CORDIA INTERNATIONAL ZRT.

SEMI-ANNUAL REPORT

CORDIA INTERNATIONAL ZRT. & CORDIA GROUP
FOR THE PERIOD ENDED **30 JUNE 2022**

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SEMI-ANNUAL REPORT

This semi-annual report ("**Semi-Annual Report**") has been drawn up by **CORDIA International Ingatlanfejlesztő Zártkörűen Működő Részvénytársaság** (registered seat: 1082 Budapest, Futó utca 43-45. II. em.; tax identification number: 25558098-2-42; company registration number: 01-10-048844; registered by the Company Court of Budapest-Capital Tribunal; "**Company**") with a view to providing the public with an overview of the Company's and its subsidiaries' ("**Group**") performance and situation.

This Semi-Annual Report is based on the Company's reviewed (but not audited) by auditor condensed interim separate and consolidated financial information prepared in accordance with the International Financial Reporting Standards ("**IFRS**") for the period January 1, 2022 – June 30, 2022 ("**Reported Period**").

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

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1. MANAGEMENT REPORT

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

1.1.1. Major events

In the first half of 2022 the global political and business environment deteriorated significantly and raised several challenges for the real estate market as well. Slowing economic growth, increasing inflation, raising global and local interest rates, growing financing costs together with the uncertainty stemming from the Russo-Ukrainian war negatively affected customers' confidence and made customers postpone their decisions to purchase real estate. Primarily interest from credit buyers declined, whereas cash buyers remained active as they see real estate as a way of saving money and protecting it from higher inflation. In Poland demand started to notably deteriorate already from the beginning of the year, whereas in Hungary it was holding up relatively well until the end of the first half. The Romanian market still remained robust despite all these headwinds. Worth to mention, that all these markets were in a certain state of overheating previously, and the decline in demand just led to a more balanced market in terms of supply and demand. Particularly, that supply of residential units was also reduced by real estate developers, as difficulties in permitting, increasing construction and financing costs, and lack of labor made the launch of new projects very difficult. Overall, sales volumes declined substantially, but due to a parallel decline in the supply of new residential units the market eased from very tight conditions into a more balanced state. This was however positively supporting prices across the region, which kept increasing dynamically in the first half of 2022 showing some signs of stabilization going into the second half.

As opposed to the above, the situation in Spain was very different. In the Costa del Sol region, where the Groups' projects are located, the demand for real estate remained strong supported by foreign interest and good macroeconomic performance.

On a positive note also worth mentioning, that despite challenges on the primary market, residential rents increased substantially in the first half of 2022 across the Group's markets, which underpin the positive long-term fundamentals of this segment.

In this volatile and challenging environment, the Group achieved decent operational and financial results. The diversification strategy was continuing with the successful launch of our first project in Poznań (Modena) and the start of construction phase in our first Build-to-Rent project in Birmingham (Lampworks). Furthermore, the Group completed the construction of three projects (two in Hungary and one in Poland), including the very prestigious Grand Corvin 2 building on Corvin Promenade in Budapest. On top of that, the Group made significant progress in preparing the two flagship projects: Marina City in Budapest and Miasteczko Wilanów 2 in Warsaw.

In terms of financial performance, the first half of 2022 was decent. Despite slower than a year ago deliveries that totaled to 705 units (including units in joint ventures) and revenues of HUF 38.5 bn, Corida managed to improve operating profit by 3.7% to HUF 8.6 bn. These figures were the result of higher margins on projects that were delivered to the customers in the first six months of 2022. Net profit increased to HUF 14.3 bn which is 89% higher than in the first half of 2021. The reason for that, apart from operating performance, was net currency gain generated by depreciation of HUF and decent performance of joint ventures as well as associated companies where part of our projects are managed.

The achieved results had a positive impact on the Group's operating cash flow reaching HUF 8.4 bn in the reported period. The Group's solid balance sheet structure improved further and the debt ratios shrank, compared both to the end of 2021 and to the level a year ago. The Group maintained its stable Cash position of HUF 52.4 bn at consolidated level.

1.1.2. Group level

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

For the period ended June 30, 2022			
In thousands of Hungarian Forints (THUF)	**2022H1**	**2021H1**	**% change**
Revenue	**38,487,045**	**50,125,464**	**(23.2%)**
Cost of sales	**(25,772,382)**	**(37,420,068)**	**(31.1%)**
Gross profit	**12,714,663**	**12,705,396**	**0.1%**
% margin	*33.0%*	*25.3%*	
Selling and marketing expenses	(2,067,787)	(1,966,569)	5,1%
Administrative expenses	(2,925,482)	(2,434,620)	20.2%
Net gain/loss from fair valuation of investment and development properties	1,297,391	326,560	297.9%
Operating profit	**8,595,678**	**8,289,328**	**3.7%**
% margin	*22.3%*	*16.5%*	
Net finance income/(expense)	4,126,441	(3,487,900)	n/a
Share of profit/(loss) in associate and joint venture	2,134,479	3,292,981	(35.2%)
Profit before taxation	**14,856,598**	**8,094,409**	**83.5%**
Profit for the period	**14,305,380**	**7,573,319**	**88.9%**
% margin	*37.2%*	*15.1%*	
Total comprehensive income for the period, net of tax	**16,405,939**	**6,742,488**	**143.1%**

1.1.2.2. *Selected data from the Condensed Interim Consolidated Statement of Financial Position*

In thousands of Hungarian Forints (THUF)	**June 30, 2022**	**December 31, 2021**	**% change**
Assets, including:	**287,845,747**	**281,275,892**	**2.3%**
Non-current assets	**49,333,988**	**61,331,028**	**(19.6%)**
Investment properties	11,560,063	25,616,165	(54.9%)
Investments accounted for using equity method	25,464,817	23,088,434	10.3%
Long-term receivables from third parties	6,453,023	6,175,227	4.5%
Current assets	**238,254,149**	**219,700,752**	**8.4%**
Inventory	154,459,032	132,163,509	16.8%
Restricted cash	1,869,174	3,979,801	(53.0%)
Other financial assets	21,036,331	17,464,987	20.4%
Cash and cash equivalents	52,372,449	53,590,085	(2.3%)
Assets classified as held for sale	**257,610**	**244,112**	**5.5%**
Equity *including :*	**96,962,181**	**81,061,745**	**19.6%**
Share capital	18,013,760	18,013,760	-
Share premium	13,461,608	13,461,608	-
Retained earnings	62,751,670	48,931,683	28.2%
Net assets attributable to non-controlling investment unit holders	**7,902,126**	**16,252,666**	**(51.4%)**
Liabilities *including :*	**182,981,440**	**183,961,481**	**(0.5%)**
Non-current liabilities	121,572,993	115,130,716	5.6%
Current liabilities	61,408,447	68,830,765	(10.7%)

1.1.3. Company level

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

For the period ended December 31, 2021 *In thousands of Hungarian Forints (THUF)*	**2022H1**	**2021H1**	**% change**
Revenue			
Interest revenue	2,464,707	1,292,216	90.7%
Total investment income	**2,464,707**	**1,292,216**	**90.7%**
Total operating income	**17,251**	**0**	**n/a**
Administrative and other expenses	46,270	26,640	73.7%
Other expense	1,556	0	n/a
Interest expense	1,371,478	1,362,091	0.7%
Total operating expenses	**1,419,304**	**1,388,731**	**2.2%**
Total financial result	**(35,305)**	**0**	**n/a**
Fair value change of instruments measured at fair value through profit and loss	**9,812,608**	**2,945,866**	**233.1%**
Foreign exchange gain	4,324,278	192,571	2145.5%
Foreign exchange loss	110,783	1,592,867	(93%)
Foreign exchange - net gain / (loss)	**4,213,495**	**(1,400,296)**	**n/a**
Share of net profit of investments accounted for equity method	**2,059,875**	**1,080,947**	**90.6%**
Profit before taxation	**17,113,327**	**2,530,002**	**576.4%**
Income tax expense	**144,310**	**0**	**n/a**
Profit for the period	**16,969,017**	**2,530,002**	**570.7%**
Exchange differences on translating foreign operations	2,868,892	(768,817)	n/a
Other comprehensive income/(loss)	**2,868,892**	**(768,817)**	**n/a**
Total comprehensive income for the period, net of tax	**19,837,909**	**1,761,185**	**1026.4%**

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

In thousands of Hungarian Forints (THUF)	**June 30, 2022**	**December 31, 2021**	**% change**
Assets *including:*	**227,635,678**	**206,076,038**	**10.5%**
Non-current assets	**179,453,219**	**158,391,506**	**13.3%**
Long-term receivables - related parties	72,927,616	66,313,619	10.0%
Investment in subsidiaries	106,521,006	92,073,437	15.7%
Current assets	**48,182,459**	**47,684,532**	**1%**
Short-term receivables - related parties	27,207,505	24,516,102	11.0%
Cash and cash equivalents	20,640,273	23,162,705	(10.9%)
Equity *including:*	**132,534,193**	**112,696,284**	**17.6%**
Share capital	18,013,760	18,013,760	0.0%
Share premium	13,461,608	13,461,608	0.0%
Retained earnings	97,338,608	80,369,591	21.1%
Liabilities *including:*	**95,101,485**	**93,379,754**	**1.8%**
Non-current liabilities	85,969,258	86,080,030	(0.1%)
Current liabilities	9,132,227	7,299,724	25.1%

1.1.4. Selected KPIs on Group level

1.1.4.1. Number of residential units contracted by country

For the period ended June, 2022*		
In number of units	**2022H1**	**2021H1**
Hungary	296	492
Poland	127	312
Romania	39	71
Spain	38	n/a
UK	0	n/a
Total number of units contracted	**500****	**875****

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

*** Numbers include also 73 units in 2021H1 and 18 units in 2022H1 sold in joint venture projects in which Cordia holds 50% stake (Marina Life 1&2 and Stacja Kazimierz V)*

During 1H of 2022 the Group contracted 500 units, which accounts for 43% decrease compared to 1H of 2021.

Hungary: The Hungarian market had the highest contribution to unit sales in the Group. Sale contracts were concluded for 296 units, which means a 39% decline compared to 2021H1. The Group had also lower number of units in the offer when comparing to the 1H of 2021 as several projects were postponed due to deteriorating political and economic environment.

Poland: Sales declined by 59% to 127 units on this market. Lower sales compared to 1H of 2021 resulted from a lower offer due to the postponement of new projects slower permitting and lower customers demand.

Romania: Sales declined by 45%, due to postponement in the launch of new projects.

Spain: Cordia's first project in Spain (Jade Tower Project in Fuengirola) launched in 2H of 2021 contributed 38 units to the Groups' sales figures.

UK: Group continued pre-sale of the Gothic 1 project, our first project in Birmingham. Due to UK market regulations, at the early stage of residential projects sales are based on registration agreements, thus they do not show up in the sales statistics (the Group accounts for units as contracted when at least 10% value is paid irrevocably).

By the end of 1H of 2022, the Group had 1 556 residential units available for sale both in "Completed" and "Ongoing construction" projects.

1.1.4.2. Number of residential units delivered to customers by country

For the period ended December 31, 2021 *In number of units*	**2022H1**	**2021H1**
Hungary	546	578
Poland	93	264
Romania	29	176
Total number of units delivered	**668**	**1 018**

During the Reported Period, the Group handed over 34% fewer residential units than in the comparative period of 2021. The decrease derives from fewer projects being completed and starting handover than in the same period a year ago. Only two residential projects reached completion compared to the five projects in the 1H of 2021.

Additionally Stacja Kazimierz V, which is a joint venture with 50% Cordia stake was completed in May 2022.

36 units were delivered to customers in Marina Life 1. Phase and Marina Life 2. Phase in Hungary and 1 unit in Stacja Kazimierz IV in Poland. The Marina Life 1. Phase, Marina Life 2. Phase and Stacja Kazimierz IV projects are both joint ventures with 50% Cordia stake, where the Group is in charge of managing the project including handing overs units to customers.

The results of joint venture projects were recognized in “Share of profit / (loss) in associate and joint venture” line in the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income, and are not included in the table above. For details, please refer to Note 13 in Company’s Condensed Interim Consolidated Financial Information .

1.1.4.3. Key Profit and Loss Statement developments

Revenues

For the period ended 31 December *In thousands of Hungarian Forints (THUF)*	**2022H1**	**2021H1**	**% change**
Revenue from sale of real estate and rental income	37,643,813	46,507,881	(19.1%)
Other revenue	843,232	3,617,583	(76.7%)
Total revenue	**38,487,045**	**50,125,464**	**(23.2%)**

During 1H of 2022 the revenue of the Group reached HUF 38.5 bn with the revenue from sales of real estate and rental income being HUF 37.6 bn, of which HUF 4.1 bn was generated by Polnord S.A. (revenue is recognized when residential units are transferred to buyers).

Sales of the non-core land plots in Poland (in Polnord S.A.) reached HUF 1.6 bn and were recognized in “Revenues from sale of real estate and rental income”. Total result on land plot sale was positive.

Gross Profit

In 1H of 2022 Gross profit was flat (+0.1%) and remained at HUF 12.7 bn level while the gross margin rose by **33.0%,** well ahead the 25.3% gross margin in 1H of 2021. The achieved result comes form completed high margin projects in Hungary (Universo and Grand Corvin 2 Phase). Detailed information about **Gross profit from sale of real estate** and **Gross margin from sale of real estate** is presented in the table below:

	Gross Profit from sale of real estate		**Gross margin from sale of real estate**	
	2022H1	**2021H1**	**2022H1**	**2021H1**
Cordia Group excl. Polnord	11,650,574	11,118,340	35%	27%
Polnord	497,398	597,710	12%	13%

Following high gross profit margin **Operating profit** was also above average level with margin at 22.3% and HUF 8.6 bn. That is 3.7% higher than in the same period in 2021. The result was positively impacted by HUF 1.3 bn investment property revaluation.

Net finance income of HUF 4.13 bn was mainly driven by:

a) HUF 0.43 bn Interest Income
b) HUF 0.31 bn fair valuation gain related to derecognized liability as a result of sale of 60,000 shares issued by ARGO N.V.
c) HUF 1.16 bn fair valuation gain on financial assets (St Arthur Homes Limited, Auxesia Homes and RAF I fund)
d) HUF 1.32 bn Interest expense and Bond interest expense
e) HUF 4.53 bn net positive effect on currency foreign exchange

For more details, please refer to Note 10 of the Company's Condensed Interim Consolidated Financial Information.

Share of profit/(loss) in associate and joint venture reached HUF 2.13 bn, which originated on the one hand from HUF 0.58 bn profit from joint-venture Cordia Global Ingatlanfejlesztő Esernyőalap - Cordia Global 6 Ingatlanbefektetési Részalap which includes the Marina Life 1. Phase and Marina Life 2. Phase projects. On the other hand, it arose from HUF 1.51 bn profit attributable to the Group from Argo Properties N.V. for the period ending on 30 June 2022. For more details, please refer to Note 13 of the Company's Condensed Interim Consolidated Financial Information.

Profit before taxation for the period was HUF 14.86 bn, by 83.5% higher than the profit of HUF 8.1 bn in the same period a year ago. When comparing results to the same period in 2021, the major drivers were commencement of high margin projects at the end of 2021 and in 1H of 2022, weakening HUF which triggered a positive net currency exchange result and strong performance in JV and associate companies.

1.1.4.4. *Major Balance Sheet developments*

Balance Sheet value increased slightly (by 2.3%) as of the end June 2022 when comparing to end of December 2021.

The most important developments was an increase in **Inventory** from HUF 132.2 bn to HUF 154.5 bn mainly due to :

- reclassification of part of our land plots of the project from Investment Property to Inventory (HUF 17.7 bn effect).
- continuing development process in other projects (HUF 4 bn effect).

The **Liabilities** decreased slightly (-0.5%) from HUF 184 bn as of December 31, 2021 to HUF 183 bn as at the end of June 2022.

Cash and Cash equivalents position of the Group slightly declined, from HUF 53.6 bn to HUF 52.4 bn when compared to the end of December 2021. Additionally to Cash and Cash equivalents, at the end of the reporting period Company held HUF **0.3 bn** in government treasury bills with maturity longer than 3 months on June 30, 2022.

Total debt of the Group increased slightly from HUF 111.32* bn in December 2021 to HUF 112.9 bn* in June 2022. Major drivers for the Group's **Debt** position were:

- New proceeds from loans and borrowings in the amount of HUF 13.2 bn.
- Repayment of loans and borrowings in the amount of HUF 12.6 bn.

Overall Consolidated Debt* and Net Consolidated Debt* did not change significantly. Consolidated Debt was higher by HUF 1.6 bn (+1,4%) on June 30, 2022 compared to 2021 year-end. Detailed information on debt can be seen in the table below:

In thousands of Hungarian Forints (HUF)	**June 30, 2022**	**December 31, 2021**	**% change**
Consolidated Debt (CD)*	112,902,144	111,324,517	1.4%
Cash and Cash Equivalents (C)	52,372,449	53,590,085	(2.2%)
Restricted cash (RC)	2,023,023	2,542,420	(20.4%)
Net Consolidated Debt*	**58,506,672**	**55,192,012**	**6.0%**

* For purpose of calculation, Consolidated Debt and Net Consolidated Debt are defined as in CORDIA2026/I and CORDIA2030/I Bonds Terms and Conditions, for more details, please refer to Note 26 in CORDIA International Zrt. Condensed Interim Consolidated Financial Information.

For more information about changes in debt, please refer to Notes 19 and 26 of the Company's Condensed Interim Consolidated Financial Information.

1.1.5. Recently completed projects on Group level

Project name	Country	City	Completion	NSA TOTAL	Number of residential units	Units Handed Over end of 1H2022	NSA Avaliable for sale eof 1H2022	Units Avaliable for sale eof 1H2022
			Year	Sqm				
Universo	Hungary	Budapest	2022	13 284	272	163	2 724	52
Grand Corvin 2	Hungary	Budapest	2022	19 008	365	90	3 244	36
Stacja Kazimierz 5 *	Poland	Warsaw	2022	6 138	100	0	1 610	29
TOTAL RECENTLY COMPLETED				38 430	737	253	7 578	117

** Cordia holds 50% stake in the project*

During the Reported Period, the Group completed the construction works of three project (including one in joint venture) with 38 430 sqm of Net Saleable Area representing 737 units, of which 620 have already been sold.

1.1.6. Projects with construction starting in the Reported Period

Project name	Country	City	Planned completion	NSA TOTAL	Number of residential units	NSA Avaliable for sale eof 1H2022	Units Avaliable for sale eof 1H2022	Project Type
			Year	sqm				
Modena 1	Poland	Poznań	2024	14 819	272	13 428	250	BtS
Lampworks	UK	Birmingham	2025	7 786	127	7 786	127	BtR
TOTAL UNDER CONSTRUCTION				22 605	399	21 214	377	

During the Reported Period, the Group started the construction works in two projects with 377 units.

In Modena 1 project, which is a “Built to Sell” (BtS) project 22 units have already been contracted by purchasing customers. The Group also launched its first “Build to Rent” (BtR) project called Lampworks, in the UK (Birmingham). Sales of the Lampworks project is expected to start after the construction and leasing out of apartments have been closed.

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

Project name	Country	City	Planned completion	NSA TOTAL	Number of residential units	NSA Avaliable for sale eof 1H2022	Units Avaliable for sale eof 1H 2021	Project Type
			year	Sqm				
Thermal Zugló 4	Hungary	Budapest	2023	7 514	110	2 390	30	BtS
Millenium Residence	Hungary	Budapest	2024	5 689	110	2 583	48	BtS
Sasad Resort Panorama	Hungary	Budapest	2024	10 834	141	6 112	81	BtS
Sasad Resort Sunset	Hungary	Budapest	2024	5 014	70	3 144	44	BtS
Naphegy 12	Hungary	Budapest	2024	3 348	42	2 287	28	BtS
Illés (I6 Project)	Hungary	Budapest	2024	8 335	162	6 600	120	BtS
Jerozolimska / Wielicka	Poland	Cracow	2022	8 887	163	3 828	74	BtS
Safrano (Krokusowa)	Poland	Cracow	2023	5 398	101	4 072	75	BtS
Jaśkowa Dolina 1	Poland	TriCity	2023	5 946	97	1 119	20	BtS
Jaśkowa Dolina 2	Poland	TriCity	2023	7 543	118	5 388	84	BtS
Leśna Sonata	Poland	TriCity	2023	7 591	113	5 631	83	BtS
Fantazja 1&2	Poland	Warsaw	2022	10 713	180	5 477	100	BtS
Modena 1	Poland	Poznań	2024	14 819	272	13 428	250	BtS
Parcului 2	Romania	Bucharest	2023	12 138	220	3 380	53	BtS
Jade Tower	Spain	Fuengirola	2024	13 542	116	9 455	67	BtS
Gothic Phase 1	UK	Birmingham	2022	1 920	18	1 920	18	BtS
Lampworks	UK	Birmingham	2025	7 786	127	7 786	127	BtR
TOTAL UNDER CONSTRUCTION				137 017	2 160	84 600	1 302	

** Cordia holds 50% stake in the project*

At the end of 1H 2022 the Group's portfolio comprised 2 160 apartments and commercial units under construction in 18 projects, out of which 2 033 units belonged to "Build to Sell" **(BtS)** projects and 127 units to "Build to Rent" **(BtR)** project. Over 44% of units in the ongoing BtS projects have already been contracted. For details of the ongoing projects, please see the table above.

1.1.8. Projects under preparation and landbank management

The Management of the Group estimates that at the end of June 2022 the landbank of the Group allows for developing 12 235 units, mainly apartments, with some minor Net Saleable Area ("NSA") in a commercial area. Most of it, 10 797 units had the status "under preparation", with fully secured legal title to the land. There were 1 438 units categorized as being "under acquisition" (where purchase process has been started, but not yet finalized).

During 1H of 2022, transactions to purchase new land for approximately 150 units in Mott Street BtR project were finalized in UK.

In the Reported Period, the Group also decided to sell non-core land plots for a total amount of HUF 1.6 bn in Poland (Polnord S.A.)

Overview of completed core land acquisition transactions:

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

On April 28, 2022, Cordia BlackSwan (Mott Street) No. 1 Limited and Cordia BlackSwan (Mott Street) No. 2 Limited, as Trustees on behalf of the Group's subsidiary, Cordia BlackSwan (Mott Street) Property Unit Trust completed the purchase of a real estate and land plot in Birmingham, UK. The land plot will enable the development of the Mott Street "Build to Rent" project with approximately 150 residential units.

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

Company's bond undertaking ratios

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

	June 30, 2022	December 31, 2021
Consolidated Leverage Ratio*	**29.39%**	**29.17%**
Issuer Net Debt to Equity Ratio*	**0.49**	**0.56**

* For the purpose of calculation, Consolidated Debt and Net Consolidated Debt is defined as in CORDIA2026/I and CORDIA2030/I Bonds Terms and Conditions, for more details please refer to Note 26 in CORDIA International Zrt. Condensed Interim Consolidated Financial Information.

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

ARGO Properties N.V.

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

In the period of 1H of 2022 ARGO purchased 448 apartments for a total consideration of EUR 82,531 mn (HUF 32.75 bn), thus raising its portfolio to 3 392 residential apartments. At the end of June 2022 Argo's assets grew by 24.6% to EUR 668.4 mn (HUF 265.2 bn) compared to December 2021, the Net Profit for the 1st half of 2022 was EUR 25.5 mn (HUF 9.6), lower by 21% than in the same period in 2021.

ARGO shares are listed at the Tel Aviv Stock Exchange ("**TASE**"). Listing of ARGO shares on TASE started on 18 May 2021. At the end of June 2022 Group held a 15.05% stake in the company.

1.2. Business environment of the Group

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

Macroeconomic environment

Among all markets monitored by the Group, the general business environment deteriorated in Hungary, Poland and UK, and remained solid in Romania and Spain when comparing to the same period in 2021. The main cause was growing inflation and financing costs pushed up by soaring energy prices and uncertainties related to Russian armed conflict with Ukraine. Although on year-on-year basis the GDP growth was still strong in all markets in the 1H of 2022, the first signs of slowdown appeared in the 2Q especially in Hungary, Poland and UK. On the other hand despite strong growth in GDP in Hungary, the overall business environment was hit by the more significant interest rate increase in the region. Data with the major macroeconomic gauges are presented in the table below:

	June 2022				
Macroeconomic indicator	**Hungary**	**Poland**	**Romania**	**Spain**	**UK**
Real GDP 2Q 2022 % (qoq)	1,1%	-2,3%	2,1%	1,1%	-0,1%
Real GDP 2Q 2022 % (yoy)	6,5%	5,3%	5,3%	6,3%	2,9%
Real GDP 1H 2022 % (yoy)	7,3%	6,9%	5,8%	6,3%	5,7%
Inflation (HICP)	12,6%	14,2%	13%	10%	8,2%
Unemployment Rate	3%	2,7%	5,3%	12,6%	3,8%
Interest Rates (6M Monem Market)*	13,2%	7,3%	8,1%	1,1%	3,1%

** Data as of 28/08/2022*

Source: Eurostat, GUS, KSH, INSSE, ONS, Bloomberg

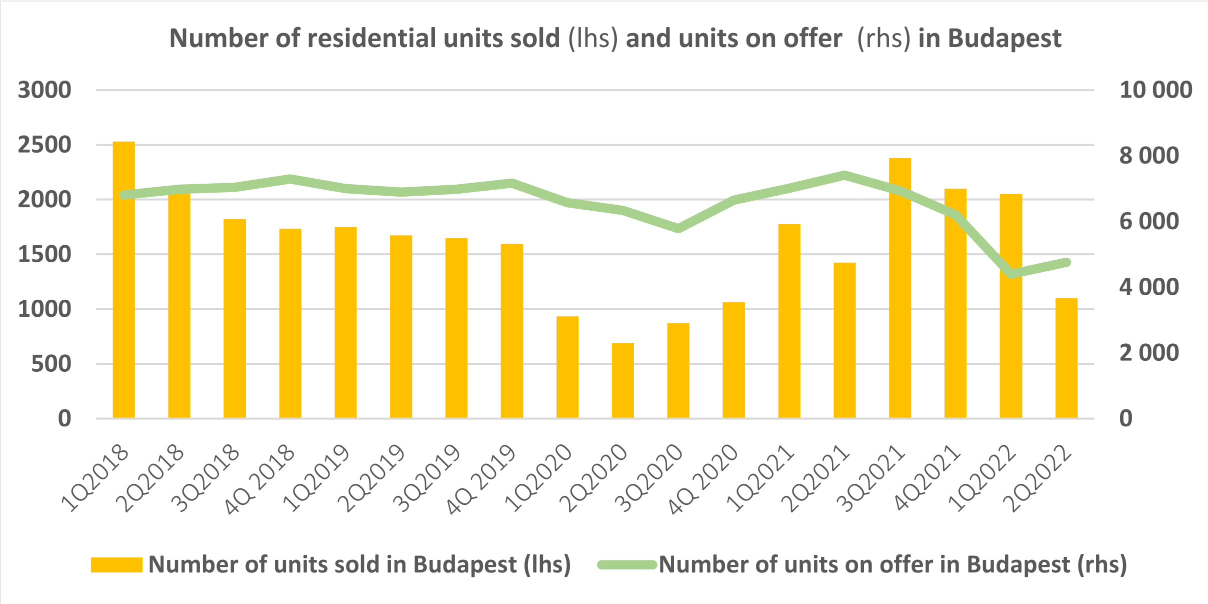
Despite the signs of slowdown, the employment market remained strong. In all markets where the Group is present, unemployment rate fell when compared to end of 2021 and June 2021. In Hungary, Poland, and Romania it was at, or very close to record low levels. The situation was the same in the UK. In Spain although at the elevated level of 12,6%, the figure was still the lowest for last 10 years and was lower than a year ago. Strong wage growth followed the strong labour market.

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

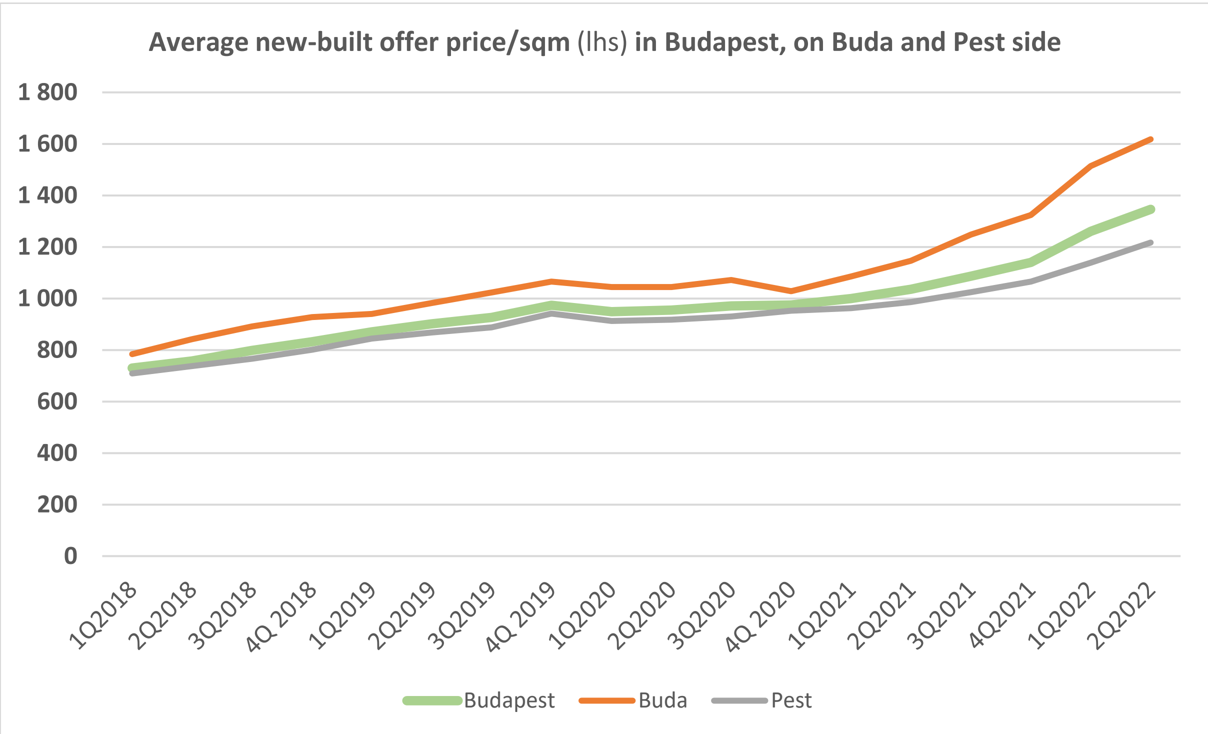
Hungary: Overview of the Budapest Build to Sell (BtS) residential market

During 1Q 2022 the positive impact of the housing subsidies and the Green Home Project (GHP), launched in October 2021, influenced demand as a result of which in Budapest the sales of newly-built apartments rose to 2 050 units, which was 15.4% higher than in the same period last year. However, the 2Q of 2022 suffered 46% downturn (1 100 units) in sales on quarter-to-quarter basis due to inflation pressure and increasing interest rates as well as demand partly shifted forward to 1Q 2022. Overall sales in 1H 2022 reached 3 150 units which was slightly lower (by - 1,5%) than in 1H 2021. As a result of strong demand in 1Q 2022 and a low level of new projects launched, the number of flats available for sale dropped to 4 760 at the end of June 2022 compared to 6 200 apartments on offer in December 2021 (23,2% decline). In March 2022 the supply hit the lowest level since 2016 with 4 400 units on offer. However, 2Q 2022 proved to be a turning point as the number of units introduced to the market exceeded the demand for the first time since 2Q 2021 on quarter basis. Nevertheless, by the end of 1H 2022, the supply was substantially lower than the quarterly average in the last 4 years.

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



Source: Cordia Group, JLL



Source: Cordia Group, JLL

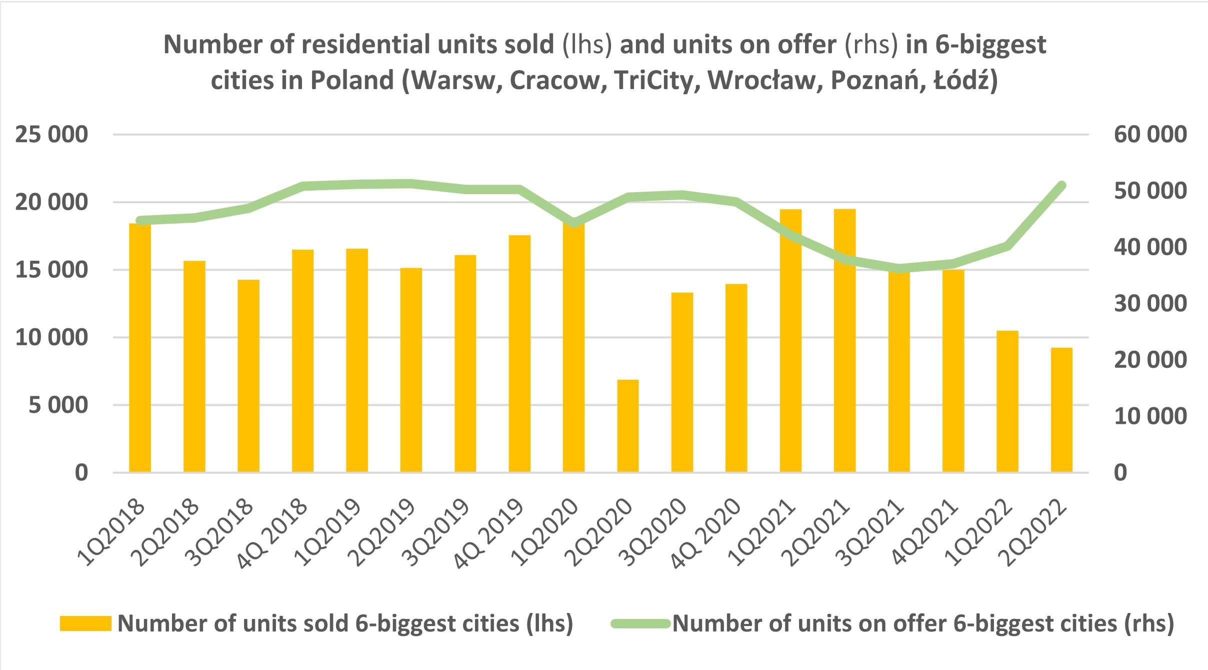
In 1H 2022 prices of flats continued to rise in Budapest, as a result of higher demand that appeared in 1Q of 2022. In 2Q 2022 the price increase became more moderate and customer demand weakened. In June 2022 in Budapest the average offer price of newly-built apartments amounted to 1 346 000 HUF/sqm, which was 18% higher compared to 1 140 000 HUF/sqm in December 2021. The price dynamics was more characteristic on the Buda side than on the Pest side. On the Buda side, the average offer price reached 1 618 000 HUF/sqm, which was 22% higher than in December 2021 (1 324 000 HUF/sqm). As for Pest, the average price amounted to 1 217 000 HUF/sqm at the end of June 2022, which was 14% higher than in December 2021 (1 065 000 HUF/sqm). The chart above shows the quarterly data of average offer prices in the years of 2018-2022.

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

According to JLL (Jones Lang LaSalle Incorporated – Real Estate Agency) report for Residential Market in Poland for 2Q 2021, approximately 19 750 of new apartments were sold in the 1H 2022 in the six largest cities in Poland (Warsaw, Cracow, Tri-City, Poznań, Wrocław and Łódź). This, means 49% decline compared to the record reached in 1H 2021 when the post-covid market boosted. The decline in sales was caused by tightening of monetary policy which increased loan costs, growing inflation as well as Russia's armed invasion to Ukraine. Additionally, market was also weakened by the decreasing number of value protection transactions due to capital outflow to government inflation-indexed bonds.

In Poland, following lower demand in 1H 2022, the offer on the 6 biggest residential markets grew to approximately 51 000 units at the end of June 2022, as more flats were introduced to the market than sold.

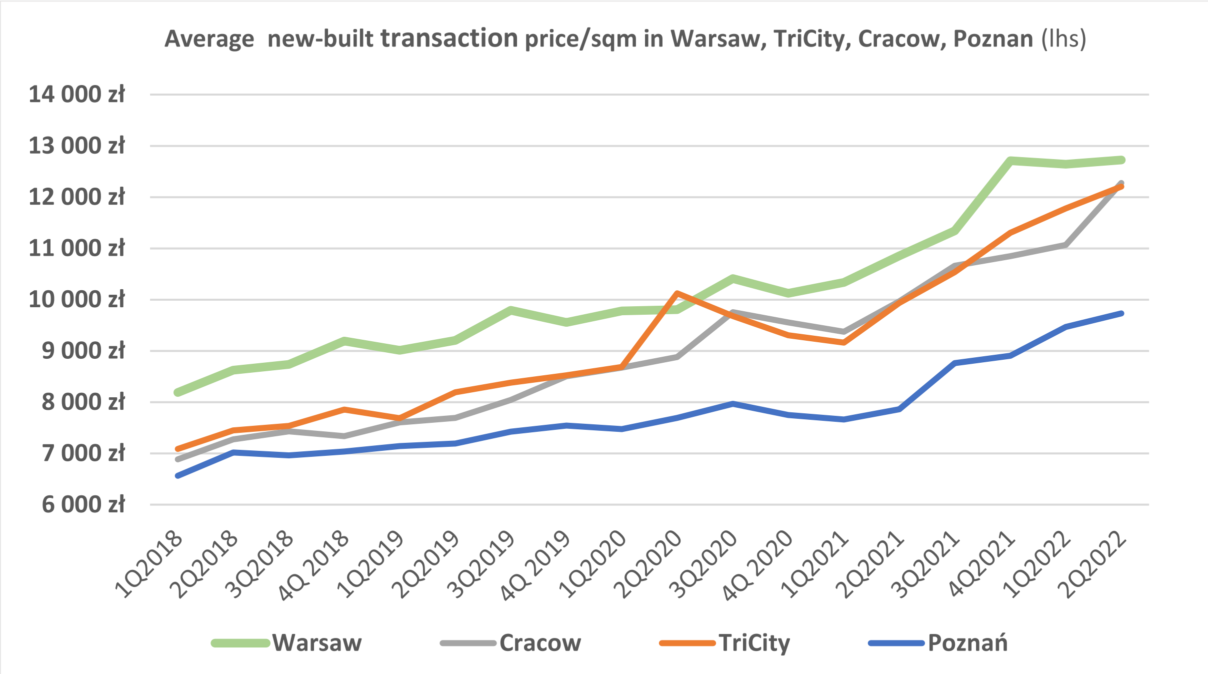
The chart below presents sale volumes and number of units on offer since 2018



Source: Cordia Group, JLL

In 1H 2022 the primary market transaction prices rose in all the cities where the Group is present. The lowest growth could be experienced in Warsaw where the average price was equivalent to 12 724 PLN/sqm in 2Q 2022, which is merely by 0.1% higher than at the end of 2021. The prices grew the fastest in Cracow, where 13% inflation pushed prices up to 12 275 PLN/sqm. The prices in TriCity and Poznań increased by 8% and 9% respectively in the reporting period. Due to weaker demand the pace of the growth was generally lower in 2Q than in 1Q except for Cracow, where number of up-market projects were introduced by developers.

The chart below presents price development on markets monitored by the Group in 2018 – 2Q 2021.



Source: Cordia Group, JLL

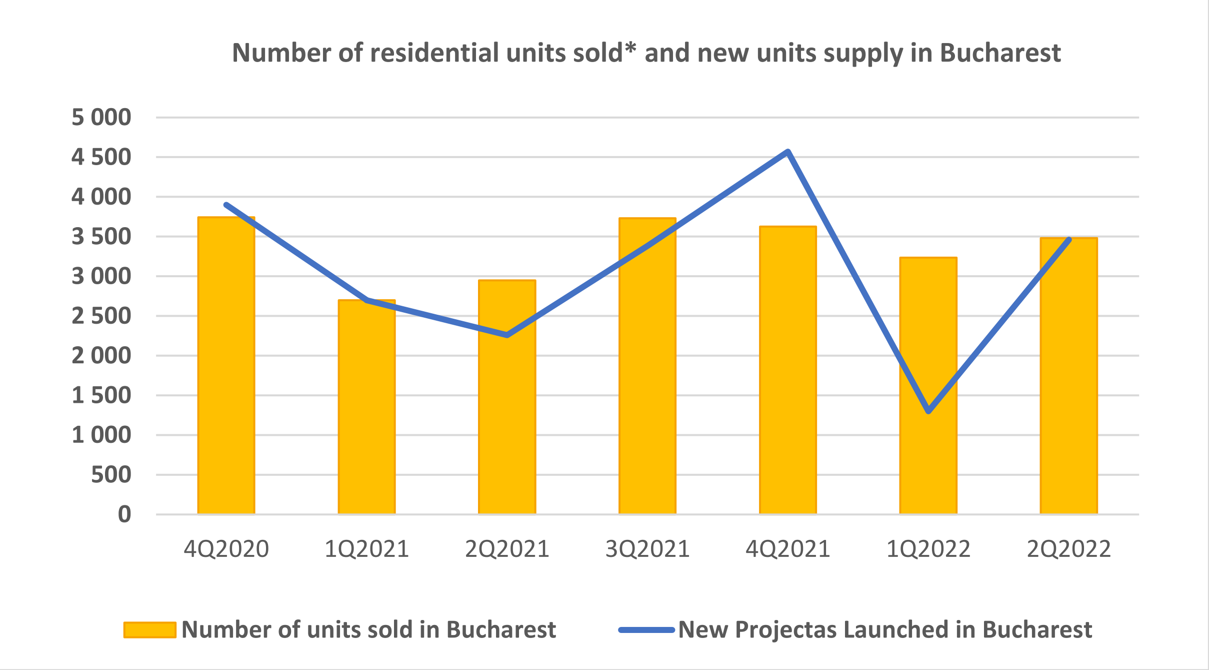
The 2022 is a year with many legislative changes that are designed not only to support consumer demand (government guarantees instead of own contribution for housing loans in effect since May 23, 2022, introduction of housing vouchers in effect since 2023), but also to strengthen customers protection rights (new “Act on the Protection of Rights of Buyers or Residential Premises and Single-Family Houses and the Developer Guarantee Fund”, in effect since July 1, 2022). Along with additional changes in the tax scheme introduced in the ”Polish Deal” in effect since July 1, 2022, which affects disposable income and rental income, this might also have future implications on the demand in the residential market. However at the moment it is very difficult to predict the impact of the above mentioned legislative changes.

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

According to the Cordia Group’s estimation approximately 6 700 new apartments were sold in 1H 2022 in Bucharest which is 19% higher than in the same period of 2021. Residential demand proved more vigorous than anticipated, despite worsened economic climate caused by tightened monetary policy and the geopolitical situation. In 1H 2022 the demand might have resulted in part from the urge of customers to secure mortgage before the interest rate increase. Planned modification of VAT relief reduction limit for apartments from EUR 140 000 to EUR 120 000 from January 2023 may spur the demand in 2H 2022.

In 1H of 2022 due to tougher conditions following the suspension of district zoning and postponed project launches in 1Q2022, the residential supply in Bucharest decreased by 4% to 4 760 units vs 4960 units in the same period in 2021.

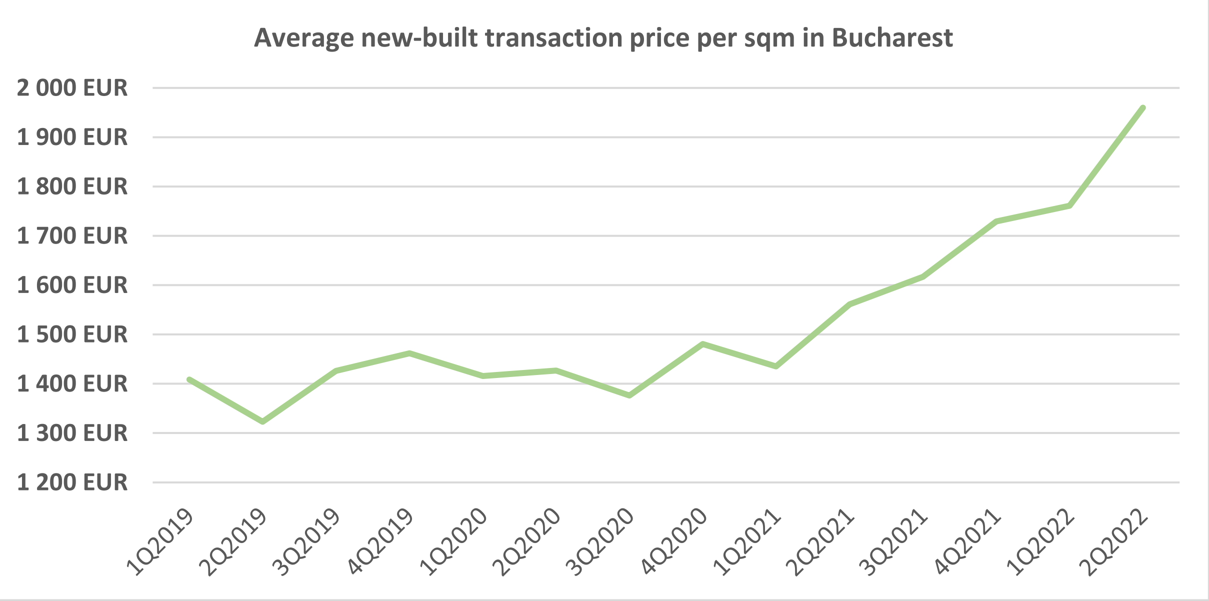
The chart below presents the number of transactions and number of new units supply in Bucharest in quarterly breakdown since 4Q 2020.



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

Source: Cordia Group, JLL

Despite deteriorating environment, primary market transaction prices rose in 1H 2022 on average by 13% compared to the end of 2021, up to 1 960 EUR/sqm in consequence of higher construction costs and more flexible approach by developers to other than price incentives.



Source: Cordia Group, JLL

The chart on previous page presents the average new-built transactions prices since 2019.

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

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

According to CAI Soluciones de Ingenieria, there were approximately **400 new residential** units sold on real estate market in the region of Marbella and Fuenghirola in 1Q of 2022. That was the best result in history. The market was strong due to foreign demand and continuing recovery of Spanish market after COVID-19 pandemic outbreak in 2020.

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

** Data for 2022 estimated based on 1Q2022;* *Source: CAI Soluciones de Ingenieria*

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

Prices in projects which are in direct competition to the project in Fuengirola ranged between 3 600 and 8 000 EUR/sqm in 2Q 2022. The average price amounted to 6 370 EUR/sqm compared to 5 278 EUR/sqm in Q1 20201, which means 20% growth. In contrast, prices in projects which are in direct competition to the project in Marbella ranged between 4 600 and 9 970 EUR/sqm in 2Q 2022. The average price levelled off at 6 370 EUR/sqm compared to 5 752 EUR/sqm in Q1 2021, which means 10% growth.

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

The majority of the Group's projects located in Birmingham are Built to Rent (BtR) projects. Most of BtR projects on this market are in "Under preparation" phase, however in the 1H of 2022 Group began construction in the Lampworks project. Additionally, the Group also develops a relatively small Build to Sell (BtS) project called Gothic, in which construction of phase no. 1 was started in 2021.

Birmingham's working population has increased by 20% over the last twenty years, which is considerably higher than the UK national average of 11%. Registering 1.15 million residents, Birmingham is the second most populous city in the UK and forecasts predict the population to rise by more than 7% by 2025.

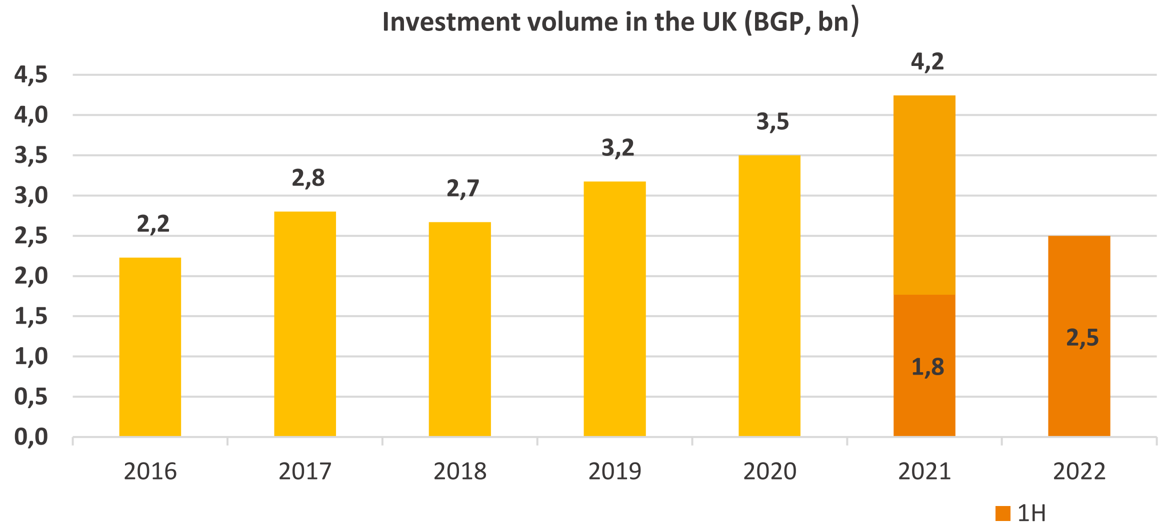
The city is home to 5 universities producing 25,000 graduates a year, 46% of whom opt to stay in Birmingham after graduation, contributing to a highly educated and talented workforce. The high retention rate has resulted in 40% of Birmingham's population being under the age of 25, which has helped to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

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

Investments in the UK BtR sector have been growing for several years. This growth is at the moment driven by an expanding and undersupplied rental market supported by demographic and structural changes as well as BtR's stable, long-term income streams with defensive counter-cyclical qualities.

According to Savills, in the reporting period GBP 2,5 bn was invested in the BtR sector in the 1H of 2022 in the UK. This is almost 39% increase compared the same period of 2021 (GBP 1,8bn) and a 100% growth compared to 1H 2020 (GBP 1,25 bn). The biggest transaction in the UK in 2Q 2022 took place in Birmingham and amounted to GBP 136m.

The chart on the next page shows BtR investment volumes in the UK since 2016:



Source: Savills

1.3. Goals & strategy of the Group

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

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

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

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

The expansion strategy is based mostly on organic expansion by establishing local teams supported by the Group's competence center. At the same time the Group screens its current and targeted markets for special portfolio and/or acquisition deals like it was undertaken in the case of POLNORD S.A.'s acquisition and acquiring a stake in ARGO Properties N.V., St. Arthur Homes and Auxesia Homes.

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

1.3.3. Strong brand

The Group is focusing on building out a string "CORDIA" brand in all its markets, like Hungary where the Group 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.

1.3.4. Capital market access

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

1.3.5. Land acquisition strategy

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

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

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

1.3.6. Projects financing strategy

All projects are developed in separate SPVs (special purpose vehicle), either limited liability project companies, partnerships, or private real estate development funds/umbrella funds. The land acquisitions were typically financed from the equity provided by one of the Group members until launch of development. Most projects are financed by local banks in separate SPVs by construction financing facilities, with project equity provided by a Group member and by co-investors of the Group. All loans are at the SPVs' level typically with cost overrun and completion guarantees – and are not cross-collateralized, however they may contain certain general cross-default provisions. The project-equity and pre-sales requirements vary from country to country and from project to project but contracted at usually between 20-30 % equity of total development costs and between 20-40 % pre-sales requirements. Peak net leverage at project level usually did not exceed 65 % thanks to customer advances and some cost payable after delivery. Acquisitions and certain projects are financed via bond issuances. Corporate level leverage is lower due to an unleveraged land bank and a portfolio of projects in different development and lower leverage phases. The Group maintains good relationship with multiple senior lenders.

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

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

RISK	RISK MITIGATIONT
Cyclical residential market	deepening and extending the diversification both geographically and operationally (resi-for-rent)
Political and economic risk	a variety of factors (e.g. employment, inflation, interest rates, currency rates, GDP growth, tax regulations etc.) that influence the financial condition of the property development market in each country, risk mitigation by : • deepening and extending the diversification both geographically and operationally (resi-for-rent) • adjusting offer to changing market requirements
Unable to acquire further land	developing, maintaining and motivating the agency network, proactive search and mapping activity, searching for acquisition and other special opportunities
Zoning risk	proper assessment of the zoning situation with deep sectoral knowledge, limiting the share of land plots without proper zoning, closing of land acquisitions conditioned on zoning
Building permit risk	selecting experienced and locally well reputed architects, concept always in line with the prevailing regulation, proper management of interest of the stakeholders (authorities, neighbours, city architects, media providers, etc.)
Market risk	• deep understanding of the markets with monthly competitor analysis of the projects, regular market research, other indicators having effect on the market • active price and sales speed management • proper and efficient marketing activities with active advertisement management
Construction risk	well prepared project with good quality of construction design, close monitoring of the subcontractor payments and performances under the General Contractor, strong performance/quality/contract management of the contractors, selecting contractors with proper references and in good financial status
Bank financing risk	full-cover financing for projects, non-recourse loans, limited number of constructions starts without bank financing offer/agreement available; keeping enhanced cash reserves for freezing banking liquidity situations when and until necessary
Operation risk	well defined, proper processes and people management
Warranty risk	proper security/insurance from contractors, permanent monitoring of the warranty processes, active intervention
Risks of supply chain shocks	establishing and 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 other actions – strict disinfection of headquarters offices, home office work, providing equipment for remote work, allocating funds for safe travel if travel is inevitable, disinfection gels, masks, gloves are provided to the on-site personnel, restrictive measures relating to on-site meetings.
Russian – Ukrainian conflict	On February 24, 2022, a military conflict started between Russia and Ukraine. The extent of the future impact of the conflict on the Group's operational and financial performance will depend on future developments, including, but not limited to, the duration and severity of the conflict and the duration, timing, and severity of the impact on global economic conditions, including any resulting recession, all of which are uncertain and cannot be predicted.

1.5. Outlook

The cyclical outlook in the second half of 2022 will remain challenging. Slowing economic growth, high inflation and energy costs, elevated interest rates especially in Hungary and Poland and general uncertainty stemming from the Russo-Ukrainian war will keep limiting consumer confidence and demand for real estate investments. On the other hand, supply of new residential apartments will also remain depressed, as problems with permitting and construction as well as limited availability of bank and bond financing will restrict residential developers from launching new projects. As a consequence of this, supply and demand will remain balanced at lower sales volumes and prices are expected to be stabilizing going further.

The management of the Group has been carefully analyzing the changing market environment with special attention on the Group's cash-flow and liquidity. The primary goal has been to focus on monetizing the existing land bank of about 12 thousand units instead of making new acquisitions. Selected new projects have been launched to complete the declining offer of the Group where the quality of the project is still expected to generate customer interest and the project profitability can be reasonably secured. Further to this, in order to further strengthen the liquidity and the balance sheet, the Group continues to sell non-core assets mainly from Polnord S.A. Expansion into the built-to-rent sector also continues, but new projects are expected to be launched only if the financing is secured.

Despite the challenging short-term cyclical market environment, the long-term fundamentals of the region remain unchanged. Structural demand driven by demographics and urbanization as well as the substantial influx of emigrants from Ukraine are expected to support demand for residential properties. Also, recent research suggests, that customers have only postponed their decision to buy new apartments, but have not resigned. The need for climate protection as well as the recent energy crisis also underpins the importance of residential buildings with new technologies. Cordia Group is fully committed to provide the best energy efficiency solutions with its apartments. In Hungary, all projects are already designed to meet the category A energy efficiency and in all countries the Group is investigating possibilities to provide the best energy solutions in its building.

Overall, despite the challenging macroeconomic environment, the Group remains in a strong financial position and continues to execute its focused business strategy to deliver quality apartments to its customers with retaining liquidity and protecting profitability of the Group.

1.6. Other information

COVID-19

The Group introduced online sales meetings and implemented procedures for remote signing of sales agreements with clients. The 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 construction sites in all countries of the Group's operations are progressing normally.

The impact of the Ukrainian-Russian conflict

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

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

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

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

1.7. Subsequent events

The annual general meeting of shareholders of Polnord S.A. was held on 31 August on which a dividend resolution was passed in the amount of PLN 220 million to be paid to Cordia International Zrt. by November 30, 2022

2. CONDENSED INTERIM FINANCIAL INFORMATION

The Condensed Interim Separate Financial Information of the Company for the financial period ended on June 30, 2022, has been attached to this Semi-Annual Report as Annex I. The Condensed Interim Consolidated Financial Information of the Group for the financial period ended on June 30, 2022, has been attached to this Semi-Annual Report as Annex III.

3. REVIEW REPORT

The Condensed Interim Financial Information of the Company and the Group have not been audited, although have been reviewed by an auditor.

The review report of the Condensed Interim Separate Financial Information of the Company for the financial period ended on June 30, 2022, has been attached, as part of the financial report, to this Semi-Annual Report as Annex II. The review report of the Condensed Interim Consolidated Financial Information of the Group for the financial period ended on June 30, 2022, has been attached, as part of the financial report, to this Semi-Annual Report as Annex IV.

4. DECLARATIONS

4.1. Declaration on semi-annual financial report

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

d e c l a r e s

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

4.2. Declaration on management report

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

d e c l a r e s

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

Földi Tibor

Chairman of the Board

Budapest, 30 September 2022

ANNEX I – CONDENSED INTERIM SEPARATE FINANCIAL INFORMATION OF THE COMPANY

[*inserted and starting on the next page*]

ANNEX II – REVIEW REPORT OF THE CONDENSED INTERIM SEPARATE FINANCIAL INFORMATION OF THE COMPANY

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ANNEX III – CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

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ANNEX IV – REVIEW REPORT OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

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