number of transactions in Romanian capital in recent years is represented on the chart. The most important observation is that despite of COVID – 19, demand was still robust, with stable prices.

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

The shortage of available properties for sale existed before the COVID crisis broke out. This deficit might to increase further, so it is important that developers of residential projects and lending banks continue to invest in new construction. Demand returned in the 2H of 2020, buyers and investors of residential properties started to buy new-projects flats on earlier stages of development, comparing to 1H of 2020.

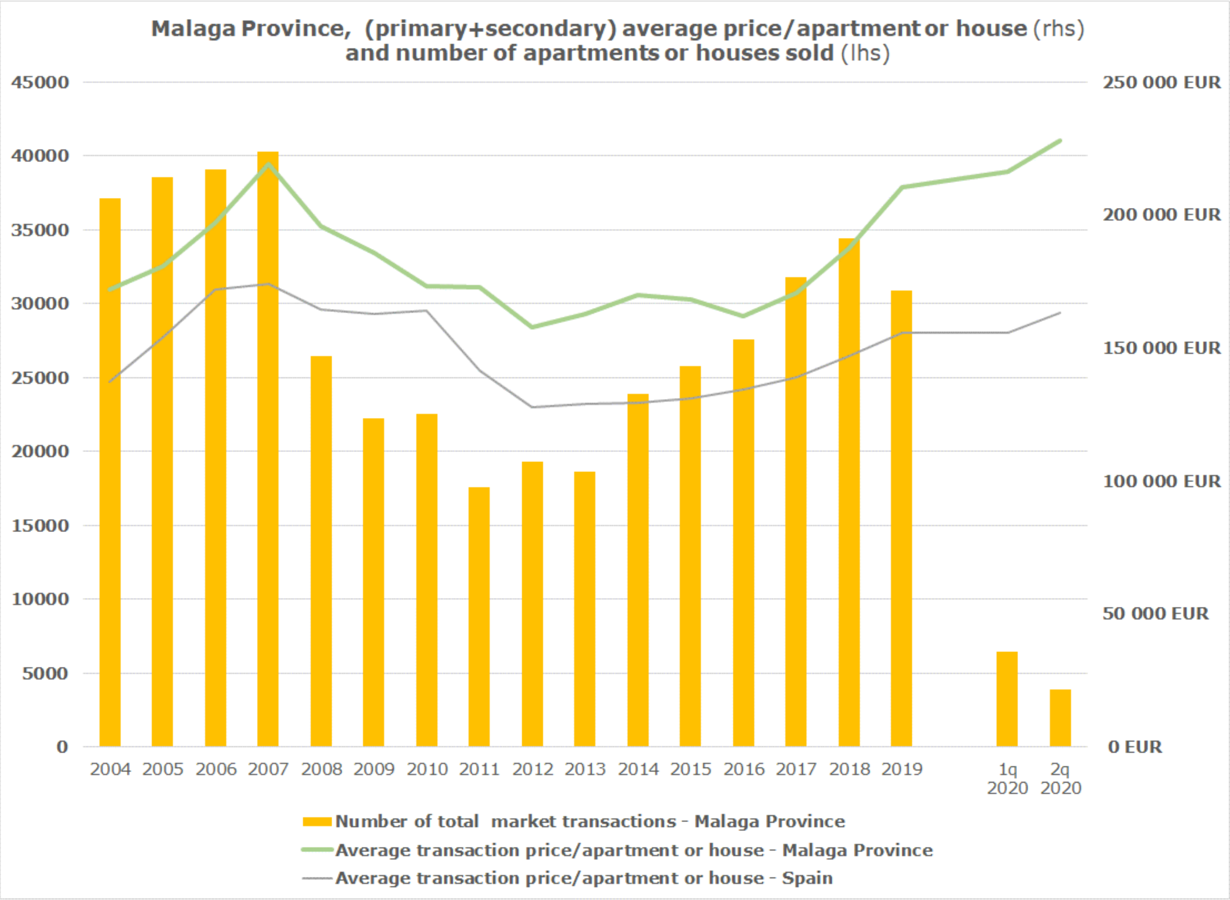
*3.4 For-sale-residential market overview - Spain*

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

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

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

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




*Source: INE, Cordia Group*

In 2Q2020 in Malaga Province number of transactions and value of them decreased by -40% and -36%, respectively comparing to 1Q2020. The average price for apartment/house was up 5,5%. However comparing to 4Q 2019 average where up by 8,4% (number of transactions decreased by 53%). Residential market has been in hibernation since mid-March 2020 after introducing state of emergency in Spain. It is estimated, that sales activity decreased by 90% in last 2 weeks of the quarter. 2H of 2020 showed moderate improvement in transaction number in Spain, driven by slightly increasing interest of foreign buyers.

*3.5 Birmingham / West Midlands region*

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

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

PRS (Private Rental Sector) investments:

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

*3.6 Build-to-rent market overview - United Kingdom*

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

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

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

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

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

**4. Quantitative and qualitative indicators and indicators of performance measurement**

The Company is a holding entity which is providing financing to its subsidiaries. The Company has currently no significant assets other than the equity interests and loans given to its Subsidiaries. In the balance sheet of the IFRS separate financial statements the investments in equity shares are measured using the equity method in line with IAS 28. The Company also holds puttable financial instruments in its subsidiary investment fund. Such instruments are outside of the scope of IAS28 therefore it is measured at Fair Value through Profit and Loss based on IFRS 9. As a holding entity its operational performance can be measures through its successful expansions, acquisitions projects and increase in its total equity and investments value.

Total equity encapsulates the Company’s and the Group’s financial position which are considered to be stable. Based on the cash-flow plans the management has not identified any issue in the forthcoming periods.

The Company and the Group financial reports are prepared on going concern basis. Neither the Group nor the Company has detected any impairment triggering events regarding its assets and investments.

Selected Key Performance Indicators of the Group:

| | **2020 YE** | **2019 YE** |
|---|---:|---:|
| Consolidated Total Asset Growth (%) | 65% | 93% |
| Consolidated Total Equity Growth (%) | 103% | 100% |
| Consolidated Leverage Ratio (%) | 38,11% | 21,10% |
| Issuer Net Debt to Equity Ratio (x) | 0,59 | 0,54 |

**CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság**

Tibor Földi, Chairman of the Board