



Nova Real Estate



Annual Report 2022

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.

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This version of the financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.

Key economic indicators

8.3

billion CZK
INVESTMENT VOLUME IN
THE LAST 5 YEARS

22

NUMBER OF
TRANSACTIONS FOR THE
LAST 6 YEARS

762

million CZK
TOTAL ANNUAL
SALES

8.10

% p.a.
APPRECIATION
FOR 2022

90+

NUMBER OF TENANTS
2022



Report of the Management Board



REPORT OF THE MANAGEMENT BOARD OF NOVA REAL ESTATE, INVESTIČNÍ FOND S PROMĚNNÝM ZÁKLADNÍM KAPITÁLEM, A.S. ON BUSINESS ACTIVITIES AND ITS ASSETS

Dear shareholders and business partners,

The NOVA Real Estate investment fund, together with NOVA Real Estate – Sub-Fund 1 (the „Sub-Fund“), was established in 2015 with a clearly defined investment strategy focused on the real estate market in the Central and Eastern European region.

Commercial premises in the Sub-Fund's portfolio represent an opportunity for investors to participate in stable income from long-term leases and at the same time they make it possible to maintain value in an environment of increased inflationary pressures. The aim of real estate investments is to exceed interest income of standard money market instruments and to contribute to the diversification of investments. Due to their nature, real estates are a suitable investment tool for conservative investors. Historically, investing in real estate has always been of a medium to rather long-term nature, overcoming sudden crises or short-term fluctuations in the values of other types of property by its very nature. It is an indisputable fact that in the long run, the value of quality, maintained, well-located real estate is growing steadily.

As for the practice of a stable and standardly used division of classic income real estate, we are talking about four main classes of commercial real estate. These are: office buildings, retail buildings (shopping centres and smaller retail units), industrial real estate (warehouses and production) and hotels.

Regarding the Golden Rule of Investing, which is diversification, we do not focus only on one property class, but under the Sub-Fund we buy and manage the income real estate of the first three aforementioned classes i.e., office buildings in Prague, regional shopping centres and significant local retail units as well as industrial real estate. The fund currently does not invest in the last class of income real estate – hotels, neither plan to invest in the future.

The location in which the property is placed, the length of leases in combination with tenant's creditworthiness and finally the technical condition of buildings is considered when assessing and evaluating the suitability of transactions in relation to the current composition of the portfolio and the plan for its further development. These factors significantly affect the real estate's ability to generate rental income in good and bad times and obviously affect the profitability at the time of a possible future sale.

Events in the Fund's real estate portfolio

The real estate portfolio closed the year 2022 with a very high percentage of leased space - 98.1%, of which office occupancy is 94.9%, retail 99.8% and logistics-industrial real estate 100%. The average length of lease contracts at the end of the year is 4.3 years.

The portfolio structure is divided into three property segments. In terms of the value of the fund's assets, 38.4% is allocated to regional retail, 34.1% of the portfolio consists of premium office buildings in central locations in Prague and 27.4% is the logistics-industrial segment.

The performance of the Fund benefits from the diversification of the real estate portfolio as the dynamics of macro and micro economic impacts are different for each segment.

The industrial and logistics sector is represented in the Fund's portfolio by an industrial park located in the urban area of the West Slovak city of Trenčín. It is a building of above-standard technical parameters with an area of 120 thousand m², which is fully leased to 8 multinational tenants from the production and logistics. In terms of leases, approximately 25,000 m² of space was renegotiated and renewed during the year, which corresponds to approximately 20% of the total leasable space. Senior financing is secured from the German bank Helaba Landesbank Hessen-Thüringen and is financed at a fixed rate of 1.93% until the end of 2024.

The office part of the portfolio maintained a 95% occupancy rate during the year. Significant tenants that renewed their leases during the year include Mexican Cemex and German construction company Hochtief. New tenants include Mercedes-Benz Czech Republic, technology company Coweo Technologies and publishing platform First Class Publishing. In total, around 7,500 m² of office space has been leased or re-contracted, which is approximately 20% of this portfolio segment. We said goodbye to the restaurant in the North Point building, which is being replaced by a franchise of premium beauty studio Faama. In what was formerly conference space on the ground floor of the building, First Class Publishing has opened a public café, including a podcast studio, alongside its office operations. The year also saw the renegotiation of three senior loans for the North Point, South Point and Victoria Vysehrad buildings. The financing bank is the Austrian Raiffeisenlandesbank Oberösterreich.

The retail part of the fund's portfolio consists almost exclusively of properties that are long-term leased to operators of hypermarkets, supermarkets or hardware stores. In terms of rental income, these are therefore retailers of so-called essential goods. The tenants of OC Orlice Park provide us with turnover data showing a full-year increase of 11.9% compared to 2021 and 31.6% compared to 2019, the last regular year before the coronavirus epidemic. This positive development is then indirectly transferred to the rent.

There was no change in the composition of the portfolio during the year - no acquisitions or sales of properties were concluded. However, in December we signed an agreement to sell one of the portfolio's hardware stores. As the tenant was not interested in continuing the lease, we evaluated, based on a financial analysis, a direct sale to this operator as the most optimal solution. Completion of the transaction will occur during the month of February, however, the transaction has already been accounted for in the December numbers with a positive impact on the fund's performance.

The Fund is also increasingly focusing on ESG issues. During the summer, the first two photovoltaic power plants (PV plants) will be launched on the roofs of buildings in our portfolio - Orlice Park Shopping and North Point (an office building in Praha - Anděl district). The Orlice PV plant should cover approximately 35% of the property's annual consumption. These sources will power the tenants' common consumption (lighting, air conditioning, etc.) and will contribute both to saving CO2 emissions and will be a predictable long-term source of power electricity from a cost perspective. We are also continuing our plans for more photovoltaic power plants, which we intend to install on the roofs of most of the buildings in the fund's portfolio. Other environmentally beneficial energy initiatives include the ongoing replacement of lighting with LED sources, and the review and optimisation of heating source settings. Cycling facilities were completed in the Panorama Building in 2022 and therefore all of the Fund's office buildings provide infrastructure that supports cycling or other non-motorised individual transport for our tenants. In the social area, as a property owner in the localities, we want to be a good neighbour. We support the development of community projects or social activities. In the past year, we built a workout playground in Trenčín and supported the Slovak Inline Marathon Championships.

Outlook for 2023

From a macroeconomic point of view, according to the Czech Banking Association's chief economists, the economy is expected to stagnate after a year of moderate growth, but with a rapid return to a growth trajectory as early as 2023. The main factors behind the expected stagnation in growth are falling real wages and the Czech National Bank's relatively strict monetary policy. However, we view the situation positively in the medium term, as macroeconomic models show that the peak in inflation is already behind us. The latest forecasts point to a significant slowdown in headline inflation in 2023 (CNB 10.8%) and normalisation in 2024 (2.1%).

The commercial real estate market as part of the overall economy does not remain immune to inflationary influences. However, empirical research shows a historically positive correlation between rent levels and inflation. Thus, we can expect market rents to increase, but we expect this will happen in different segments over different time horizons. Current supply and demand dynamics will also play a role. In the retail sector, we expect stagnation in the short term.

In NRE's portfolio, ~95% of all current leases contain inflation clauses, with the remaining 5% containing fixed percentage increases. The most frequently used index is the HICP (Harmonised Index of Consumer Prices), which is linked to inflation in the eurozone, in approximately 72% of contracts and approximately 23% of contracts are linked to Czech inflation. The Czech Republic's investment market will remain one of the least risky emerging markets for investors due to its historically relatively conservative fiscal and monetary management, low debt levels and a healthy and liquid banking sector. Prague as an independent economic region (NUTS2) generates a GDP per capita above 200% of the EU average. In terms of transaction volumes, the investment market is expected to remain at 2022 levels (€1.6 billion CZK). In terms of capital values of commercial real estate, we expect rather balanced values as increasing yields will be proportionally offset by increasing market rents.

Commercial property owners will proceed with the adoption of ESG benchmarks.

Demand for industrial halls in the CEE region will continue to be driven by the (re)adjustment of supply chains in favour of local production as a result of the post-epidemic situation and economic growth in Southeast Asia.

Real estate in the logistics sector will benefit from increased demand, particularly from e-commerce and delivery/logistics services. With regard to inflationary pressures on wages, the trend towards automation, which is directly dependent on the concept of standardised modern halls, will intensify. The demand side for leasing industrial or logistics space is expected to remain strong in 2023, although it is likely to remain below the records of 2021 and 2022.

Different hybrid settings of working conditions are becoming the new norm. Following this trend, office spaces are undergoing a continuous transformation. In particular, functions that support collaboration and the informal exchange of information and knowledge between employees are being strengthened. Demand for office space will continue to be more sensitive to the premium nature of the location and the quality of the space offered. Companies recognise that a quality working environment is a competitive advantage for them in recruiting talent and an experienced workforce. Here, we believe that the Fund's investments are focused on the right locations.

The fund invests in real estates with tenants that cover basic retail - supermarkets, hypermarkets and hardware stores. With the energy crisis easing and unemployment at record lows, we expect this segment to show real sales growth as consumer confidence gradually returns. European Commission data from January 2023 already shows a rising trend in consumer confidence in the Czech Republic.

From a territorial point of view, the Sub-Fund will continue to invest in the Czech Republic with the possibility of diversification in the Central and Eastern European region (mainly Slovakia and Poland).

Subsequently, Redside investiční společnost, a.s. will participate actively in offering investments in the fund exclusively to qualified investors in accordance with the principles of collective investment.



Rudolf Vřešťál
Authorised Representative



Profile of NOVA Real Estate, investment fund

The decisive period for the purposes of this Annual Report is the accounting period from 1 January 2022 to 31 December 2022. This section of the Annual Report contains information on the administrative centre of the investment fund. The information on Sub-Fund is set out in the other parts of this Annual Report.

1. Basic information on the investment fund

Name:	NOVA Real Estate, investiční fond s proměnným základním kapitálem a.s. (hereinafter referred to as the "Fund")
Short name:	NOVA Real Estate
Registered office:	V Celnici 1031/4, Prague 1, postal code 110 00, Czech Republic
Company identification No.:	04 331 869
Tax identification number:	CZ 04 331 869
Registered capital:	CZK 2,000,000 fully paid
Shares:	20 pcs founder's registered shares in paper form
Net business assets:	CZK 1,921 thousand

1.1. The license to establish an investment fund with variable registered capital was granted by the CNB's announcement dated 13 August 2015, reference no.2015/088423/CNB/2015, which came into force on 20 August 2015.

1.2. The Fund is registered in the list of investment funds with legal personality maintained by the CNB pursuant to Section 597 (a).

1.3. The Fund is established for an indefinite period.

Business activity:

The Fund is a fund of qualified investors pursuant to Section 95 (1) (a) of the Act which may create separate sub-funds pursuant to Section 165 (1) of the Act. Each sub-fund collects financial resources from qualified investors by issuing sub-fund's investment shares and carries out joint investment of collected financial means or monetary-valuable items on the basis of a defined investment strategy of the sub-fund for the benefit of these qualified investors.

The sole body of the Fund according to the extract from the Commercial Register is the Management Board as at 31 December 2022.

Member of the Management Board	REDSIDE investiční společnost, a.s.
Function represented by	Rudolf Vřešťál since 1 January 2021

2. Information on changes in the facts recorded in the Commercial Register which took place during the decisive period

There were no changes to the Commercial Register in 2022.

On 1 February 2023, the registered office of the Fund at Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000 was deleted and a new registered office at Na příkopě 854/14, Nové Město, 110 00 Prague 1 was registered.

On 1 February 2023, the registered office of the member of the Management Board of Redside investiční společnost, a.s. at Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000 was deleted and a new registered office at Na příkopě 854/14, Nové Město, 110 00 Prague 1 was registered.

3. Information on the investment company managing the investment fund

Basic information:	REDSIDE investiční společnost, a.s. , identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postal code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362.
Registered capital:	CZK 8,400,000 (in the words: eight million four hundred thousand Czech crowns), fully paid.
Date of establishment:	29 June 2012

Decision on license for operation: Decision of the ČNB ref. No. 2013/5063/570 dated 29 April 2013, which came into force on 29 April 2013. The investment company is registered in the list of investment companies maintained by the ČNB pursuant to Section 596 (a) of the Act and is authorised to exceed the decisive limit.

4. Information on facts with significant influence on the activity of Fund

4.1. Main factors which affected the financial result of the Fund:

- A true and fair view of the economic activities of the Fund is provided in the annual financial statements for the period from 1 January 2022 to 31 December 2022.
- The Fund ended 2022 with a result of CZK nil thousand.

5. Information on the person who had a qualified ownership interests in the Fund

Name	Identification No.	Number of shares	Fund's share (%)
REDSIDE investiční společnost, a.s.	242 44 601	20	100
Total		20	100

There was no change during the reporting period.

6. Information on the persons in which Fund had a qualified ownership interest

In the reporting period, the Fund did not have a qualified ownership interests in any person.

7. Persons acting in concert with Fund

In reporting period, the Fund did not act in concert with any person.

8. Information on the depositary

Name: UniCredit Bank Czech Republic and Slovakia, a.s.
Registered office: Želetavská 1525/1, Prague 4, 140 92
Company identification No.: 64 948 242

The depositary is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3608.

9. Information on all securities dealers who have acted as securities dealers

In the decisive period, the investment fund did not use the services of a securities trader.

10. Information on all monetary and non-monetary considerations received during the decisive period by the sole member of the Management Board

10.1. Management Board

The sole member of the Management Board the Redside investiční společnost, a.s. did not receive any consideration from the Fund.

11. Information on the number of Fund investment shares that are owned by the sole member of the Management Board

11.1. Management Board

The sole member of the Management Board the Redside investiční společnost, a.s. holds 20 founder's shares of the Fund with a nominal value of CZK 2,000 thousand.

12. Information on litigations or arbitrations the Fund participated or participates in during the decisive period

In the decisive period, the Fund was a party to a dispute regarding the establishment of a judicial custody.

13. Depository or other custodians of the Fund

Name: UniCredit Bank Czech Republic and Slovakia, a.s.
Registered office: Želetavská 1525/1, Prague 4,
Postal code: 140 92
Company identification No.: 64 948 242

The depository is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3608.

14. Information about significant changes of Fund's statute in the relevant period

There were no significant changes in the Fund's statute during the accounting period.

15. Information about salary, considerations and similar income of employees and management, paid by the managing company of the Fund to its employees and management

In thousands of CZK	2022	2021
Wages and bonuses of members of the Management Board of the managing company	9,907	8,260
Other wages, personnel costs and employee bonuses	12,757	14,139
Social costs and health insurance	6,081	6,452
Total personnel expenses of the managing company	28,745	28,851

In 2022 and 2021, there was no consideration paid to the members of the Supervisory Board of the managing company. Remuneration of the members of the Management Board consists of variable and fixed component. While the variable component depends on the profits of the managing company.

Staff statistics of managing company	2022	2021
Average number of employees	13	15
Number of members of the Board of Directors	3	3
Number of members of the Supervisory Board	3	3

16. Information about salary, considerations and similar income of employees and management, paid by managing company of Fund to those employees or management, whose activity significantly influences risk profile of the Fund

In thousands of CZK	2022	2021
Wages and bonuses of members of the Board of Directors of the managing company	9,907	8,260

17. Information on the average number of employees of the Fund

In the decisive period, the Fund did not employ any employees.

18. Investments in research and development

The Fund did not undertake any research and development activities in the past accounting period.

19. Information on environmental and labour-law activities

The Fund did not develop any activities in this area in the past accounting period. The underlying investments of this financial product do not take into account EU criteria for environmentally sustainable economic activities.

20. Information on whether the accounting entity has an organisational unit abroad

The Fund does not have an organisational unit abroad.

21. Fund capital

Fund's capital as at 31 December 2022:

Fund's capital: CZK 1,921 thousand

Number of issued investment shares: 20 pcs

Fund's capital per 1 share: CZK 96 thousand

In accordance with the Act on Accounting, this Annual Report also includes the Financial Statements, the Audit Report and the Report on Relations between Related Parties.



03

Profile of NOVA Real Estate – Sub-Fund 1

Profile of NOVA Real Estate – Sub-Fund 1

The decisive period for the purposes of this Annual Report is the accounting period from 1 January 2022 to 31 December 2022. This part of the Annual Report contains information on the administrative centre NOVA Real Estate – Sub-Fund 1.

1. Basic information on Sub-Fund

Name:	NOVA Real Estate – Sub-Fund 1
NID:	8085331795
Short name:	NRE – PF1
Registered office:	V Celnici 1031/4, Prague 1, postal code 110 00, Czech Republic
Shares:	Registered investment shares without a nominal value
Net business assets:	CZK 2,975,778 thousand

1.1. NOVA Real Estate – Sub-Fund 1 (hereinafter referred to as the “Sub-Fund”) is managed and administered by REDSIDE investiční společnost, a.s., with Sub-Fund being established on the basis of the announcement of the Czech National Bank under ref. No. 2015/094553/570 dated 28 August 2015, which came into force on same day.

1.2. The Sub-Fund is registered in the list of investment funds without legal personality maintained by the CNB pursuant to Section 597 (b) of the Act.

1.3. The Sub-Fund is established for an indefinite period.

Business activity

The Fund is a fund of qualified investors pursuant to Section 95 (1) (a) of the Act which may, in accordance with its Articles of Association, create separate sub-funds pursuant to Section 165 (1) of the Act. Each sub-fund collects financial means from qualified investors by issuing sub-fund's investment shares and carries out joint investment of collected financial means or monetary-valuable items based on a defined investment strategy of the sub-fund for the benefit of these qualified investors.

2. Information on the investment company managing the Sub-Fund

Basic information:	REDSIDE investiční společnost, a.s. , identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postal code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362.
Registered capital:	CZK 8,400,000 (in the words: eight million four hundred thousand Czech crowns), fully paid.
Date of establishment:	29 June 2012
Decision to grant a license:	Decision of the ČNB ref. No. 2013/5063/570 dated 29 April 2013, which came into force on 29 April 2013.

The investment company is registered in the list of investment companies maintained by the CNB pursuant to Section 596 (a) of the Act and is authorised to exceed the decisive limit.

3. Information on facts with significant influence on the activity of Sub-Fund

3.1. Main factors which affected the financial result of the Sub-Fund:

A true and fair view of the economic activities of the Sub-Fund is provided in the annual financial statements for the period from 1 January 2022 to 31 December 2022.

4. Information on the person who had a qualified ownership interests in the Sub-Fund

In the reporting period, no person had a qualified ownership interests in the Sub-Fund.

5. Information on the entities in which Sub-Fund had a qualified ownership interest (as at 31 December 2022)

Name	Identification No.	Registered capital (CZK ths.)	Fund's share (%)
NRE Jablonec s.r.o.	03 862 984	4 010	100
NRE Hradec s.r.o.	03 818 900	210	100
Hradec DIY s.r.o.*	178 76 435	10	100
NRE Znojmo s.r.o.	03 815 579	210	100
NRE OFM s.r.o.	075 49 849	20	100
NRE Vyšehrad Victoria s.r.o.	04 485 980	210	100
NRE South Point 16 s.r.o.	04 486 048	210	100
NRE North Point 17 s.r.o.	04 485 874	210	100
NRE Kutil s.r.o.	046 07 155	20	100
NRE Panorama s.r.o.	054 69 091	20	100
NRE Smíchov Gate s.r.o.	054 69 228	20	100
NRE Penny 1 s.r.o.	056 28 024	30	100
CXD Czech, s.r.o.	060 24 271	10	100
NRE OCCB s.r.o.	046 07 112	10	100
ZNO Slovakia s.r.o.	51 842 173	131	100
Total		5,331	

* Hradec DIY was established in December 2022 for the purpose of spinning off part of the real estate, or hardware store, from NRE Hradec as part of a spin-off project with the creation of a new company into this newly formed company with a subsequent plan to sell the share in the newly formed company. The sale of this share was completed in February 2023.

6. Persons acting in concert with the Sub-Fund

In the reporting period the Sub-Fund did not act in concert with any person.

7. Information on the depositary

Name: UniCredit Bank Czech Republic and Slovakia, a.s.
Registered office: Želetavská 1525/1, Prague 4, postal code 140 92
Company identification No.: 649 48 242

The depositary is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3608.

8. Information on all securities dealers who have acted as securities dealers for the Sub-Fund

During the decisive period, the Sub-Fund did not use the services of a securities trader.

9. Information on all monetary and non-monetary considerations received during the decisive period by the sole member of the Management Board

9.1. Management Board

The sole member of the Management Board has not received any remuneration from the Sub-Fund other than the fees arising from the statute and the contract for the performance of functions related to the management and administration of the Sub-Fund. For the year 2022, the sole member of the Management Board received an amount of CZK 48,445 thousand for the management of the Fund and an amount of CZK 25,459 thousand for the performance fee.

10. Identification of assets, if their value exceeds 1% of the fund value on the day the valuation for the purpose of this report was conducted, including the total acquisition cost and the real value at the end of the accounting period

In thousands of CZK

Identification of fund's assets	Type of asset	Acquisition cost	Total fair value
NRE Hradec, s.r.o.	Loan	78,741	32,609
NRE Hradec, s.r.o.	Share	65,242	249,580
Hradec DIY s.r.o.*	Loan	13,561	13,561
Hradec DIY s.r.o.*	Share	36,089	138,056
NRE Jablonec, s.r.o.	Loan	121,452	102,177
NRE Jablonec, s.r.o.	Share	65,331	211,837
NRE Kutil, s.r.o.	Loan	65,650	79,008
NRE Kutil, s.r.o.	Share	25,592	43,037
NRE North Point 17, s.r.o.	Loan	88,052	111,432
NRE North Point 17, s.r.o.	Share	50,578	68,296
NRE OCCB, s.r.o.	Loan	207,854	217,338
NRE OCCB, s.r.o.	Share	105,434	215,603
NRE OFM, s.r.o.	Loan	73,000	89,309
NRE OFM, s.r.o.	Share	22,055	63,754
NRE Panorama, s.r.o.	Loan	117,508	68,077
NRE Panorama, s.r.o.	Share	26,486	170,275
NRE Penny, s.r.o.	Loan	71,450	82,829
NRE Penny, s.r.o.	Share	40,294	73,309
NRE Smíchov Gate, s.r.o.	Loan	271,297	358,362
NRE Smíchov Gate, s.r.o.	Share	25,715	160,125
NRE South Point 16, s.r.o.	Loan	171,920	207,975
NRE South Point 16, s.r.o.	Share	74,029	45,045
NRE Vyšehrad Victoria, s.r.o.	Loan	81,725	95,529
NRE Vyšehrad Victoria, s.r.o.	Share	64,663	37,207
ZNO Slovakia, s.r.o.	Loan	374,218	351,528
ZNO Slovakia, s.r.o.	Share	489,821	737,871
NRE Znojmo, s.r.o.	Loan	62,843	53,870
NRE Znojmo, s.r.o.	Share	5,131	87,506
CXD Czech, s.r.o.	Loan	25,799	31,490
CXD Czech, s.r.o.	Share	25,055	20,533

* Hradec DIY was established in December 2022 for the purpose of spinning off part of the real estate, or hardware store, from NRE Hradec as part of a spin-off project with the creation of a new company into this newly formed company with a subsequent plan to sell the share in the newly formed company. The sale of this share was completed in February 2023.

11. Information on the number of Sub-Fund investment shares that are owned by the sole member of the Management Board

11.1. Management Board

The sole member of the Management Board held 59,834,640 pcs of investment shares of the CZK class of the Sub-Fund as at 31 December 2022 (as at 31 December 2021: 32,309,045 shares) and 1,300,382 pcs of investment shares of EUR class of the Sub-Fund (as at 31 December 2021: nil shares).

12. Information on litigations or arbitrations Sub-Fund participated or participates during the decisive period

The Sub-Fund was not involved in any litigation or arbitration during the decisive period.

13. Depository or other custodians of the Sub-Fund

Name: UniCredit Bank Czech Republic and Slovakia, a.s.
Registered office: Želetavská 1525/1, Prague 4, PSČ 140 92
Company identification No.: 649 48 242

The depository is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3608.

14. Information about significant changes of the Fund's statute in the relevant period

In the relevant period there were no significant changes to the Sub-Fund's statute.

15. Information about salary, considerations and similar income of employees and management, paid by managing company of Fund to its employees and management

In thousands of CZK	2022	2021
Wages and bonuses of members of the Board of Directors of the managing company	9,907	8,260
Other wages, personnel costs and employee bonuses	12,757	14,139
Social costs and health insurance	6,081	6,452
Total personnel expenses of the managing company	28,745	28,851

In 2022 and 2021 there was no consideration paid to the members of Supervisory Board of the managing company. Remuneration of the members of the Board of Directors consists of variable and fixed component. While the variable component depends on the profits of the managing company.

Staff statistics of managing company

	2022	2021
Average number of employees	13	15
Number of members of the Board of Directors	3	3
Number of members of the Supervisory Board	3	3

16. Information about salary, considerations and similar income of employees and management, paid by managing company of the Fund to those employees or management, whose activity significantly influences risk profile of the Fund

In thousands of CZK	2022	2021
Wages and bonuses of members of the Board of Directors of the managing company	9,907	8,260

17. Information on the average number of employees of the Sub-Fund

In the decisive period, the Sub-Fund did not employ any employees.

18. Information on the remuneration for the management of the Fund, with a distinction between data on the remuneration for the performance of the activities of the depositary, administrator, chief sponsor, auditor, and data on other costs or taxes

	2022	2021
Sub-Fund management costs	48,445	49,064
Performance fee costs	25,458	37,316
Depositary and custody services costs	1,002	1,129
Audit costs, legal and tax advice	1,143	2,040
Others (expert opinions, translations, marketing)	953	1,065
Total	77,001	90,614

19. Investments in research and development

The Sub-Fund did not undertake any research and development activities in the past accounting period.

20. Information on environmental and labour-law activities

The Sub-Fund did not develop any activities in this area in the past accounting period. The underlying investments of this financial product do not take into account EU criteria for environmentally sustainable economic activities.

21. Information on whether the accounting entity has an organisational unit abroad

The Sub-Fund does not have an organisational unit abroad.

22. Fund capital of the Sub-Fund

Fund's capital as at 31 December 2022:

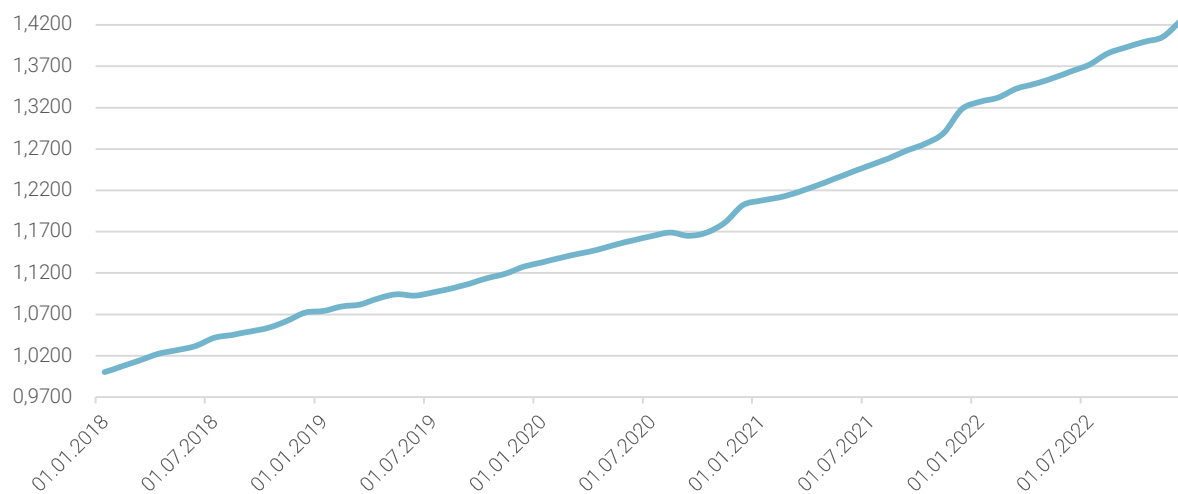
Fund's capital:	CZK 2,929,730 thousand
Number of issued EUR class investment shares:	11,776,733 pcs
Number of issued CZK class investment shares:	623,243,951 pcs
Fund's capital per 1 share /CZK class:	CZK 1.4250
Fund's capital per 1 share /EUR class:	CZK 173.3579

In 2022, there was no earnings pay-out for the investment shares neither in the CZK nor the EUR class. In 2021, there was no earnings pay-out for the investment shares neither in the CZK nor the EUR class.

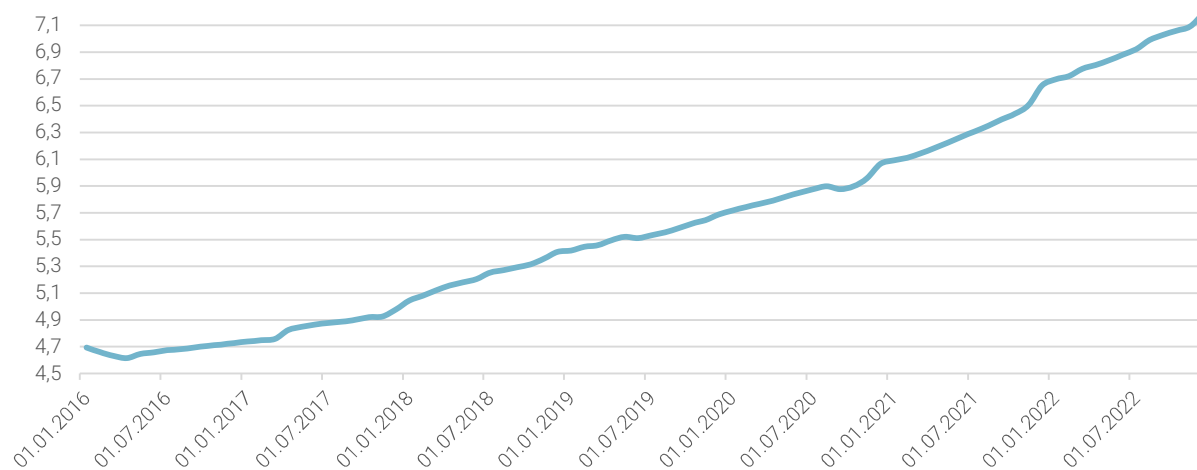
23. Investment share values for the year 2022

As at 31 December 2022, the NAV per 1 investment share of the CZK growth class was CZK 1.4250 and the NAV per 1 investment share of the EUR growth class was CZK 173.3579 (2021: CZK 1.3183 and CZK: 165.3240).

Development of CZK investment shares



Development of EUR investment shares



In accordance with the Act on Accounting, this Annual Report also includes the financial statements, the Audit Report and the Report on Relations between Related Parties.

Prague, 24 April 2023

Rudolf Vřešťál
Authorised Representative
REDSIDE investiční společnost, a.s.



Financial part – Financial statements NOVA Real Estate, investment fund

Independent Auditor's Report

To the shareholder of NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., with its registered office at Na příkopě 854/14, Nové Město, Praha 1 (the "Fund") as at 31 December 2022 and of the Fund's financial performance for the year ended 31 December 2022 in accordance with Czech accounting legislation.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2022,
- the income statement for the year ended 31 December 2022,
- the statement of changes in equity for the year ended 31 December 2022, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The management board is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Fund obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material

respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the management board of the Fund for the financial statements

The management board is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the management board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management board either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.

- Conclude on the appropriateness of the management boards' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

27 April 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by Director



Jakub Kolář
Statutory Auditor, Licence No. 2280

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.
Financial statements as at 31 December 2022

Company identification No.: 04331869

Business activity: the activity of qualified investors' fund pursuant to Section 95, para 1, letter (a) of the Act No. 240/2013 Coll., on Investment Companies and Investment Funds

Date of preparation of the financial statements: 27 April 2023

BALANCE SHEET

as at 31 December 2022

In thousands of CZK	Note	31. 12. 2022	31. 12. 2021
ASSETS			
Due from banks – repayable on demand	7	1,970	1,630
Due from customers – other receivables	8	-	296
Other assets	9	69	81
Total assets		2,039	2,007
LIABILITIES			
Other liabilities	10	118	86
Share capital – fully paid	11	2,000	2,000
Accumulated losses		(79)	(79)
Profit or loss for the period		-	-
Total liabilities		2,039	2,007
OFF-BALANCE SHEET ITEMS			
Off-balance sheet assets			
Assets under management	12	1,921	1,921

INCOME STATEMENT

For the year ended 31 December 2022

In thousands of CZK	Bod	2022	2021
Other operating income	13	(72)	(29)
Fee and commission expense		9	(9)
Gain or loss from financial operations		7	(3)
Administrative expense – other	5	56	41
Profit/loss on ordinary activities before tax		-	-
Income tax		-	-
Net profit/loss for the accounting period		-	-

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

In thousands of CZK	Note	Registered capital	Accumulated losses	Total
Balance as at 1. 1. 2021		2,000	(79)	1,921
Net profit/loss for the accounting period		-	-	-
Balance as at 31. 12. 2021		2,000	(79)	1,921
Net profit/loss for the accounting period		-	-	-
Balance as at 31. 12. 2022		2,000	(79)	1,921

The accompanying notes on following pages are an integral part of these financial statements.

1. GENERAL INFORMATION

Establishment and characteristic of the Fund

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. (the "Investment Fund" or the "Fund") is managed and administered by REDSIDE investiční společnost, a.s. (the "Investment Company"). The Fund has been established on the basis of the announcement of the Czech National Bank ref. No. 2015/088423/CNB/2015 dated 13 August 2015, which came into force on 20 August 2015.

The Fund is registered in the register of investment funds with legal subjectivity maintained by the CNB based on Section 597, letter (a) of the Act No. 240/2013 Coll., on Investment Companies and Investment Funds (the "Act").

The Fund is a fund of qualified investors following Section 95, para 1, letter (a) of the Act, which allows the Fund to create sub-funds in accordance with Section 165, para 1 of the Act. Each sub-fund collects the financial resources of qualified investors by issue of investment shares of the sub-fund and carries joint investments of the collected cash resources or at cash measurable assets based on a determined investment strategy of the sub-fund to the benefit of these qualified investors.

The Fund is established for an indefinite period.

Fund strategy

The Fund has been set-up in the form of joint stock company with variable share capital. The Fund's main activity is to act as an umbrella fund for its established sub-funds, which invest based on their individual investment strategies defined by their own Statute.

The Fund represents sub-funds that invest into real estate in the Czech Republic and Central Europe and which are separate accounting units.

Founder's shares

The Fund was set-up by the REDSIDE investiční společnost, a.s. by 20 pcs of founder's shares at a nominal value of CZK 100,000 each. All shares are owned by the Investment Company.

Established sub-funds

The Investment Fund is an umbrella fund for NOVA Real Estate – Sub-Fund 1.

Organisational structure

The Fund is managed by the Investment Company.

Key information on the Investment Company

REDSIDE investiční společnost, a.s. (hereinafter „Investment Company”), identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postal code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362.

Share capital of the Investment Company

CZK 8,400,000 (in the words: eight million four hundred thousand Czech crowns), fully paid.

Date of establishment of the Investment Company

29 June 2012

Decision on license for operation of the Investment Company

Decision of the CNB ref. No. 2013/5063/570 dated 29 April 2013.

The Investment Company is registered in the list of investment companies maintained by the CNB.

The activities of the Investment Company in relation to the Fund:

- management of the Fund's assets,
- asset management of the Fund, including investing on the Fund's account,
- investment risk management,
- administration of the Fund, in particular:
 - bookkeeping for the Fund,
 - providing legal services,

- ensuring compliance,
- dealing with complaints from Fund investors,
- valuation of the Fund's assets and liabilities,
- calculation of the current value of the investment shares of the sub-funds,
- ensuring compliance with duties, taxes or other similar financial obligations,
- maintaining a list of owners of investment shares issued by the Fund,
- distributing and paying out proceeds from the Fund's assets,
- ensuring the issue and repurchase of investment shares issued by the Fund,
- preparing and updating the Fund's annual report,
- preparing the Fund's promotional material,
- publishing, disclosing and supplying data and documents to Fund's shareholders and other persons,
- reporting data and providing documents to the Czech National Bank or the supervisory authority of another Member State,
- performing other activities related to the management of the Fund's assets,
- distributing and paying out cash benefits due liquidation of the Fund,
- keeping records on the issue and repurchase of investment shares issued by the Fund,
- offering investments in the Fund.

Business activity of the Investment Company

Activity of an Investment Company pursuant to the Act, carried out pursuant to the license of the Czech National Bank dated 26 April 2013.

The sole body of the Fund according to the Commercial Register is the Management Board as at 31 December 2022.

Member of the Management Board	REDSIDE investiční společnost, a.s.	since 1 January 2021
Function represented by	Rudolf Vřešťál	

Company representation

A sole member of the Management Board acts independently on behalf of the Fund as a joint stock company with a variable share capital. An authorised representative act in all matters as the sole member of the Management Board and thus on behalf of the NOVA Real Estate Fund.

Shareholders and shares

As at 31 December 2022 the Company's sole shareholder was:

- **REDSIDE investiční společnost, a.s., identification No.: 242 44 601,** 100.00%
Prague 1, V Celnici 1031/4, postal code 110 00

Changes in the Commercial Register

In 2022, the following changes were entered into the Commercial Register:

At the request of RVR Czech, s.r.o., identification No. 24300136, as the main shareholder of the Company, a General Meeting was convened in accordance with § 375 of Act No. 90/2012 Coll., which took place on 29 March 2022. The General Meeting decided on the transfer of all other shares issued by the Company that are owned by shareholders other than the main shareholder, i.e. 8 registered ordinary shares in paper form in the nominal amount of CZK 100,000 to the main shareholder for consideration determined by expert opinion No. 1248 -25/2022 dated 25 January 2022 prepared by Apelen Valuation, a.s.

On 29 March 2022, the General Meeting of the Company approved the following resolution:

1. By an extract from the Commercial Register and a copy of the list of shareholders of the company REDSIDE investiční společnost, a.s., with registered office at V Celnici 1031/4, 110 00 Prague 1, identification No.: 24244601, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 18362 (hereinafter referred to as the Company), furthermore, by the physical presentation of the shares and the list of those present at this General Meeting, it was certified that the company RVR Czech, s.r.o., identification No.: 24300136, with its registered office in Prague 1, V Celnici 1031/4, postal code 11000, registered in the Commercial Register maintained by the Municipal Court in Prague, section C, insert 194393 (hereinafter referred to as the Main Shareholder) owns 76 (in words: seventy-six) pieces of registered ordinary shares issued by the Company as securities in paper form

with a nominal value of each share of CZK 100,000 (in words: one hundred thousand Czech crowns), the aggregate nominal value of which is 90.4761% of the Company's share capital, for which shares with voting rights were issued, and which are associated with a 90.4761% share of the Company's voting rights. The General Meeting therefore states and determines that the Main Shareholder is the Company's main shareholder in the sense of § 375 of Act No. 90/2012 Coll., on Business Companies and Cooperatives, as amended (hereinafter referred to as the Act), in accordance with § 382 of the Act.

2. The General Meeting makes decisions in accordance with the provisions of § 375 et seq. of the Act on the transfer of all other shares issued by the Company, which are owned by shareholders of the Company other than the Main Shareholder, to the Main Shareholder. The ownership right to the shares of these other shareholders is transferred to the Main Shareholder one month after the publication of the entry of this resolution of the general meeting in the Commercial Register (date of transfer of ownership rights, hereinafter referred to as the Transfer Day). Thus, on the Transfer Day, ownership rights to all shares of the Company will be transferred to the Main Shareholder, whose owners will be persons other than the Main Shareholder on the Transfer Date. Existing owners of shares other than the Main Shareholder are required to submit the Company's shares within 30 (in words: thirty) days from the Transfer Date.
3. The Main Shareholder will provide the other shareholders of the Company or, if the existence of a lien on the shares is proven, the pledge creditor, for the shares, compensation in the amount of CZK 3,627,000 (in words: three million six hundred and twenty-seven thousand Czech crowns) for one registered ordinary share issued by the Company as a security with a nominal value of CZK 100,000 (in words: one hundred thousand Czech crowns). The adequacy of the proposed amount of compensation is documented by expert opinion No. 1248-25/2022 dated 25 January 2022 prepared by Apelen Valuation, a.s. with registered office at Nad Okrouhlikem 2372/14, 182 00 Prague 8, identification No.: 24817953, which assessed the value of one registered ordinary share issued by the Company as a security in paper form with a nominal value of CZK 100,000 (in words: one hundred thousand Czech crowns) to the amount of 3,627,000 CZK (in words: three million six hundred and twenty seven thousand Czech crowns).
4. The General Meeting further certifies that the Main Shareholder has submitted a confirmation issued by the bank Československá obchodní banka, a.s., with registered office at Radlická 333/150, 150 57 Prague 5, identification No.: 00001350, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert BXXXVI 46 (hereinafter referred to as the Agent) that the Main Shareholder, prior to the holding of the General Meeting, handed over the funds necessary for the payment of the consideration to the Agent for the purpose of their payment to the existing owners of the shares.
5. The Main Shareholder will provide the authorised persons with consideration, including any interest customary at the time of the transfer of the ownership right to the Company's shares, through the Agent without undue delay after the conditions according to Section 388, paragraph 1 of the Act have been met, i.e. without undue delay after the transfer of the Company's shares, but no later than in a period of 30 days from the date of transfer of the Company's shares. The person entitled to provide consideration will be the one who was the owner of the Company's shares at the time of the transfer of ownership, unless the existence of a lien on these shares is proven, then the consideration will be provided to the secured creditor; this does not apply if the original owner proves that the lien has expired before the transfer of ownership. As long as the shareholder is in arrears with the transfer of the Company's shares, the shareholder is not entitled to the usual interest at the time of the transfer of ownership of the Company's shares to the Main Shareholder.
6. The payment of consideration, including any interest customary at the time of the transfer of ownership rights to the Company's shares, will be made based on the request of the authorised person submitted to the Company upon presentation of the shares, which will include the method of payment of consideration and interest (hereinafter referred to as the Payment Request). Further instructions and information for completing the Payment request and for the payment of consideration and interest will be published on the Company's website.

Registered: 31 March 2022

On 1 February 2023, the registered office of the Fund at Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000 was deleted and a new registered office at Na příkopě 854/14, Nové Město, 110 00 Prague 1 was registered.

On 1 February 2023, the registered office of the member of the Management Board of Redside investiční společnost, a.s. at Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000 was deleted and a new registered office at Na příkopě 854/14, Nové Město, 110 00 Prague 1 was registered.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements containing the balance sheet, statement of profit and loss and accompanying notes were prepared on the basis of the accounting records kept in accordance with:

- the Accounting Act No. 563/1991 Coll.,
- Decree 501/2002 Coll. issued by the Ministry of Finance of the Czech Republic,
- Czech Accounting Standards for financial institutions issued by the Ministry of Finance of the Czech Republic.

The presentation of financial statements items and the content definition of items are in accordance with Decree No. 501/2002 Coll.

The financial statements have been prepared on an accrual basis of accounting and historical cost, with the exception of selected financial instruments measured at fair value.

The financial statements of the Fund have been prepared on the going concern assumption, as there is no fact that would restrict or prevent the Fund from continuing its activities in the foreseeable future.

The Fund is also not aware of the significant effects of the COVID-19 pandemic on the Fund's operations or on the going concern assumption.

These financial statements are unconsolidated and at the same time there are no other financial statements prepared by the Fund. All monetary amounts in the financial statements are stated in CZK thousands, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund were prepared in accordance with the following important accounting policies:

(a) The date of transaction recognition

Depending on the type, the transactions are recorded on the date of purchase or sale of foreign currency or security, the payment date, the trade or settlement date of a transactions with securities, foreign exchange, options or other derivatives, the date of issue or acceptance of the guarantee or the loan commitment, the day of taking over of values into custody.

(b) Financial instruments

The Fund operates only as an umbrella entity for the Sub-Fund and does not carry out any investment activities. It records within its assets only receivables from banks and receivables from non-banking entities due to re-invoicing of costs from the Fund to the Sub-Fund, as its aim is to report nil profit or loss.

Amendment to Decree no. No. 501/2002 and reporting of financial instruments, their valuation and disclosure of them according to IFRS

Based on Decree No. 501/2002 Coll. effective from 1 January 2021, which was amended by Decree No. 442/2017 Coll. of 7 December 2017, the Company has complied with International Accounting Standards as amended by the directly applicable European Union regulations on the application of International Accounting Standards since 1 January 2021 for the purposes of reporting, valuing and disclosing financial instruments in the financial statements (hereinafter "International Accounting Standards" or "IFRS").

Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised at the trade date - the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other changes in fair value of financial assets in gain or loss from financial operations in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest earned on debt securities and subordinated loans is calculated using the linear interest method and is presented in profit or loss for the year as "Interest from financial assets at fair value through profit or loss".

(c) Estimate of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets at fair value traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In situations where the last traded price is not within the bid-ask spread, management determines the point within the bid-ask spread that best represents fair value.

If there is a significant post-trade fair value movement, valuation methods are used to determine fair value. A significant event is any event that occurs after the announcement of the last market price of a security, after the market close or the close of foreign exchange but before the time of valuation by the Fund that materially affects the integrity of the closing quotations of any security, instrument or currency affected by the event such that they cannot be considered "readily available" market quotations.

Financial assets at fair value that are not traded in an active market are reported at the valuation performed by an independent certified expert. The valuation methods used include the application of discounted cash flow analysis, which is based on reliable estimates of future cash flows and the use of discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

4. FINANCIAL RISKS

Financial risk factors

As a result of its operations, the Fund is exposed to various financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund's overall risk management program seeks to maximise returns derived from the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows the use of derivative financial instruments to both reduce and create certain risk exposures.

All investments in securities present a risk of loss of capital. The maximum loss of capital from purchased options, long-term equity and debt securities is limited to the fair value of these positions. There are no future positions or other exposures for which the maximum capital loss may be unlimited.

These risks are managed by the Investment Company in accordance with the rules set out in the Fund's statute and approved by the Management Board. Fund's policies define the principles for overall risk management, as well as rules relating to specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and excess liquidity investment.

The Fund uses various methods to measure and manage the various types of risks to which it is exposed; these methods are described below.

Market risk

The Fund is exposed to market risk as a result of its general investment strategy in accordance with its statute. The main purpose of the Fund is to create and cover its Sub-Funds.

The value of the assets to which the Sub-Fund invests may rise or fall depending on changes in the economic conditions, interest rates, and the way the assets are perceived and evaluated by the market.

Market risks arise from open positions in a) currency, b) interest rates and c) equity securities, all of which are exposed to general and specific market movements. The Company's management sets quantitative limits on the risk that can be accepted.

Currency risk

The Fund is not exposed to currency risk. All assets and liabilities are in CZK.

Interest rate risk

The Fund is exposed to interest rate risk only due to receivables from banks, which are payable on demand. The impact of interest rate risk on the Fund is assessed as insignificant.

Credit risk

The credit risk is assessed as insignificant for the Fund.

Liquidity risk

The liquidity risk arises from the way the Fund finances its activities and manages its positions. Considering the degree of this risk and the overall financial position of the Fund, in 2022 and 2021 the liquidity risk was not assessed as material and no extraordinary measures were taken.

Residual maturity of the Fund's assets and liabilities

In thousands of CZK	Within 3 months	From 3 months to 1 year	Over 1 year	Not specified	Total
As at 31 December 2021					
Due from banks	1,630	-	-	-	1,630
Due from customers	296	-	-	-	296
Other assets	81	-	-	-	81
Total	2,007	-	-	-	2,007
Other liabilities	24	62	-	-	86
Equity	-	-	-	1 921	1,921
Total	24	62	-	1,921	2,007
Gap	1,983	(62)	-	(1,921)	-
Cumulative Gap	1 983	1 921	1 921	-	-

In thousands of CZK	Within 3 months	From 3 months to 1 year	Over 1 year	Not specified	Total
As at 31 December 2022					
Due from banks	1,970	-	-	-	1,970
Due from customers	-	-	-	-	-
Other assets	69	-	-	-	69
Total	2,039	-	-	-	2,039
Other liabilities	118	-	-	-	118
Equity	-	-	-	1,921	1,921
Total	118	-	-	1,921	2,039
Gap	1,921	-	-	(1,921)	-
Cumulative Gap	1,921	1,921	1,921	-	-

The above tables represent the residual maturity of the carrying amounts of individual financial instruments, not all the cash flows arising from these instruments.

5. ADMINISTRATIVE EXPENSES

In thousands of CZK	2022	2021
Audit fees	6	36
Depositary fees	-	13
Other administrative expenses	50	(8)
Total	56	41

The Fund did not pay any administrative fees to the managing Investment Company. Management fees as well as other administrative costs are invoiced directly to the individual sub-funds.

6. RELATED PARTY TRANSACTIONS

A party is related to the Fund if the conditions resulting from the definition of related parties under the provisions of International Accounting Standards as regulated by the European Union - IAS 24.9 and IAS 24.10 are met.

Redside investiční společnost, a.s. is considered to be a related party to the Fund.

In 2022 and 2021, the Fund does not record any transactions with a related party.

7. DUE FROM BANKS

Cash and cash equivalents include only cash in banks, payable on demand. The fund holds its cash in UniCredit Bank Czech Republic and Slovakia, a.s., which achieves a BCA rating of Moody's Baa2 as at 31 December 2022 (Moody's LTD rating is A3).

In thousands of CZK	31. 12. 2022	31. 12. 2021
Current accounts (nostro accounts)	1,970	1,630
Net receivables from banks	1,970	1,630

8. DUE FROM CUSTOMERS

In thousands of CZK	31. 12. 2022	31. 12. 2021
Receivables from related parties and other assets	-	296

9. OTHER ASSETS

In thousands of CZK	31. 12. 2022	31. 12. 2021
Other assets	69	377

10. OTHER LIABILITIES

In thousands of CZK	2022	2021
Trade payables and other creditors	49	-
Estimated payables	69	86
Total	118	86

11. EQUITY

The registered share capital of the Fund amounts to CZK 2,000 thousand. The Fund issued 20 registered founding shares in paper form. The sole shareholder is REDSIDE investiční společnost, a.s.

12. ASSETS UNDER MANAGEMENT

In thousands of CZK	2022	2021
Cash	1,970	1,630
Due from customers	-	296
Other assets	69	81
Other liabilities	(118)	(86)
Total	1,921	1,921

Operational, legal and other risks

Management of operational, legal and other risks is regulated by the Fund's statute and internal regulations. All Sub-Fund's investments are executed in accordance with the applicable Sub-Fund's statute and subject to the control by the depositary, which was for the whole period of 2022 and 2021 UniCredit Bank Czech Republic and Slovakia, a.s.

13. GEOGRAPHICAL SEGMENTATION OF REVENUES

The Fund is based in the Czech Republic. All investments of the Fund are within the European Union. The Fund's revenues came exclusively from the Czech Republic.

14. SUBSEQUENT EVENTS

No significant events have occurred between balance sheet date and the financial statements preparation date, that would have a material impact on the financial statements as at 31 December 2022.

The financial
statements
were prepared
on:

27 April 2023

Stamp and signature
of Statutory Body:



Rudolf Vřešťál
Authorised
representative

Person responsible
for accounting

Name and signature:



Karel Křivský
CEO
phone No.: 222 500 758

Person responsible for
the financial statements

Name and signature:



Šárka Burgetová
Head of Finance
phone No.: 222 500 757



Financial part – Financial statements NOVA Real Estate – Sub-Fund 1



Independent Auditor's Report

To the shareholders of sub-fund NOVA Real Estate – podfond 1 of fund NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of sub-fund NOVA Real Estate – podfond 1 of fund NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., with its registered office at Na příkopě 854/14, Nové Město, Praha 1 (the "Sub-fund") as at 31 December 2022 and of the Sub-fund's financial performance for the year ended 31 December 2022 in accordance with Czech accounting legislation.

What we have audited

The Sub-fund's financial statements comprise:

- the balance sheet as at 31 December 2022,
- the income statement for the year ended 31 December 2022, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The statutory body of REDSIDE investiční společnost, a.s. is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Sub-fund obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Sub-fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the statutory body of REDSIDE investiční společnost, a.s. for the financial statements

The statutory body of REDSIDE investiční společnost, a.s. is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body of REDSIDE investiční společnost, a.s. is responsible for assessing the Sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body of REDSIDE investiční společnost, a.s. either intends to liquidate the Sub-fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of REDSIDE investiční společnost, a.s. internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body of REDSIDE investiční společnost, a.s.
- Conclude on the appropriateness of the statutory body's of REDSIDE investiční společnost, a.s. use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the statutory body of REDSIDE investiční společnost, a.s. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

27 April 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by Director



Jakub Kolář
Statutory Auditor, Licence No. 2280

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.

NOVA Real Estate – podfond 1

Financial statements as at 31 December 2022

Identification No.: 71508651

Business activity: the activity of an investment fund

Date of preparation of the financial statements: 27 April 2023

BALANCE SHEET

as at 31 December 2022

In thousands of CZK	Note	31. 12. 2022	31. 12. 2021
ASSETS			
Due from banks – repayable on demand	11	10,301	28,516
Due from customers – other receivables	12	1,898,255	1,980,151
Equity interests with controlling influence	13	2,322,034	2,104,291
Other assets		518	-
Prepaid expenses		110	1,309
Total assets		4,231,218	4,114,267
LIABILITIES			
Due to banks	14	1,184,538	1,032,622
Other liabilities	15	116,950	103,612
Provisions for taxes	16	-	2,256
Subordinated liabilities - net assets attributable to holders of investment shares	18	2,929,730	2,975,778
Total liabilities		4,231,218	4,114,267
ASSETS UNDER MANAGEMENT			
Off-balance sheet assets			
Assets under management	18	2,929,730	2,975,778

INCOME STATEMENT

for the year ended 31 December 2022

In thousands of CZK	Note	2022	2021
Interest and similar expenses	7	(59,367)	(49,501)
Fee and commission expense		(890)	(1,486)
Gain or loss from financial operations	8	315,056	383,174
Administrative expense – other	9	(77,002)	(90,614)
Other operating income		5	331
Profit before tax		177,802	241,904
Income tax	20	(3,669)	(15,048)
Increase or decrease in net assets attributable to holders of investment shares from operations after tax		174,133	226,856

The accompanying notes on following pages are an integral part of these financial statements.

1. GENERAL INFORMATION

Establishment and characteristics of the Sub-Fund

NOVA Real Estate – podfond 1 (hereinafter the “Sub-Fund”) is managed and administered by REDSIDE investiční společnost, a.s. (hereinafter the “Investment Company”). The Sub-Fund has been established on the basis of the announcement of the Czech National Bank (hereinafter „ČNB”) ref. No. 2015/094553/570 dated 28 August 2015, which came into force on the same date.

The Sub-Fund was set-up in accordance with Act No. 240/2013 Coll. (the “Act”), on Investment Companies and Investment Funds. In particular, sub-funds are covered by Section 165 of the Act, where the investment fund - NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. - may create sub-funds provided that the Articles of Association allow this. The Sub-Fund has its own investment strategy.

The Sub-Fund has no legal personality, has no employees and is established for an indefinite period. The depositary of the Sub-Fund is UniCredit Bank Czech Republic and Slovakia, a.s.

Sub-Fund strategy

The investment objective of the Sub-Fund is to achieve a stable asset appreciation above the long-term interest rate yield through long-term investments in real estate companies. If short-term investments are economically viable for the Sub-Fund, the Sub-Fund is also authorised to make such short-term investments.

Investment shares in 2022

Issue of Sub-Fund's investment shares commenced on 18 December 2015, with ISIN CZ0008041845 at a nominal value of EUR 1. Issue of Sub-Fund's investment shares in CZK commenced on 16 February 2018 with ISIN CZ0008043049 at a nominal value of CZK 1. As at 31 December 2022 11,776,733 pcs (2021: 12,949,158 pcs) of investment shares in book-entry form with a nominal value of EUR 1 and 623,243,951 pcs (2021: 633,354,621) of investment shares in book-entry form with a nominal value of CZK 1 were subscribed.

Organisational structure

The Sub-Fund is managed by the Investment Company.

Key information of the Investment Company

REDSIDE investiční společnost, a.s., identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postal code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362. Its business activity is activity of Investment Company under the Act.

Registered capital of the Investment Company

CZK 8,400,000; fully paid.

Date of establishment of the Investment Company

29 June 2012

Decision on licence for operations of the Investment Company

Decision of the ČNB ref. No. 2013/5063/570 dated 29 April 2013.

The Investment Company is registered in the list of investment companies maintained by the ČNB pursuant to Section 596 (a) of the Act.

The activities of the Investment Company in relation to the Sub-Fund:

- management of the Sub-Fund's assets,
- asset management of the Sub-Fund, including investing on the Sub-Fund's account,
- investment risk management,
- administration of the Sub-Fund, in particular:
- bookkeeping for the Sub-Fund,
- providing legal services,
- ensuring compliance,
- dealing with complaints from Sub-Fund investors,
- valuation of the Sub-Fund's assets and liabilities,
- calculation of the current value of the investment shares of the Sub-Fund,
- ensuring compliance with duties, taxes or other similar financial obligations,
- maintaining a list of owners of investment shares issued by the Sub-Fund,
- distributing and paying out proceeds from the Sub-Fund's assets,

- ensuring the issue and repurchase of investment shares issued by the Sub-Fund,
- preparing and updating the Sub-Fund's annual report,
- preparing the Fund's promotional material,
- publishing, disclosing and supplying data and documents to Sub-Fund's shareholders and other persons,
- reporting data and providing documents to the Czech National Bank or the supervisory authority of another Member State,
- performing other activities related to the management of the Sub-Fund's assets,
- distributing and paying out cash benefits due liquidation of the Sub-Fund,
- keeping records on the issue and repurchase of investment shares issued by the Sub-Fund,
- offering investments in the Sub-Fund.

The sole body of the Fund according to the Commercial Register is the Management Board as at 31 December 2022.

**Member of the
Management Board**
Function represented by

REDSIDE investiční společnost, a.s.
Rudolf Vřešťál

from 1 January
2021

Company representation

A sole member of the Management Board acts independently on behalf of the Fund as a joint stock company with a variable share capital. An authorised representative act in all matters as the sole member of the Management Board and thus on behalf of the NOVA Real Estate Fund.

Shareholders and shares

As at 31 December 2022, the Company's sole shareholder was:

- **REDSIDE investiční společnost, a.s., identification No.: 242 44 601,** 100.00%
Prague 1, V Celnici 1031/4, postal code 110 00

Changes in the Commercial Register

In 2022, the following changes were entered into the Commercial Register:

At the request of RVR Czech, s.r.o., identification No. 24300136, as the main shareholder of the Company, a General Meeting was convened in accordance with § 375 of Act No. 90/2012 Coll., which took place on 29 March 2022. The General Meeting decided on the transfer of all other shares issued by the Company that are owned by shareholders other than the main shareholder, i.e. 8 registered ordinary shares in paper form in the nominal amount of CZK 100,000 to the main shareholder for consideration determined by expert opinion No. 1248 -25/2022 dated 25 January 2022 prepared by Apelen Valuation, a.s.

On 29 March 2022, the General Meeting of the Company approved the following resolution:

1. By an extract from the Commercial Register and a copy of the list of shareholders of the company REDSIDE investiční společnost, a.s., with registered office at V Celnici 1031/4, 110 00 Prague 1, identification No.: 24244601, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 18362 (hereinafter referred to as the Company), furthermore, by the physical presentation of the shares and the list of those present at this General Meeting, it was certified that the company RVR Czech, s.r.o., identification No.: 24300136, with its registered office in Prague 1, V Celnici 1031/4, postal code 11000, registered in the Commercial Register maintained by the Municipal Court in Prague, section C, insert 194393 (hereinafter referred to as the Main Shareholder) owns 76 (in words: seventy-six) pieces of registered ordinary shares issued by the Company as securities in paper form with a nominal value of each share of CZK 100,000 (in words: one hundred thousand Czech crowns), the aggregate nominal value of which is 90.4761% of the Company's share capital, for which shares with voting rights were issued, and which are associated with a 90.4761% share of the Company's voting rights. The General Meeting therefore states and determines that the Main Shareholder is the Company's main shareholder in the sense of § 375 of Act No. 90/2012 Coll., on Business Companies and Cooperatives, as amended (hereinafter referred to as the Act), in accordance with § 382 of the Act.
2. The General Meeting makes decisions in accordance with the provisions of § 375 et seq. of the Act on the transfer of all other shares issued by the Company, which are owned by shareholders of the Company other than the Main Shareholder, to the Main Shareholder. The ownership right to the shares of these other shareholders is transferred to the Main Shareholder one month after the publication of the entry of this resolution of the general meeting in the Commercial Register (date of transfer of ownership rights, hereinafter referred to as the Transfer Day). Thus, on the Transfer Day, ownership rights to all shares of the Company will be transferred to the Main Shareholder, whose owners will be persons other than the Main Shareholder on the Transfer Date. Existing owners of shares other than the Main Shareholder are required to submit the Company's shares within 30 (in words: thirty) days from the Transfer Date.
3. The Main Shareholder will provide the other shareholders of the Company or, if the existence of a lien on the shares is proven, the pledge creditor, for the shares, compensation in the amount of CZK 3,627,000 (in words: three million six hundred and twenty-seven

thousand Czech crowns) for one registered ordinary share issued by the Company as a security with a nominal value of CZK 100,000 (in words: one hundred thousand Czech crowns). The adequacy of the proposed amount of compensation is documented by expert opinion No. 1248-25/2022 dated 25 January 2022 prepared by Apelen Valuation, a.s. with registered office at Nad Okrouhlikem 2372/14, 182 00 Prague 8, identification No.: 24817953, which assessed the value of one registered ordinary share issued by the Company as a security in paper form with a nominal value of CZK 100,000 (in words: one hundred thousand Czech crowns) to the amount of 3,627,000 CZK (in words: three million six hundred and twenty seven thousand Czech crowns).

4. The General Meeting further certifies that the Main Shareholder has submitted a confirmation issued by the bank Československá obchodní banka, a.s., with registered office at Radlická 333/150, 150 57 Prague 5, identification No.: 00001350, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert BXXXVI 46 (hereinafter referred to as the Agent) that the Main Shareholder, prior to the holding of the General Meeting, handed over the funds necessary for the payment of the consideration to the Agent for the purpose of their payment to the existing owners of the shares.
5. The Main Shareholder will provide the authorised persons with consideration, including any interest customary at the time of the transfer of the ownership right to the Company's shares, through the Agent without undue delay after the conditions according to Section 388, paragraph 1 of the Act have been met, i.e. without undue delay after the transfer of the Company's shares, but no later than in a period of 30 days from the date of transfer of the Company's shares. The person entitled to provide consideration will be the one who was the owner of the Company's shares at the time of the transfer of ownership, unless the existence of a lien on these shares is proven, then the consideration will be provided to the secured creditor; this does not apply if the original owner proves that the lien has expired before the transfer of ownership. As long as the shareholder is in arrears with the transfer of the Company's shares, the shareholder is not entitled to the usual interest at the time of the transfer of ownership of the Company's shares to the Main Shareholder.
6. The payment of consideration, including any interest customary at the time of the transfer of ownership rights to the Company's shares, will be made based on the request of the authorised person submitted to the Company upon presentation of the shares, which will include the method of payment of consideration and interest (hereinafter referred to as the Payment Request). Further instructions and information for completing the Payment request and for the payment of consideration and interest will be published on the Company's website.

Registered: 31 March 2022

On 1 February 2023, the registered office of the Fund at Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000 was deleted and a new registered office at Na příkopě 854/14, Nové Město, 110 00 Prague 1 was registered.

On 1 February 2023, the registered office of the member of the Management Board of Redside investiční společnost, a.s. at Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000 was deleted and a new registered office at Na příkopě 854/14, Nové Město, 110 00 Prague 1 was registered.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements containing the balance sheet, statement of profit and loss and accompanying notes were prepared on the basis of the accounting records kept in accordance with:

- the Accounting Act No. 563/1991 Coll.,
- Decree 501/2002 Coll. issued by the Ministry of Finance of the Czech Republic,
- Czech Accounting Standards for financial institutions issued by the Ministry of Finance of the Czech Republic.

The arrangement and labelling of financial statements items and the content definition of items are in accordance with Decree No. 501/2002 Coll, with the exception of the presentation of fund capital and its changes in the accounting period in accordance with IFRS from 1 January 2021, as described in the chapter "Changes in accounting methods".

The financial statements have been prepared on an accrual basis of accounting and historical cost, with the exception of selected financial instruments measured at fair value through profit or loss ("FVTPL").

The financial statements are based on the going concern assumption. The Sub-Fund has taken into account the market values of the assets in these financial statements by adjusting the fair values according to the information available to the Sub-Fund at the date of these financial statements.

Several exogenous shocks hit both the global and Czech economies in 2022, weakened by the pandemic. The war in Ukraine has reduced global economic growth and intensified inflationary pressures, especially in food and energy prices. In many countries, inflation rates in the second half of last year were the highest since the 1980s, to which central banks are responding by gradually increasing interest rates, often to historic highs. However, consumer price growth appears to have peaked in a number of countries, but the question remains how quickly inflation will return to the vicinity of the inflation targets of individual central banks. While the Czech economy grew in the first half of last year despite unfavourable

circumstances, the economy is going through a slight recession in the second half of 2022 and the beginning of 2023. Nevertheless, Czech GDP for the full year 2022 was forecast by the Ministry of Finance to increase by an estimated 2.3%. Growth was mainly driven by fixed capital investment and increased inventory accumulation. Household final consumption expenditure decreased slightly despite a number of fiscal stimulus measures, due to a sharp increase in the cost of living, especially energy prices, and tighter monetary policy.

Rising inflation across all the countries in the CEE region in which the Fund is active has led to sharp increases in interest rates. The Fund uses senior bank financing, both in CZK and EUR, with the majority of these loans in EUR, where the 2022 rate increase was not as significant as in the Czech Republic and is hedged by an IRS (interest rate swap). In the case of the refinancing of the portfolios in 2022, there was an increase in interest costs compared to the ending loans, but the high inflation will be reflected in 2023 through the indexation of the lease contracts in the increase in rents and therefore the increase in NIO (net operating income).

These financial statements are unconsolidated and at the same time there are no other financial statements prepared by the Sub-Fund. All monetary amounts in the financial statements are stated in CZK thousands, unless stated otherwise.

Balance sheet date:	31 December 2022
Date of preparation of financial statements:	27 April 2023
Accounting period:	1 January 2022 to 31 December 2022
Previous accounting period:	1 January 2021 to 31 December 2021

3. SIGNIFICANT ACCOUNTING METHODS

The financial statements of the Sub-Fund have been prepared in accordance with the following significant accounting methods:

(a) The date of transaction recognition

Depending on the type, the transactions are recorded on the date of purchase or sale of foreign currency or security, the payment date, the trade or settlement date of a transactions with securities, foreign exchange, options or other derivatives, the date of issue or acceptance of the guarantee or the loan commitment, the day of taking over of values into custody.

(b) Financial instruments

a. Financial instruments – valuation

Fair value is the price that would be received if an asset would be sold or paid to settle a liability in an orderly transaction between market participants at the measurement date. The best proof of fair value is an active market price. An active market is one in which transactions with assets or liabilities are carried out in sufficient frequency and volume to provide information about prices on an ongoing basis. The fair value of financial instruments traded on an active market is measured as the product of the quoted price for the individual asset or liability and the amount held by the entity. This is the case even if the normal daily trading volume on the market is not able to absorb the quantity held and entering a sale of the entire position held in a single transaction could affect the quoted price.

Valuation methods, such as discounted cash flow models or models based on recent market transactions, or an assessment of investment financial data are used to determine the fair value of certain financial instruments for which external market price information is not available. Fair value measurement is analysed based on the fair value hierarchy as follows: (i) Level 1 is a valuation based on quoted prices from active markets for identical assets or liabilities; (ii) Level 2 is a valuation technique with all significant inputs for the asset or liability valuation obtained from observable market, either directly (i.e., from price) or indirectly (i.e., derived from prices), and (iii) Level 3 valuations are valuations that are not based solely on observable market data (i.e., the valuation requires significant unobservable inputs and estimates). Transfers between levels of fair values are assumed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. An incremental cost is an expense that would not have been incurred if the entity had not acquired, disposed of or issued the financial instrument. Transaction costs include fees and commissions to sales representatives, advisors, brokers and dealers, as well as fees to regulators and stock exchanges, transfer taxes and other fees. Transaction costs, on the other hand, do not include premiums or discounts, financing costs, internal administrative costs or holding costs.

Amortised cost ("AC") is the amount at which a financial instrument was measured on initial recognition after deducting all principal payments, plus accrued interest and, for financial assets, less any allowances for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs capitalised at initial recognition and accrued premium or discount, i.e., the difference between the initial value and the value at maturity, amortised using the effective interest rate method. Accrued interest income and accrued interest expense, including accrued coupon and amortised discount or premium (including any capitalised accrued charges), are not reported separately and are included in the carrying amount of related items in the financial statements.

The effective interest rate method is a method of allocating interest income or interest expense over a relevant period so as to achieve a constant periodic interest rate (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

The effective interest rate discounts the cash flows of variable interest instruments at the next interest refixing date, except for a premium or discount that reflects the credit spread above the floating interest rate specified in the instrument or other variables that are not adjusted to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

b. Financial instruments – initial recognition

Financial instruments carried at fair value in the FVTPL category are initially recognised at fair value. All other financial instruments are initially recognised at fair value adjusted for transaction costs. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognised only if there is a difference between the fair value and the transaction price that is evidenced by other observable market transactions of the same instrument or by a valuation technique whose inputs include only observable market data. After the initial recognition of a financial instrument, the expected credit loss for financial assets valued in category AC is calculated and reported, resulting in an immediate accounting loss.

IFRS initially recognises financial instruments on the trade date or on the trade settlement date at initial recognition. An entity may use the same method consistently for purchases and sales of financial instruments classified in the same valuation category. All purchases and sales of financial assets that require delivery within the timeframe set by regulation or market convention (regular delivery purchases) are recognised on the trade date, i.e., the date on which the Sub-Fund commits to purchase or sell the financial asset. All other purchases are reported as soon as the trades are settled. Spot operations are operations of buying and selling financial assets with a usual delivery date. Transactions with a longer than usual delivery date are accounted for as financial derivatives.

c. Financial instruments - classification and subsequent valuation - valuation categories

The Sub-Fund classifies financial assets in the following valuation categories: FVTPL. The classification and subsequent valuation of debt financial assets depends on: i) the Sub-Fund's business model for managing the portfolio of related assets and ii) the characteristics of the contractual cash flows of the asset.

d. Receivables Financial instruments - classification and subsequent valuation – business model

The business model reflects the way in which the Sub-Fund manages assets for the purpose of generating cash flows - whether the Sub-Fund aims to: i) only collect contractual cash flows from assets ("holding to obtain contractual cash flows") or ii) collect both contractual cash flows and cash flows arising from the sale of assets ("holding to obtain contractual cash flows and sell"), or if neither (i) and (ii) apply, financial assets are classified as part of a "different" business model and valued in the FVTPL category.

The business model is designed for a group of assets (at the portfolio level) based on all relevant evidence of the activities, that the Sub-Fund undergoes to achieve the target set for the portfolio available on the valuation date. Information on the critical judgments that the Sub-Fund uses in determining the business models of its financial assets is provided in Note 4.

e. Financial instruments - classification and subsequent valuation – cash flow characteristics

In the case of the "held in order to collect contractual cash flows" or "held in order to collect contractual cash flows and sell" business models, the Sub-Fund assesses, whether these cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered for these purposes as a whole.

If the contractual terms give rise to exposure to risk or volatility, the financial asset is classified and measured within the FVTPL. The SPPI is measured at the initial recognition of the asset and is not reassessed subsequently.

f. Financial instrument – reclassification

Financial instruments are only reclassified when the business model for portfolio management as a whole changes. The reclassification has a prospective effect and is applied from the beginning of the first reporting period, following the change in the business model. The entity has not changed its business model and has not made any reclassifications during the current period.

g. Financial assets – depreciation

Financial assets are fully or partially depreciated when the Sub-Fund has exhausted all practical means of recovery and has come to the conclusion that there is no reasonable expectation that the outstanding claim will be recovered. Depreciation represents the moment of derecognition.

h. Financial assets – derecognition

The Sub-Fund derecognises financial assets if (a) the assets are repaid or the cash flow rights from the assets have otherwise expired, or (b) the Sub-Fund has transferred rights from the cash flows from the financial assets or entered into an asset transfer agreement where (i) substantially all the risks and rewards of ownership of the asset have been transferred to the counterparty, or (ii) substantially all the risks and rewards of ownership have not been transferred but the Sub-Fund has not retained control due to the asset transfer agreement. Control is maintained if the counterparty

to such an agreement has no real ability to sell the asset in its entirety to a third party without restricting the sale by any limitations.

i. Financial liabilities – measurement categories

Financial liabilities are valued in category AC, except for financial liabilities in category FVTPL: this classification applies to derivatives, financial liabilities held for trading (e.g., short positions in securities) and other financial liabilities that were classified as such at initial recognition.

j. Financial liabilities – derecognition

Financial liabilities are derecognised at the time of termination (i.e., when the obligation specified in the contract is terminated, cancelled or expires).

Changes in liabilities that do not result in their termination are accounted for as a change in the estimate using the cumulative adjustment method with a gain or loss recognised in profit or loss on a one-off basis.

k. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term investments in an active market with maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position. Cash and cash equivalents in accordance with the business model are compulsorily classified as FVTPL.

l. Receivables due from customers

Receivables from customers consist of provided loans. These receivables meet the definition of a debt financial instrument in accordance with IFRS and as such are compulsorily classified as FVTPL in accordance with the Sub-Fund's business model. Interest income is recognised on an accrual basis using the linear method in the income statement on the line "Gain or loss from financial operations".

m. Equity interest with controlling influence

The controlling interests constitute the only kind of equity interests of the Sub-Fund.

Equity interests with controlling influence mean interests in a subsidiary in which the Sub-Fund, de facto or legally, directly or indirectly exercises controlling influence over its management or operations. Controlling influence is the ability of the Sub-Fund to manage the financial and operational policies of another company, thereby benefiting from its activities.

The Sub-Fund exercises controlling influence whenever it meets at least one of the following conditions:

- a) It is a majority shareholder, or
- b) it has a majority of voting rights on the basis of an agreement entered into with another shareholder or shareholders, or
- c) it may enforce the appointment, election or dismissal of a majority of persons, who are a statutory body or its member, or a majority of the persons, who are members of the supervisory body of the legal entity of which it is a shareholder.

In accordance with the classification of the Sub-Fund as an investment unit in accordance with IFRS 10, participating interests are compulsorily reported in the FVTPL. Income from any dividends received is recognised on the date on which the right to receive payment is established in the income statement on the line "Income from shares".

n. Liabilities due to banks

Liabilities to banks consist of drawn loans from banks domiciled in the Czech Republic. The Sub-Fund measures and classifies these liabilities in the AC (amortised cost) category, with the book (amortised) value being considered the best approximation of the fair value. Interest expenses are recognised on an accrual basis using the straight-line method in the income statement on the line "Interest and similar expense".

o. Investment shares

Investment shares are issued and redeemed at the fair value of the net assets attributable to these investment shares on the last day of the month preceding the month in which the Investment Company received the request to issue or redeem the investment shares. The value of the net assets per investment share is calculated by dividing the net assets attributable to holders of investment shares for each class and type of investment share by the total number of outstanding investment shares of each type and class.

Investment shares can be issued in various currency classes, in particular as Czech crown (CZK class) and euro (EUR class). The currency class of the share means that the issue price of such shares is redeemed in the relevant currency in which the investment share is issued, and all performance by the Sub-Fund (profit share, amount for which the share is repurchased, etc.) is paid in the relevant currency, in which the investment share is issued.

Advances received for investment shares are recognised at a value corresponding to the amount received.

The Sub-Fund issues two currency classes of growth and dividend investment shares:

- 1) Dividend investment share A: EUR (ISIN: CZ0008044948) or CZK (ISIN: CZ0008044930):

The investment share ensures the right to repurchase it at the request of its owner by the Sub-Fund. Because stocks are denominated in different currencies, they do not share the same characteristics. Dividend shares, unlike growth shares, also give the owner the right to a share in the profits of the sub-fund NOVA Real Estate – Sub-Fund 1. For the above reasons, dividend shares do not qualify for exemption under IAS 32 para 16A (c). The allocation method may also result in different values per share, which would not qualify for an exemption from the classification of financial liabilities in accordance with IAS 32, paragraph 16A (a).

Dividend investment shares will therefore be classified as a financial liability.

No shares of this class have been issued at the balance sheet date.

2) Growth investment share A: EUR (ISIN:CZ0008041845) or CZK (ISIN: CZ0008043049):

The investment share ensures the right to repurchase it at the request of its owner by the Sub-Fund. Because stocks are denominated in different currencies, they do not share the same characteristics. Growth shares, unlike dividend shares, do not entitle the owner to a share in the profits of the NOVA Real Estate - Sub-Fund 1. For the above reasons, growth shares do not qualify for IAS 32 para 16A (c). The allocation method may also result in different share values per unit, which would not qualify for an exemption from the classification of financial liabilities in accordance with IAS 32, paragraph 16A (a).

Growth investment shares will therefore be classified as a financial liability.

Based on the above, the investment shares issued by the Sub-Fund meet the conditions for qualification as a financial liability under IAS 32. For this reason, the values belonging to the shareholders, i.e., the Sub-Fund's fund capital, are presented in the balance sheet under "7. Subordinated liabilities" as "Net assets attributable to holders of investment shares".

Fund capital is valued at redemption value, the item of the profit and loss statement "Increase or decrease in net assets attributable to holders of investment shares from operations after tax" represents the change in the value of fund capital for the accounting period from current activities.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(d) Foreign currency translation

Currency

The financial statements are stated in Czech crowns (CZK).

Foreign currency translation

Transactions denominated in foreign currency are recognised in local currency, translated at the exchange rate announced by the Czech National Bank on the date of the transaction or on the date of the accounting event.

Foreign exchange gains and losses are included in the income statement together with the revaluation to fair value.

(e) Value added tax

The Sub-Fund is not a registered Value Added Tax ("VAT") payer. Tangible and intangible fixed assets and inventories are valued at cost, including VAT. The Sub-fund is registered for VAT as an identified person.

(f) Taxation

Current tax

The tax base for income tax is calculated from the profit before tax for the current period by adding non-deductible expenses, deducting tax-free income and adjusting for tax rebates and possible credits.

Deferred tax

Deferred tax is calculated from all temporary differences between the carrying amount and the tax value of assets and liabilities using the expected tax rate applicable for the subsequent period. Deferred tax on revaluation reserve in equity is also recognised as part of the revaluation reserve in equity. A deferred tax asset is recognised only if there is a probability to use it in subsequent accounting periods.

(g) Creation of provisions

Provision represents probable fulfilment of an obligation, with uncertain timing and amount. The provision is charged to the expenses at the best estimate of the resource outflow necessary to settle the existing obligation.

A provision is created if the following criteria are met:

- a) There is an obligation (legal or constructive) to fulfil as a result of past events,
- b) It is probable or certain that the fulfilment will occur and that it will require an outflow of resources representing economic benefits; where "probable" means a probability of more than 50%,
- c) The amount of such fulfilment can be reliably estimated.

(h) Related parties

A party is related to the Sub-Fund when the following conditions are met

- a) the party
 - (i) controls or jointly controls the Sub-Fund;
 - (ii) has significant influence in the Sub-Fund; or
 - (iii) is a member of the key management of the Sub-Fund.
- b) the party is an affiliate company of the Sub-Fund
- c) the party is a joint venture in which the Sub-Fund is a co-owner
- d) the party is a member of the key management of the Sub-Fund or its Investment Company
- e) the party is a close member of the family of an individual defined under a) or d)
- f) the party is an accounting entity that is controlled, jointly controlled or it is under a direct or indirect significant influence of any individual under d) or e) or such an individual has significant voting rights in that party, directly or indirectly; or
- g) the party is a post-employment benefit plan for employees of the accounting entity that is related to the Sub-Fund.

Related party transactions mean the transfer of resources, services or obligations between the Sub-Fund and the related party, regardless of whether any price is charged.

(i) Items from a different accounting period and changes in accounting methods

Items from a different accounting period, than that to which they are attributable for accounting purposes, and changes in accounting methods are recognised as income or expense in the income statement of the current period, except for correction of fundamental errors in the income and expenses of previous periods that are recognised within the item „Net assets attributable to holders of investment shares“ in the Sub-Fund's balance sheet. Due to their significance, the list of changes in accounting methods and their effects in the accounting period are presented in the chapter itself.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value

The fair value used for the valuation of securities is determined as the market price announced on the date of determination of the fair value, if the entity proves that the security can be sold at the market price. In the case of publicly traded debt securities and equity securities, the fair values are equal to the prices achieved on the public market of OECD countries, provided that the liquidity requirements of the securities are also met. If it is not possible to determine the fair value as the market price (e.g., the entity does not demonstrate that the security can be sold at the market price), then the fair value is determined as the adjusted value of the security.

The adjusted value of the security may be equal to:

- the degree of participation in the equity of the joint-stock company in the case of shares,
- the degree of participation in the equity of the mutual fund in the case of share certificates,
- the present value of the future cash flows of the security in the case of debt securities.

Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the year-end date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities. If a significant movement in fair value occurs subsequent to the closure of trading, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Sub-Fund

uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardised financial instruments include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Sub-Fund uses the valuations performed by an independent certified valuation expert, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted securities, receivables and other financial instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a valuation is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Sub-Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The amortised cost of cash and cash equivalents is assumed to approximate fair value.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy in which the fair value measurement is classified is determined based on the lowest level inputs that are significant to the fair value measurement. For this purpose, the significance of the input is assessed on the basis of its significance for determining total fair value. If fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs measurement is a Level 3 valuation. Assessing the significance of a particular input for fair value measurement requires full judgment about the factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Sub-Fund's assets and liabilities (by class) measured at fair value as at 31 December 2022.

In thousands of CZK	Level	Fair value as at 31. 12. 2021	Consideration received/ Loans granted/ Acquired equity interests	Reimbursement paid/ Repaid loans / Equity interests sold	Revaluation reserve in Gain or loss from financial operations	Balance as at 31. 12. 2022
Financial assets at fair value through profit or loss						
Receivables due from banks	2	28,516	513,613	(530,321)	(1,507)	10,301
Receivables due from customers	3	1,980,151	-	(41,276)	40,620	1,898,255
Equity interests with controlling influence	3	2,104,291			217,743	2,322,034

Revaluation to fair value is unrealised.

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently or are not traded at all. Level 3 instruments include private equity and subordinated loans granted. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

Level 3 valuations are reviewed at least annually by an independent certified expert opinion. The valuation performed by an independent certified expert includes the application of the substantive asset method in the case of securities and a discounted cash flow analysis based on reliable estimates of future cash flows using the discount rate in the case of loans granted. The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows:

Sensitivity of Level 3 financial assets at fair value to changes in Level 3 inputs recognised in profit and loss at 31 December 2022

In thousands of CZK	Fair value	Valuation method	Used inputs	Input range (weighted average)	Reasonable change	Sensitivity of fair value measurement
Equity interests with controlling influence	2,322,034	Net assets value ("NAV")	Yield	4.80% - 7.27% (5.97%)	± 0.5%	-689,043 +819,577
			Estimated rental value (ERV) in EUR/m2/month	4.21 – 16.27 (8.03)	± 10%	+834,538 -757,961

The sensitivity of receivables due from customers is insignificant.

The liquidity of individual assets cannot exceed 100%.

The table above shows the sensitivity of financial assets to valuation inputs if a change in one of the inputs, reflecting possible alternative assumptions, would significantly change the fair value. For this purpose, materiality in terms of impact on profit or loss was assessed.

The sensitivity of the fair value measurement described in the table above shows the direction in which an increase or decrease in the relevant input variables would have an impact on the valuation result.

The fair value of participations with a controlling influence at the balance sheet date is determined using the net assets value of the companies owning the property, which is based on the value of real estate determined by an expert on the value of other balance sheet items of the companies owning the property. The valuation of real estate is methodologically based on discounted cash flow projections, which were based on estimates of future cash flows based on existing lease and service contracts. Consideration was given to independent external data from the rental market in the Czech Republic, which mainly assesses historical and current market rentals for similar or type-comparable properties in a given location, condition and as close as possible to the rental profile. The valuation also considers discount rates that reflect current market assessment of the uncertainties of the amount and timing of cash flows. The main assumptions on which the fair value is based are:

- currently contracted rent;
- expected future market rents;
- vacancies;
- technical condition of the building and location;
- corresponding discount rates.

These valuations are regularly compared to actual market yield data and actual market transactions for the period. Estimated fair value is sensitive to the main assumptions underlying the estimate, namely the discount factor used in the range of 4.82% to 6.83% for individual real estates. The increase of the discount factor in the future would mean a significant reduction in fair value. Similarly, a decrease in estimated rental value would result in a significant decrease in fair value.

The best estimate of the fair value of the Sub-Fund's other assets and other liabilities that are also financial instruments is their amortised cost. This value is considered to be the best approximation of fair value and is classified as Level 2.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Fair value of financial instruments. Information on the fair values of financial instruments measured using assumptions, that are not based solely on observable market data, is provided in the note "Financial risk factors" and the accounting policy "Financial instruments".

The Sub-Fund makes estimates and assumptions that affect the amounts reported in the financial statements and the carrying amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on the Sub-Fund's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Sub-Fund also makes certain judgments in the process of applying the accounting rules. The judgments that have the most significant effect on the amounts recognised in the financial statements and the estimates, that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out in the following note "Financial risk factors", section "Estimated fair value".

Business Model Assessment. The portfolio of financial assets is managed, and performance is evaluated on the basis of fair values. The Sub-Fund focuses primarily on fair value information and uses this information to assess asset performance and make decisions. The contractual cash flows of the Sub-Fund's receivables consist only of principal and interest, but these debt instruments are classified neither as held for the purpose of collecting contractual cash flows nor as held for the purpose of collecting cash flows and held for sale. The collection of contractual cash flows is secondary to the achievement of the objectives of the Sub-Fund's business model. According to this, the Sub-Fund classifies its business model as "Fair Value Management" (this is the "Other Business Models" category under IFRS 9) and therefore reports its financial assets at fair value through profit or loss (FVTPL).

Assessment of the Sub-Fund as an investment entity. In accordance with IFRS 10, paragraph 28, an entity is classified as an investment entity if it meets the following conditions:

- obtains funds from one or more investors in order to provide investment management services to those investors;
- undertakes to its investors that its business purpose is to invest funds solely for the purpose of realising capital gains, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Sub-Fund meets these conditions and is thus classified as an investment entity in accordance with IFRS 10. Investments in the Sub-Fund's subsidiaries are thus mandatorily reported in the FVTPL category in accordance with the requirements of IFRS 10.

Presentation of funds capital. Investment shares issued by the Sub-Fund meet the conditions for the definition of financial liabilities under IAS 32. For this reason, the amounts belonging to the shareholders, i.e., the Sub-Fund's fund capital, are presented in the balance sheet under item "7. Subordinated liabilities" as "Net assets attributable to holders of investment shares", "where the item of the profit and loss account " Increase or decrease in net assets attributable to holders of investment shares from operations after tax" represents the change in the value of the fund's capital during the accounting period from ordinary activities.

Reporting of fund capital within the balance sheet item "Net assets attributable to investment shares", resp. its revaluation under profit or loss item "Increase or decrease in net assets attributable to holders of investment shares from operations after tax" is in accordance with IFRS and constitutes a departure from the layout and presentation of the balance sheet and profit and loss account items defined by the implementing regulation (Annex No. 1 to Decree No. 501/2002 Coll.), which is necessary to provide a true and fair view of the accounting entity.

View on relations. A party is related to the Sub-Fund if the conditions resulting from the definition of related parties under the provisions of International Accounting Standards as regulated by the European Union - IAS 24.9 and IAS 24.10 are met. The persons listed in Part 3 - Profile of NOVA Real Estate - Sub-Fund 1, Article 5 have been identified as related parties of the Sub-Fund.

6. FINANCIAL RISK FACTORS

Due to its activities, the Sub-Fund is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Sub-Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Sub-Fund is exposed and seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The Sub-Fund's policy allows it to use derivative financial instruments to both mitigate and create certain risk exposures.

The management of these risks is carried out by the Investment Company under policies defined by the Statute of the Sub-Fund and approved by the Management Board. The Statute defines principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Sub-Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

The Sub-Fund is exposed to credit risk due to its business activity, lending, hedging and investment activities. Credit risks associated with the Sub-Fund's trading and investment activities are managed through the Sub-Fund's market risk management methods and instruments.

Collateral assessment

If there are receivables arising from loans granted to non-bank entities that are not secured by any of the above types of collateral, it is due to the fact that the borrower is 100% owned by the lender, which as a controlling entity effectively manages any risks which might occur on the side of the borrower and lead to impairment of receivables.

Market risk

The Sub-Fund takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity shares, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted.

(a) Credit risk

The Sub-Fund is exposed to credit risk due to lending and investment activities. The credit risk exposure is as follows:

In thousands of CZK	31. 12. 2022	31. 12. 2021
Loans granted		
NRE Jablonec s.r.o.	102,177	101,910
NRE Hradec s.r.o.	32,609	51,204
Hradec DIY s.r.o.*	13,561	-
NRE Znojmo s.r.o.	53,870	53,803
NRE Smíchov Gate s.r.o.	358,362	346,305
NRE Panorama s.r.o.	68,077	67,009
NRE OFM s.r.o.	89,309	84,929
CXD Czech s.r.o.	31,490	31,318
NRE Penny s.r.o.	82,829	78,099
NRE Kutil s.r.o.	79,008	73,099
NRE Vyšehrad Victoria s.r.o.	95,529	92,986
NRE North Point 17 s.r.o.	111,432	108,956
NRE South Point 16 s.r.o.	207,975	202,843
NRE OCCB s.r.o.	217,338	254,505
ZXJ Czech, s.r.o.	-	22,307
Arca Capital Slovakia, a.s.	3,160	3,187
ZNO Slovakia s.r.o.	351,528	407,691
Celkem	1,898,255	1,980,151

* Hradec DIY was established in December 2022 for the purpose of spinning off part of the real estate, or hardware store, from NRE Hradec as part of a spin-off project with the creation of a new company into this newly formed company with a subsequent plan to sell the share in the newly formed company. The sale of this share was completed in February 2023.

(b) Currency risk

The Sub-Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Czech crowns, its functional currency. Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. Foreign exchange exposure relating to non-monetary assets and liabilities is considered to be a component of market price risk, not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

Foreign exchange position of the Sub-Fund

In thousands of CZK	EUR	CZK	Total
As at 31 December 2022			
Receivables due from banks	589	9,712	10,301
Other assets, prepaid expenses	-	628	628
Equity securities	1,218,819	1,103,215	2,322,034
Receivables due from customers	1,396,007	502,248	1,898,255
Total	2,615,415	1,615,803	4,231,218
Provisions	-	-	-
Other liabilities	1,093	115,857	116,950
Liabilities due to banks	1,048,209	136,329	1,184,538
Net assets attributable to holders of investment shares	2,041,590	888,140	2,929,730
Total	3,090,892	1,140,326	4,231,218
Net foreign exchange position	(475,477)	475,477	-

In thousands of CZK	EUR	CZK	Celkem
As at 31 December 2021			
Receivables due from banks	12,349	16,167	28,516
Other assets, prepaid expenses	1,225	84	1,309
Equity securities	1,191,768	912,523	2,104,291
Receivables due from customers	1,441,877	538,274	1,980,151
Total	2,647,219	1,467,048	4,114,267
Provisions	-	2,256	2,256
Other liabilities	4,743	98,869	103,612
Liabilities due to banks	908,685	123,937	1,032,622
	1,727,306	1,248,472	2,975,778
Net assets attributable to holders of investment shares	2,640,734	1,473,534	4,114,267
Total	6,485	(6,485)	-
Net foreign exchange position			

The table below summarises the sensitivity of the Sub-Fund's exposure to changes in foreign exchange rates as at 31 December. The analysis is based on the assumptions that the relevant exchange rate increases/decreases by the percentage shown in the table below, with all other inputs held constant. The assumption represents management's best estimate of a proportional movement in foreign exchange rates given their historical volatility. The movement in value represents the impact to the income statement as well as net assets.

	31.12.2022		31.12.2021	
In thousands of CZK	Proportional movement in the exchange rate	Movement in value	Proportional movement in the exchange rate	Movement in value
Foreign exchange position in EUR	+/- 2.5%	-/+ 11,887	+/- 2.0%	+/- 130

(c) Interest rate risk

The Sub-Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors continuously and sets limits on the level of mismatch of interest rate repricing that may occur.

The table below summarises the Sub-Fund's exposure to interest rate risks. The table presents the aggregated amounts of the Sub-Fund's financial assets and liabilities at fair value, categorised by the earlier of contractual interest change or maturity dates:

Interest rate sensitivity of the Sub-Fund's assets and liabilities

In thousands of CZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2022						
Receivables due from banks	10,301	-	-	-	-	10,301
Other assets, prepaid expenses	4	11	613	-	-	628
Receivables due from customers	-	722,747	1,175,508	-	-	1,898,255
Equity securities	-	-	-	-	2,322,034	2,322,034
Total	10,305	722,758	1,176,121	-	2,322,034	4,231,218
Other liabilities	63,703	-	-	-	53,247	116,950
Liabilities due to banks	47,140	1,137,398	-	-	-	1,184,538
Provisions	-	-	-	-	-	-
Net assets attributable to holders of investment shares	-	-	-	-	2,929,730	2,929,730
Total	110,843	1,137,398	-	-	2,982,977	4,231,218
Gap	(100,538)	(414,640)	1,176,121	-	(660,943)	-
Cumulative Gap	(100,538)	(515,178)	660,943	660,943	-	-

In thousands of CZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2021						
Receivables due from banks	28,516	-	-	-	-	28,516
Other assets, prepaid expenses	819	490	-	-	-	1,309
Receivables due from customers	-	515,707	1,448,645	-	15,799	1,980,151
Equity securities	-	-	-	-	2,104,291	2,104,291
Total	29,335	516,197	1,448,645	-	2,120,090	4,114,267
Other liabilities	11,930	46,572	-	-	45,110	103,612

Liabilities due to banks	301,524	731,098	-	-	-	1,032,622
Provisions	-	2,256	-	-	-	2,256
Net assets attributable to holders of investment shares	-	-	-	-	2,975,778	2,975,778
Total	313,454	779,926	-	-	3,020,888	4,114,267
Gap	(284,119)	(263,729)	1,468,645	-	(900,798)	-
Cumulative Gap	(284,119)	(547,848)	900,798	900,798	-	-

The above overview includes all assets and liabilities and corresponds to the values stated in the Sub-Fund's statement of financial position.

(d) Other price risk

The Sub-Fund is exposed to equity securities price risk. This arises from investments held by the Sub-Fund for which prices in the future are uncertain. Where equity securities are denominated in currencies other than the Czech crowns, the price initially expressed in foreign currency and then converted into euros will also fluctuate because of changes in foreign exchange rates. See Paragraph (a) 'Currency risk' above, which sets out how this component of price risk is managed and measured.

The Sub-Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Management Board.:

Shares, investments, or other forms of participation in companies:

No more than 35% of the value of the Sub-Fund's assets may be invested in a participation in the same legal entity, it does not matter whether the participation is represented by a security or a book-entry security.

Receivables:

No more than 35% of the value of the Sub-Fund's assets may be invested in receivables from the same borrower.

Collective investment securities:

The maximum investment limit in securities issued by collective investment funds or comparable foreign investment funds may not exceed 10% of the value of the Sub-Fund's assets.

Other equipment:

No more than 35% of the value of the Sub-Fund's assets may be invested in:

- i. Bonds and money market instruments issued by the same issuer
- ii. One commodity
- iii. One bulk item (bulk item also means a business plant)
- iv. Other assets

Investment instruments and deposits of one issuer:

The maximum limit of investments in investment instruments issued by a single issuer and deposits with this issuer may not exceed 35% of the value of the Sub-Fund's assets. Compliance with the Sub-Fund's investment policies are reported to the Management Board on a semi-annual basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Sub-Fund is mainly exposed to the risk of obligatory cash redemptions of investment shares of its qualified investors.

The table below shows financial assets and liabilities at 31 December 2022 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual cash flows.

The item "Net assets attributable to holders of investment shares" includes issued investment shares, which are redeemable on demand. The Sub-Fund is obliged to repurchase investment shares from the shareholder no later than:

- a) 4 months from the last calendar day of the month in which the Sub-Fund / Investment Company received a request to repurchase investment shares, if the relevant shareholder requests the repurchase of investment shares at a current value corresponding to a maximum of CZK 10,000,000 (ten million Czech crowns);
- b) 6 months from the last calendar day of the month in which the Sub-Fund / Investment Company received a request to repurchase investment shares, if the relevant shareholder requests the repurchase of investment shares with a current value of more than CZK 30,000,000 (thirty million Czech crowns);
- c) 12 months from the last calendar day of the month in which the Sub-Fund / Investment Company received a redemption request for investment shares, if the relevant shareholder requests the redemption of investment shares at a current value of more than CZK 30,000,000 (thirty million Czech crowns);

As the maturity of the investment shares depends on the client's initiative by submitting an additional repurchase request, the Sub-Fund classifies these instruments in the following table as "Not specified".

Residual maturity of the Sub-Fund's assets and liabilities

In thousands of CZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2022						
Receivables due from banks	10,301	-	-	-	-	10,301
Other assets, prepaid expenses	4	11	613	-	-	628
Receivables due from customers	-	722,747	1,175,508	-	-	1,898,255
Equity securities	-	-	-	-	2,322,034	2,322,034
Total	10,305	722,758	1,176,121	-	2,322,034	4,231,218
Other liabilities	63,703	-	-	-	53,247	116,950
Liabilities due to banks	47,140	1,137,398	-	-	-	1,184,538
Provisions	-	-	-	-	-	-
Net assets attributable to holders of investment shares	-	-	-	-	2,929,730	2,929,730
Total	110,843	1,137,398	-	-	2,982,977	4,231,218
Gap	(100,538)	(414,640)	1,176,121	-	(660,943)	-
Cumulative Gap	(100,538)	(515,178)	660,943	660,943	-	-

Residual maturity of the Sub-Fund's assets and liabilities

In thousands of CZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2021						
Receivables due from banks	28,516	-	-	-	-	28,516
Other assets, prepaid expenses	819	490	-	-	-	1,309
Receivables due from customers	-	515,707	1,448,645	-	15,799	1,980,151

Equity securities	-	-	-	-	2,104,291	2,104,291
Total	29,335	516,197	1,448,645	-	2,120,090	4,114,267
Other liabilities	11,930	46,572	-	-	45,110	103,612
Liabilities due to banks	1,032,622	-	-	-	-	1,032,622
Provisions	-	2,256	-	-	-	2,256
Net assets attributable to holders of investment shares	-	-	-	-	2,975,778	2,975,778
Total	1,044,552	48,828	-	-	3,020,888	4,114,267
Gap	(1,015,217)	467,369	1,448,645	-	(900,798)	-
Cumulative Gap	(1,015,217)	(547,848)	900,798	900,798	-	-

Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to holders of investment shares. The amount of net asset attributable to shareholders can change significantly on a monthly basis, as the Sub-Fund is subject to monthly subscriptions and redemptions at the discretion of shareholders, as well as changes resulting from the Sub-Fund's performance. The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain the capital structure, the Sub-Fund's policy is to perform the following:

- Monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate within redemption periods, which the Sub-Fund pays to investment shareholders.
- Redeem and issue new shares in accordance with the constitutional documents of the Sub-Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Management Board, Investment Manager and Sub-Fund's depository monitor capital on the basis of the value of net assets attributable to individual qualified investors.

7. SEGMENT INFORMATION

The Sub-Fund is domiciled in the Czech Republic. All of the Sub-Fund's investments are located in the European Union. Management monitors its investments both as a whole portfolio and individually, by industry - office, retail and industrial real estate for warehousing and production (logistics) and by geographical distribution (especially the Czech Republic and Slovakia).

The segment information is as follows:

Income and expenses by segments for the period ended 31 December 2022

In thousands of CZK	Czech Republic	Slovak Republic	Not specified	Total
Interest expense	(59,367)	-	-	(59,367)
Gain or loss from financial operations (of which interest income)	98,086	27,666	-	125,752
Gain or loss from financial operations (of which revaluation to fair value)	132,412	48,996	7,896	189,304
Total segment income/expense	171,131	76,662	7,896	255,689

In thousands of CZK	Retail	Office	Logistics	Not specified	Total
Interest expense	-	-	(12,760)	(46,607)	(59,367)
Gain or loss from financial operations (of which interest income)	49,162	48,623	27,967		125,752
Gain or loss from financial operations (of which revaluation to fair value)	98,854	(20,198)	41,981	68,667	189,304
Total segment income/expense	148,016	28,425	57,188	22,060	255,689

Financial assets by segments as at 31 December 2022

In thousands of CZK	Fair value	31 December 2022 % of net assets	Fair value	31 December 2021 % of net assets
Receivables due from banks				
Czech Republic	10,301	0.24	28,516	0.69
Slovak Republic	-	-	-	-
Malta	-	-	-	-
Total receivables due from banks	10,301	0.24	28,516	0.69
Receivables due from customers				
Czech Republic	1,543,567	36.49	1,569,273	38.15
Slovak Republic	354,688	8.38	410,878	9.99
Malta	-	-	-	-
Total receivables due from customers	1,898,255	44.87	1,980,151	48.14
Equity securities				
Czech Republic	1,584,163	37.45	1,419,075	34.50
Slovak Republic	737,871	17.44	685,216	16.66
Malta	-	-	-	-
Total equity securities	2,322,034	54.89	2,104,291	51.16
Total financial assets at fair value through profit or loss	4,230,590	100.00	4,112,958	100.00

8. GAIN OR LOSS FROM FINANCIAL OPERATIONS

In thousands of CZK	2022	2021
Interest and similar income	125,752	135,606
Gain or loss from financial operations – foreign exchange income / (losses)	4,713	(4,225)
Gain or loss from financial operations – revaluation to fair value	184,500	251,793
Total	315,056	383,174

9. ADMINISTRATIVE EXPENSES

In thousands of CZK	2022	2021
Management of the Sub-Fund	48,445	49,064
Management fees	25,459	37,316
Depositary and custody fees	1,002	1,129
Audit, legal and tax advice fees	1,143	2,040
Other (expert opinions, translations, marketing)	953	1,065
Total	77,002	90,614

The Sub-Fund pays management fees to the Investment Company, which are calculated in accordance with the contract on the performance of the function of the statutory body. The fee is set at 1.6% p.a. of the Sub-Fund's equity per year. If all the conditions according to the Fund's Articles of

Association are met, the Investment Company is also entitled to a performance fee of 30% of the value exceeding 6% of the Sub-Fund's annual performance.

The Sub-Fund pays the depository fees for the performance of the depository's function in the amount of CZK 653 thousand (2021: CZK 653 thousand).

10. RELATED PARTY TRANSACTIONS

In thousands of CZK	2022	2021
Assets		
Due from customers – receivables from subsidiaries	1,831,201	1,957,844
Equity interests with controlling influence	2,322,034	2,104,291
Income		
Interest income from loans granted to entities with controlling influence	125,450	134,780

11. DUE FROM BANKS

Cash and cash equivalents include only cash in banks, payable on demand. The Fund holds its money in UniCredit Bank Czech Republic and Slovakia, a.s., which achieves a BCA rating of Moody's Baa2 as at 31 December 2022 (Moody's LTD rating is A3).

In thousands of CZK	31. 12. 2022	31. 12. 2021
Current accounts (nostro accounts)	10,301	28,516
Net receivables due from banks	10,301	28,516

12. DUE FROM CUSTOMERS

In thousands of CZK	31. 12. 2022	31. 12. 2021
Receivables from loans granted	1,898,255	1,980,151
Net receivables due from customers	1,898,255	1,980,151

Loans are granted to subsidiaries at interest rate of 6-9% p.a. and are due between 2022-2025. The Company's management believes that the principal and accrued interest will be paid-out from the cash flows generated in the ordinary course of business of the subsidiaries in accordance with the loan agreements. Accrued interest is also due on the maturity date of the loans. According to the Act and the Statute, the Sub-Fund is required to perform revaluation of the Sub-Fund's assets and debts to fair value on an at least annual basis. At the balance sheet date, the recognised value of receivables is the best estimate of their fair value.

13. EQUITY INTERESTS WITH CONTROLLING INFLUENCE

As at 31 December 2022

In thousands of CZK			
Company name	Share in equity	Acquisition cost	Fair value
NRE Znojmo s.r.o. (previously OPX Czech, s.r.o.)	100%	5,131	87,506
NRE Jablonec s.r.o. (previously OUA Czech, s.r.o.)	100%	65,331	211,837
NRE Hradec s.r.o. (previously QQT Czech, s.r.o.)	100%	65,242	249,580
Hradec DIY*	100%	36,089	138,056
ZNO Slovakia s.r.o.	100%	489,821	737,871

NRE OFM s.r.o. (previously HMX Czech s.r.o.)	100%	22,055	63,754
NRE North Point 17 s.r.o.	100%	50,578	68,296
NRE South Point 16 s.r.o.	100%	74,029	45,045
NRE Vyšehrad Victoria s.r.o.	100%	64,663	37,207
CXD Czech, s.r.o.	100%	25,055	20,533
NRE Smíchov Gate s.r.o.	100%	25,715	160,125
NRE Panorama s.r.o.	100%	26,486	170,275
NRE Penny 1 s.r.o.	100%	40,294	73,309
NRE OCCB s.r.o.	100%	105,434	215,603
NRE Kutil s.r.o.	100%	25,595	43,037
Total		1,121,518	2,322,034

As at 31 December 2021

In thousands of CZK

Company name	Share in equity	Acquisition cost	Fair value
NRE Znojmo s.r.o. (previously OPX Czech, s.r.o.)	100%	5,131	77,383
NRE Jablonec s.r.o. (previously OUA Czech, s.r.o.)	100%	65,331	215,635
NRE Hradec s.r.o. (previously QQT Czech, s.r.o.)	100%	101,331	314,736
ZNO Slovakia s.r.o.	100%	489,821	685,216
NRE OFM s.r.o. (previously HMX Czech s.r.o.)	100%	22,055	43,416
NRE North Point 17 s.r.o.	100%	50,578	71,400
NRE South Point 16 s.r.o.	100%	74,029	43,589
NRE Vyšehrad Victoria s.r.o.	100%	64,663	33,626
CXD Czech, s.r.o.	100%	25,055	19,949
NRE Smíchov Gate s.r.o.	100%	25,715	159,889
NRE Panorama s.r.o.	100%	26,486	170,586
NRE Penny 1 s.r.o.	100%	40,294	70,602
NRE Kutil s.r.o.	100%	25,595	41,198
NRE OCCB s.r.o.	100%	105,434	157,066
Total		1,121,518	2,104,291

All equity interests with controlling influence, except for the company ZNO Slovakia s.r.o., which has its registered office in Slovakia, have their registered office in the Czech Republic.

Under the Act and Statute, the Sub-Fund is required to revalue the Sub-Fund's assets at fair value on an annual basis.

During 2015 and 2016, the Sub-Fund purchased 100% of shares in companies owning and operating large-scale shopping malls in the district towns of the Czech Republic. In 2017 and 2019, there were further successful acquisitions, and the Sub-Fund became the owner of 100% of the shares in companies owning and operating both administrative buildings in Prague and regional retail outlets. In 2020, an industrial park was purchased in Slovakia. In all cases, the purchases of these companies were wholly financed by external funds and therefore the equity of the Sub-Fund's subsidiaries is very low.

*As at 30 December 2022, as a result of the division by spin-off with the formation of a new company, the divided company NRE Hradec s.r.o. did not cease to exist, and part of its assets specified in the division project of 23 November 2022 was transferred to the newly formed successor company Hradec DIY s.r.o.

14. DUE TO BANKS

In thousands of CZK	31. 12. 2022	31. 12. 2021
EUR due to banks - other than payable on demand	1,048,209	908,685
CZK due to banks - other than payable on demand	136,329	123,937
Total liabilities due to banks	1,184,538	1,032,622

15. OTHER LIABILITIES

In thousands of CZK	31. 12. 2022	31. 12. 2021
Trade payables and other creditors	33,719	16,427
Estimated payables	29,984	42,075
Deferred tax liability	53,247	45,110
Total	116,950	103,612

16. INCOME TAX PROVISIONS

In thousands of CZK	2022	2021
Opening balance as at 1. 1.	2,256	-
Additions to provision in the amount of expected tax	-	2,256
Utilisation of tax provision	2,256	-
Closing balance as at 31. 12.	-	2,256

17. MOVEMENTS IN EQUITY

From 1 January 2021, equity is classified in accordance with IFRS as a liability under "Subordinated liabilities - Net assets attributable to holders of investment shares".

18. SUBORDINATED LIABILITIES – NET ASSETS ATTRIBUTABLE TO HOLDERS OF INVESTMENT SHARES

Sub-Fund as at 31 December 2022 and 31 December 2021 had no share capital. The Sub-Fund issues investment shares that met the definition of a financial liability in accordance with IAS 32, paragraph 11 as at 31 December 2022 and 31 December 2021 and the Sub-Fund reports them on the line "Subordinated liabilities - Net assets attributable to holders of investment shares".

Investment shares are issued as unit shares, i.e., shares that do not have a nominal value. The investment shares represent equal shares in the Sub-Fund's fund capital. The investment shares issued to the Sub-Fund are associated with the right to share in the profit only from the management of the Sub-Fund and in the liquidation balance only upon the termination of the Sub-Fund with liquidation. The investment shares issued to the Sub-Fund are associated with the rights that govern the Articles of Association of the Sub-Fund for individual types of investment shares. The investment share also has the right to repurchase it at the request of its owner. Investment shares expire upon redemption.

Overview of movements in net assets attributable to holders of investment shares for 2022:

In thousands of CZK	Total
Balance as at 1. 1. 2022	2,975,778
Income from issued investment shares	270,223
Expenditures on redeemed investment shares	(448,544)
Revaluation of EUR class shares at the exchange rate as at 31 December 2022	(41,861)
Shareholders contributions	-
Increase or decrease in net assets attributable to holders of investment shares from operational activities after tax	174,134
Balance as at 31. 12. 2022	2,929,730

Overview of movements in net assets attributable to holders of investment shares for 2021:

In thousands of CZK	Total
Balance as at 1. 1. 2021	3,019,604
Income from issued investment shares	81,491
Expenditures on repurchased investment shares	(268,852)
Revaluation of EUR class shares at the exchange rate as at 31 December 2021	(83,321)
Shareholders contributions	-
Increase or decrease in net assets attributable to holders of investment shares from operations after tax	226,856
Balance as at 31. 12. 2021	2,975,778

During the year ended 31 December, the number of investment shares issued, repurchased and outstanding was as follows:

	2022			2021		
in number of pcs	EUR class	CZK class	Total	EUR	CZK	Total
as at 1 January	12,949,158	633,354,621	646,303,779	13,877,686	674,522,239	688,399,925
Issued investment shares	1,303,389	35,927,195	37,230,584	1,965,778	61,522,402	63,488,180
Redeemed investment shares	(2,475,814)	(46,037,865)	(48,513,679)	(2,894,306)	(102,690,020)	(105,584,326)
as at 31 December	11,776,733	623,243,951	635,020,684	12,949,158	633,354,621	646,303,779

The net assets values (NAV) attributable to the Sub-Fund's investment share at the balance sheet date are as follows:

CZK 1.425 for CZK class growth investment shares (2021: CZK 1.3183)

EUR 7.1888 for EUR class growth investment shares (2021: EUR 6.6502)

19. DISTRIBUTION OF PROFIT

Profit for the year 2021 in the amount of CZK 226,856 thousand was transferred to the "Subordinated liabilities - net assets attributable to holders of investment shares" account, which has increased it.

Profit for the year 2022 in the amount of CZK 174,134 thousand is proposed to be transferred to the "Subordinated liabilities - net assets attributable to holders of investment shares" account, which will increase it.

20. INCOME TAX AND DEFERRED TAX

(a) Current income tax

In thousands of CZK	
Profit (loss) before taxation	174,134
Non-taxable income	(198,716)
Exclusion of tax expenses	3,706
Non-tax expenses	12,877
Tax base	(7,999)
Tax calculated for 2022 at the rate of 5%	-
Provision for tax 2021	(4,431)
Change in deferred tax	8,137
Additional tax for previous years	(37)
Income tax	3,669

(b) Deferred tax

The deferred tax liability of CZK 53,248 thousand as at 31 December 2022 (as at 31 December 2021: CZK 45,110 thousand) represents 5% of the revaluation reserve of equity securities.

21. ASSETS UNDER MANAGEMENT

In thousands of CZK	31. 12. 2022	31. 12. 2021
Cash	10,301	28,516
Equity interests with controlling influence	2,322,034	2,104,291
Due from customers	1,898,255	1,980,151
Other assets, prepaid expenses	628	1,309
Due to banks	(1,184,538)	(1,032,622)
Provision for income tax	-	(2,256)
Other liabilities	(116,950)	(103,612)
Total	2,929,730	2,975,778

22. SUBSEQUENT EVENTS

No other significant events have occurred between balance sheet date and the financial statements preparation date, that would have a material impact on the financial statements as at 31 December 2022.

The financial statements were prepared on:

27 April 2023

Stamp and signature of Statutory Body:

Rudolf Vřešťál
Authorised Representative

Person responsible for accounting:

Name and signature

Karel Krhovský
CEO
phone No.: 222 500 758

Person responsible for the financial statements:

Name and signature

Šárka Burgetová
Head of Finance
phone No.: 222 500 758



Report on relations

Report on relations

between the Controlling Party and the Controlled Party and between the Controlled Party and the Parties Controlled by the same Controlling Party pursuant to Section 82 of Act No. 90/2012 Coll., the Business Corporations Act, as amended.

I. Introductory provisions

1. The relevant period

This report is prepared for the accounting period from 1 January 2022 to 31 December 2022 (hereinafter referred to as the "reporting period" or the "reference period").

2. Company name and registered office

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., with its registered office at Prague 1 - Nové Město, V Celnici 1031/4, postal code 110 00, Company ID: 043 31 869, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 20886 (hereinafter referred to as the "Company").

3. Statutory body

The statutory body of the Company at the end of the reporting period was the sole member of the Management Board:

REDSIDE investiční společnost, a.s., with its registered office at Prague 1 - Nové Město, V Celnici 1031/4, postal code 110 00, Company ID: 242 44 601, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362.

In the performance of his duties, the sole member of the Management Board shall act independently. The sole representative of the Management Board acts in all matters on behalf of the sole member of the Management Board:

Rudolf Vřešťál, born 22 February 1977, Prague 3, Žižkov, Prokopova 2849 / 2a, postal code 130 00.

4. Shareholders and shares

At the end of the reporting period, the sole shareholder owning 100% of the founding shares was:

REDSIDE investiční společnost, a.s. - a shareholder owning 20 pieces of ordinary registered shares in paper form.

II. Related parties

1. Controlling Parties

REDSIDE investiční společnost, a.s., with its registered office at Prague 1 - Nové Město, V Celnici 1031/4, postal code 110 00, Company ID: 242 44 601, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362 (hereinafter referred to as **the "Controlling Party"**).

REDSIDE investiční společnost, a.s. was a shareholder owning 100% of the Company's shares in the reporting period.

RVR Czech, s.r.o., with its registered office in Prague 1, V Celnici 1031/4, postal code 110 00, Company ID: 243 00 136, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 194393.

RVR Czech, s.r.o. was the majority shareholder of REDSIDE investiční společnost, a.s. in the period from 1 January 2022 to 30 April 2022 with 90.48% of share and could through REDSIDE investiční společnost, a.s. exercise an indirect influence on the Company. In the period from 1 May 2022 to 31 December 2022 RVR Czech, s.r.o. was a shareholder owning 100% of the founding shares of REDSIDE.

Rudolf Vřešťál, born 22 February 1977, Prague 3, Žižkov, Prokopova 2849/2a, postal code 130 00.

Rudolf Vřešťál was the sole shareholder of RVR Czech, s.r.o. in the reporting period and through RVR Czech, s.r.o. and REDSIDE investiční společnost, a.s. could have an indirect influence on the Company.

(REDSIDE investiční společnost, a.s., RVR Czech, s.r.o. and Rudolf Vřešťál also as **"Controlling Parties"**).

2. Parties Controlled by the same Controlling Party (also referred to as "Related Parties")

List of all companies that were controlled in the reporting period, either directly or indirectly by the Controlling Parties:

i. List of all companies under REDSIDE investiční společnost, a.s. in the reporting period:

REDSIDE investiční společnost, a.s. owned shares and was the manager and administrator of the following investment funds and their sub-funds in the reporting period:

Company	Identification No.	Registered office	Share %
NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.	04331869	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100% of the founder's shares
NOVA Green Energy, SICAV, a.s.	08789622	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100% of the founder's shares
NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s.	04699017	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100% of the founder's shares
ARCA OPPORTUNITY, SICAV, a.s.	24199591	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100% of the founder's shares

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. owned shares in favour of NOVA Real Estate – Sub-Fund 1 (hereinafter referred to as the "Sub-Fund") accounts in the following companies as at 31 December 2022:

Company	Identification No.	Registered office	Share %
CXD Czech, s.r.o.	06024271	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Hradec s.r.o.	03818900	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Jablonec s.r.o.	03862984	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Kutil s.r.o.	04607155	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Panorama s.r.o.	05469091	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Penny 1 s.r.o.	05628024	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE North Point 17 s.r.o.	04485874	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE OCCB s.r.o.	04607112	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE OFM s.r.o.	07549849	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Smíchov Gate s.r.o.	05469228	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%

NRE South Point 16 s.r.o.	04486048	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Vyšehrad Victoria s.r.o.	04485980	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
NRE Znojmo s.r.o.	03815579	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
ZNO Slovakia s.r.o.	51842173	Laurinská 18, Bratislava – mestská část Staré Mesto 811 01	100%
Hradec DIY s.r.o.	17876435	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%

NRE OCCB s.r.o. owned shares in the following companies in the reporting period:

RUQ Czech, s.r.o.	04378024	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%
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ii. List of parties controlled by RVR Czech, s.r.o. at the end of reporting period:

Company	Identification No.	Registered office	Share %
REDSIDE investiční společnost, a.s.	242 44 601	Prague 1 - Nové Město, V Celnici 1031/4, postal code 11000	100%
Purple Green a.s. v likvidaci	07187939	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%
ZNO Energy a.s.	54017840	Laurinská 18, Bratislava – mestská část Staré Město 811 01	60%

Furthermore, during the reporting period RVR Czech, s.r.o. owned 45% share in the company RSFA, a.s., Identification number: 08579440, with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, in which it was not classified as a Controlling Party due to the internal arrangement of shareholders' relations in the company.

iii. List of parties controlled by Rudolf Vřešťál during the reporting period:

Company	Identification No.	Registered office	Share %
BAZ Czech, a.s.	28204298	Prague 1, V Celnici 1031/4, postal code 11000	50%
RVR Czech, s.r.o.	24300136	Prague 1, V Celnici 1031/4, postal code 11000	100%
TC VENTURES, s.r.o.	25777581	Prague 3, Krásava 1027, postal code 13000	50%
White Express s.r.o.	04378059	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%

iv. List of companies in BAZ Czech, a.s. group during the reporting period:

Company	Identification No.	Registered office	Share %
Parties controlled by BAZ Czech, a.s. during the reporting period:			
ASB Czech Republic, s.r.o.	27215849	Prague 1, V Celnici 1031/4, postal code 11000	100%
ASB Czech SC, s.r.o.	24201235	Prague 1, V Celnici 1031/4, postal code 11000	100%
ASB Hungary Kft,	01-09-326637	1122 Budapest, Mureş utca 1062 Budapest, Hungary	100%
ASB Poland Sp. z o.o.	0000296560	Złota 59, Warsaw, Poland	100%
ASB Poland SC Sp. z o.o.	0000300061	Złota 59, Warsaw, Poland	100%
ASB Slovakia, s.r.o.	36 665 061	Laurinská 18 Bratislava 811 01	92.47%
MXD Czech, s.r.o	03520005	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%
Paříkova Property, s.r.o.	05481953	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%
UnitedData a.s.	04201094	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%

Parties controlled by **ASB Poland SC Sp. z o.o.** during the reporting period

Company	Identification No.	Registered office	Share %
ASB Slovakia Tax, s.r.o.	50283596	Laurinská 18, Bratislava – mestská část Staré Město 811 01	85%

Parties controlled by **ASB Poland Sp. z o.o.** during the reporting period:

Company	Identification No.	Registered office	Share %
ASB Tax Sp. z o.o.	0000423733	Złota 59, 00-120 Warsaw, Poland	74%
Hunter ASB Sp. z o.o. w likwidacji	0000378002	Złota 59, 00-120 Warsaw, Poland	50%
ASB Fiscal Representation Sp. z o.o.	0000319538	Złota 59, 00-120 Warsaw, Poland	100%
PGA Accounting Sp z o.o.	0000714645	Zajecza 15, 00-351 Warsaw, Poland	100%

The list did not include companies controlled by ASB Czech SC, s.r.o., ASB Poland Sp. z o.o., ASB Hungary Kft and ASB Slovakia, s.r.o., which were established for the purpose of its resale (so-called ready-made companies).

3. Relationship between the Controlling Parties and the Company

a) Capital connection

REDSIDE investiční společnost, a.s. owns 100% of the founder's shares in the reporting period, RVR Czech, s.r.o. owns as at 31 December 2022 100% of the REDSIDE investiční společnost, a.s. shares and Rudolf Vřešťál owns 100% of the shares in RVR Czech, s.r.o.

b) Personal connection

The Company and the Controlling Parties are also connected personally, whereas REDSIDE investiční společnost, a.s. was the statutory body, with managing and administrative powers over the Company. Rudolf Vřešťál was an Authorised Representative of the sole member of the Management Board, Chairman of the Management Board of REDSIDE investiční společnost, a.s. and an Executive and the sole shareholder in RVR Czech, s.r.o.

III. The role of the Company, methods and means of control

The Company was in the reporting period the object of direct control of the Controlling party REDSIDE investiční společnost, a.s., whereas the Company carries out the activities of the fund of qualified investors according to the provisions § 95 paragraph 1 a) of a Law no. 240/2013 Coll., on Investment Companies and Investment Funds, as amended. The Controlling Party also performs the function of the Administrator and Manager of the Company.

REDSIDE investiční společnost, a.s. owned 100% of the Company's shares in the reporting period. RVR Czech, s.r.o. was a major shareholder of the REDSIDE investiční společnost, a.s. in the reporting period and through REDSIDE investiční společnost, a.s. could have an indirect influence on the Company. Rudolf Vřešťál in the reporting period owned 100% of the RVR Czech, s.r.o. shares and through RVR Czech, s.r.o. and REDSIDE investiční společnost, a.s. could have an indirect influence on the Company.

In addition to the above exercise of voting rights in the Company, REDSIDE investiční společnost, a.s. acted as the sole member of the Company's Management Board, in the reporting period, whereas Rudolf Vřešťál acted as an Authorised Representative of the sole member of the Company's Management Board.

IV. Contracts and Agreements concluded between the Company and the Controlling Parties or the Related Parties, and performance provided

In the reporting accounting period, the following agreements were concluded or valid based on past arrangements between the Company and the Controlling Parties or Related Parties:

1. Agreements concluded between the Company and REDSIDE investiční společnost, a.s.
 - Agreement on the performance of the function of the Statutory Director of the Company as at 20 August 2015 as amended
 - Agreement on the performance of the function of member of the Company's Management Board as at 31 December 2020;
2. Agreements concluded between REDSIDE investiční společnost, a.s. and ASB Czech Republic, s.r.o concerning the administration of the Company and the Sub-Fund:
 - Agreement on delegation the performance of an individual activity, included in the administration of an investment fund between REDSIDE investiční společnost, a.s. as administrator and ASB Czech Republic, s.r.o. as a provider, concluded on 1 January 2015

V. Legal acts made in the reporting period that were made at the instigation of or in the interest of the Controlling Parties or the Related Parties, if such an act concerned assets exceeding 10% of the Company's equity of Controlled Parties ascertained according to the latest financial statements

In the reporting period, the Company did not, at the instigation or in the interest of the Controlling Parties or the Related Parties, carry out any transactions in respect of assets that exceed 10% of the Company's controlled capital, as determined by the latest financial statements.

VI. Conclusion

1. In the reporting period the Company has not been subjected to any material or financial detriment by the Controlling Parties or the Related Parties as a result of contractual relations with the Controlling Parties or the Related Parties or any other legal acts or other actions taken or received in the interest or at the instigation of the Controlling Parties or the Related Parties.
2. The advantage of including the Company in the described group is the benefit from the synergies of the group's activities and the use of the activities of other companies within the group. Possible disadvantage is more demanding administrative and organisational structure of the group. After an overall assessment of the impact of the Company's inclusion in the business group, the benefits prevail. The described potential risks and disadvantages are addressed at the level of control elements of individual group entities.
3. The member of the Management Board of the Company declares that (i) it prepared this Report on relation based on all information available to it on the relations between the Controlling Party and the Company and between Company and Related Parties pursuant to Section 82 of the Commercial Corporations Act, (ii) this Report on relation is true according to the information available to it and (iii) it did not conceal any substantial facts which are known and which by law are to be the content of this report.

Prague, 31 March 2023



Rudolf Vřešťál,

Authorised Representative of the Management Board member
REDSIDE investiční společnost