

# Annual report 2021



# Annual report content

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# Key economic indicators

8,5

billion CZK

INVESTMENT VOLUME IN THE  
LAST 4 YEARS

21

NUMBER OF TRANSACTIONS FOR  
THE LAST 5 YEARS

711

million CZK

TOTAL ANNUAL SALES

9.66

% per annum

APPRECIATION  
FOR 2021

90+

NUMBER  
OF TENANTS IN 2021



Report  
of the Management Board



## REPORT OF THE MANAGEMENT BOARD OF NOVA REAL ESTATE, INVESTIČNÍ FOND S PROMĚNNÝM ZÁKLADNÍM KAPITÁLEM, A.S.

Dear shareholders and business partners,

The NOVA Real Estate investment fund, together with NOVA Real Estate – podfond 1 („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 centers 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 centers 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 2021 with an excellent result of 96.7% of leased space, of which the volume of offices is 95.9%, retail 99.8% and logistics-industrial real estate is 94.9%. The average length of leases is slightly over 4.5 years at the end of the year. The portfolio structure is divided into three segments of almost equal size. In terms of the value of the fund's assets, 38% is allocated to regional retail, 35% of the portfolio consists of premium office buildings in central locations in Prague and 28% is the logistics and industrial segment.

In general, it was confirmed that the diversification of the real estate portfolio and its relative size is important, as the dynamics of economic impacts vary from segment to segment.

The logistics and industry 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 ths. m<sup>2</sup>, leased to 8 multinational tenants from production and logistics. When it comes to leases, approximately 59,000 m<sup>2</sup> of rental space was successfully negotiated and extended during the year, which corresponds to approximately 50% of the total leasable space. Thanks to the that fact, the project successfully met the conditions for the automatic extension of senior financing at the German bank Helaba Landesbank Hessen-Thüringen and is financed at a fixed rate of 1.93% until the end of 2024.

Despite a relative slowdown of the demand, caused by the coronavirus pandemic, the office part of the portfolio maintained leased space above 95%. We managed to extend leases with major corporate clients (Pfizer, Hochtief, Kotra and others) as well as smaller local companies, in which we believe in future growth. A total of 5,800 m<sup>2</sup> of office space was leased or pre-negotiated, which is approximately 16% of this portfolio segment. During the year, we continued to invest in the modernization of buildings. The revitalization of the reception area of the Anděl 16 building was completed, where we also installed a management system for electric car charging stations. The implementation of a modern building management system - BMS - has started or actually continued in the Anděl 17 and Smíchov Gate building.

The retail part of the fund's portfolio mainly consists of properties that are leased on a long-term basis to operators of hypermarkets, supermarkets or hobby markets, considering the regionality of the position of the given real estate project. From the point of view of rental income, lessees are almost exclusively sellers of so-called essential goods. The operation of this market segment was not affected by government measures last year and the premises in this part of the portfolio remain stable. The tenants of OC Orlice Park provide us with data on turnover, which show a year-on-year increase of 6.8% compared to 2020 and 17.8% compared to 2019. This positive development is then indirectly transferred to the amount of rent for contracts we negotiate in the current year. In the second quarter, new external financing was concluded with Komerční Banka for three of the retail projects - Rýnovka Jablonec, Albert Znojmo and OC Orlice Park. This financing was provided at the level of individual project companies.

There was no change in the composition of the portfolio during the year, no real estate acquisitions or sales were made. However, in order to realize the value resulting from the implemented investment program and active asset management of the Smíchov Gate project, we have prepared and offered this building for sale at the end of the year.

The transaction is expected to close at the turn of the first and second quarter of 2022. Smíchov Gate is the property to which we

have paid the most attention from the point of view of management and investment and during the holding period we have invested almost EUR 1 million to improve the building's technical equipment as well as indoor and outdoor public spaces. Funds from above mentioned transaction will be used to reduce debt and further develop the Fund.

### Company Management in 2021

During the year, the Sub-Fund continued with activities of collective investments in the Czech Republic, specifically with activity of a fund of qualified investors under the provisions of Section 95 (1) (a) of Act No. 240/2013 Coll., on Investment Companies and Investment Funds (the „Act“).

The performance of the Sub-Fund ended in 2021 with a profit of CZK 226,856 ths. This also contributed to the appreciation of investors' investments by 9.66%, i.e., to significant exceedance of the targeted revenue.

Detailed information on the economic activities of the Sub-Fund is provided in the annual financial statements for the period from 1 January 2021 to 31 December 2021.

### Audit of financial statements

The financial results of the Fund and the Sub-Fund for the year 2021 were audited by PricewaterhouseCoopers Audit, s.r.o., audit license issued by KAČR (Czech Chamber of Auditors) under No. 021.

### Outlook for 2022

We expect the economic constraints and effects of the global Covid pandemic to end during the year.

The total savings of Czech households reached a record level and at the end of 2021 they increased by 198 billion to CZK 3.02 trillion. Due to expectations of relatively high inflation, despite continuing labor market tensions, real household incomes are likely to decline. However, we do not expect a significant impact on the retail segment, where the fund's investments were concentrated, i.e., a segment with an emphasis on the sale of essential goods in the regional areas of the Czech Republic. This retail segment should easily withstand inflationary pressures and reflect most of them in the prices of their goods.

Households with higher savings will be motivated to partially dissolve their savings or protect them with investment instruments. We therefore expect an inflow of additional local capital into the commercial real estate segment, which will invest in order to preserve value and protect against inflation.

Real estate in the field of logistics will continue to benefit from increased demand from e-commerce and other segments of the modern economy. This trend remains here and will continue to deepen. Industrial halls will benefit from (re)setting up supply chains in favor of local production, which is also a consequence of the epidemic situation and economic growth in Southeast Asia.

Demand for office space will continue to normalize. The factor of pandemic uncertainty gradually disappears, and companies realize that a quality work environment is a competitive advantage for them in recruiting talent and an experienced workforce. This factor plays mainly in favor of the established and central localities of Prague 1, 4 and 5. Companies and especially their employees are aware that the concept of home-office has its pitfalls and limitations for the long-term operation of companies. Office space is undergoing a transformation, which strengthens the function of supporting cooperation and informal exchange of information and knowledge between employees.

With rising energy prices, the financial return on investment in austerity measures or local electricity generation will increase. In this area, we plan to gradually modernize our existing buildings. Among other things, in 2022, in cooperation with the sister fund Nova Green Energy, we will implement a medium-sized photovoltaic source on the roof of Orlice Park Shopping and replace lighting with LED resources.

From the perspective and position of Redside investiční společnost, a.s., as the fund managers, after very successful acquisitions in recent years, our work and efforts now focus more on the long-term development of managed investments. However, we continue to monitor the market closely in order to grow, but only if there are acquisition opportunities that we believe will preserve the fund's past results and benefits for its current and future investors.

With respect to the rising interest rates on which the price of credit financing is based, we expect a gradual reduction in the fund's indebtedness. Therefore, we will seek to repay at least part of the bank loans at the fund level through financing obtained in the form of direct investments in the fund or by advantageous sale of any of the fund's assets in accordance with the principles of economic viability of this transaction for fund shareholders.

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  
Authorized Representative



# Profile of NOVA Real Estate, investment fund

# Profile of NOVA Real Estate, investment fund

The decisive period for the purposes of this Annual Report is the accounting period from 1 January 2021 to 31 December 2021. This section of the Annual Report contains information on the administrative center of the investment fund. The information on Sub-fund is set out in the other parts of this Annual Report.

## 1. Basic information on 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, postcode 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 ths

- 1.1. **The license to establish an investment fund with variable registered capital was granted by the ČNB's announcement dated 13 August 2015, reference no.2015/088423/ČNB/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 ČNB 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.

Authorities of the company (according to the Commercial Register):

Board of Directors as at 31 December 2021

Member of the Board of Directors	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

In 2021 following changes were recorded in the Commercial Register:

- As a result of the adoption of the Company's Articles of Association to the new legislation contained in Act No. 90/2012 Coll., on Commercial Companies and Cooperatives and Act No. 240/2013 Coll., on Investment Companies and Investment Funds, which entered into force on 1 January 2021, the position of the statutory director of the company REDSIDE investiční společnost, a.s., ceased to exist on 31 December 2020 (and thus also to the termination of the function of authorized representatives - Rudolf Vřešťál and Karel Krhovský), which was replaced as a statutory body effective from 1 January 2021 by the Management Board.
- The Company's Management Board may only have one member, when its only member is its manager, and thus from 1 January 2021 the function of Redside investiční společnost, a.s. as the only member of the Management Board, who is independently represented by his Authorized Representative Rudolf Vřešťál.
- As at 31 December 2020, the functions of all members of the Board of Directors, i.e., Šárka Burgetová, Karel Krhovský and Rudolf Vřešťál were terminated, pursuant the adoption of the Company's Articles of Association effective from 1 January 2021.

## 3. Information on the investment company managing the investment fund

Basic information:	<b>REDSIDE investiční společnost, a.s.</b> , identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postcode 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 authorized 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 2021 to 31 December 2021.
- The result of the Fund ended in 2021 in the amount of CZK 0 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 depository

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 depository 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 members of the Statutory Body and the Board of Directors

### 10.1. Board of Directors

The sole member of the Board of Directors 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 members of the Statutory Body and the Board of Directors

### 11.1. Board of Directors

The sole member of the Board of Directors 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

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

## 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	2021	2020
Wages and bonuses of members of the Board of Directors of the managing company	8,260	8,824
Other wages, personnel costs and employee bonuses	14,139	14,897
Social costs and health insurance	6,452	6,656
<b>Total personnel expenses of the managing company</b>	<b>28,851</b>	<b>30,377</b>

In 2021 and 2020 there was no consideration paid to the members of the 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

	2021	2020
Average number of employees	15	16
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	2021	2020
Wages and bonuses of members of the Board of Directors of the managing company	8,260	8,824

#### 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 labor-law activities

The Fund did not develop any activities in this area in the past accounting period.

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

The Fund does not have an organizational unit abroad.

#### 21. Equity of the Fund

##### Fund's capital as at 31. 12. 2021:

Fund's capital	CZK 1,921 ths.
Number of issued investment shares	20 pcs.
Fund's capital per 1 share	CZK 96 ths.

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.



# Profile of NOVA Real Estate, sub-fund

# 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 2021 to 31 December 2021. This part of the Annual Report contains information on the administrative center NOVA Real Estate Sub-Fund 1.

## 1. Basic information on Sub-Fund

Name:	NOVA Real Estate – podfond 1
NID:	8085331795
Short name:	NRE – PF1
Registered office:	V Celnici 1031/4, Prague 1, postcode 110 00, Czech Republic
Shares:	registered investment shares without a nominal value
Net business assets:	CZK 2,975,778 ths.

**1.1. NOVA Real Estate Sub-Fund 1 (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 ČNB pursuant to Section 597 (b) of 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.

### Authorities of the company (according to the Commercial Register)

Information on the Company's bodies and other entries in the Commercial Register is provided in Section 2 Profile of NOVA Real Estate, investment fund.

## 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, postcode 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 ČNB pursuant to Section 596 (a) of the Act and is authorized 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 2021 to 31 December 2021.

### 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 2021)

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
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		5,321	

### 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, 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 members of the Statutory Body and the Board of Directors

### 9.1. Board of Directors

The sole member of the Board of Directors has not received any remuneration from the 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 Fund. More detailed information on these transactions can be found in the section of the Annual Report 05 - Financial Section - NOVA Real Estate - Sub-Fund 1 in the Related party transactions paragraph.

## 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

Thousands CZK

Identification of fund's assets	Type of asset	Acquisition cost	Total fair value
NRE Hradec, s.r.o.	Loan	92,302	51,204
NRE Hradec, s.r.o.	Share	101,331	314,736
NRE Jablonec, s.r.o.	Loan	121,452	101,910
NRE Jablonec, s.r.o.	Share	65,331	215,635
NRE Kutil, s.r.o.	Loan	65,650	73,099
NRE Kutil, s.r.o.	Share	25,592	41,198
NRE North Point 17, s.r.o.	Share	88,052	108,95
NRE North Point 17, s.r.o.	Loan	50,578	71,400
NRE OCCB, s.r.o.	Loan	207,854	254,50
NRE OCCB, s.r.o.	Share	105,434	157,066
NRE OFM, s.r.o.	Loan	73,000	84,929
NRE OFM, s.r.o.	Share	22,055	43,416
NRE Panorama, s.r.o.	Loan	117,508	67,009
NRE Panorama, s.r.o.	Share	26,486	170,586
NRE Penny, s.r.o.	Loan	71,450	78,099
NRE Penny, s.r.o.	Share	40,294	70,602
NRE Smíchov Gate, s.r.o.	Loan	271,297	346,305
NRE Smíchov Gate, s.r.o.	Share	25,715	159,889
NRE South Point 16, s.r.o.	Loan	171,920	202,843
NRE South Point 16, s.r.o.	Share	74,029	43,589
NRE Vyšehrad Victoria, s.r.o.	Loan	81,725	92,986
ZNO Slovakia, s.r.o.	Loan	374,218	407,691
ZNO Slovakia, s.r.o.	Share	489,821	685,216
NRE Znojmo, s.r.o.	Loan	62,843	53,803
NRE Znojmo, s.r.o.	Share	5,131	77,383

## 11. Information on the number of Sub-Fund investment shares that are owned by the members of the Statutory Body and the Board of Directors

### 11.1. Board of Directors

The sole member of the Board of Directors held 32,309,045 pcs of investment shares of the CZK class of the Sub-Fund as at 31 December 2021 (as at 31 December 2020: 32,309,045 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, 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	2021	2020
Wages and bonuses of members of the Board of Directors of the managing company	8,260	8,824
Other wages, personnel costs and employee bonuses	14,139	14,897
Social costs and health insurance	6,452	6,656
<b>Total personnel expenses of the managing company</b>	<b>28,851</b>	<b>30,377</b>

In 2021 and 2020, 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

	2021	2020
Average number of employees	15	16
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	2021	2020
Wages and bonuses of members of the Board of Directors of the managing company	8,260	8,824

**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 depository, administrator, chief sponsor, auditor, and data on other costs or taxes**

	2021	2020
Sub-Fund management costs	49,064	52,535
Performance fee costs	37,316	14,464
Depository and custody services costs	1,129	1,262
Audit costs, legal and tax advice	2,040	789
Others (expert opinions, translations, marketing)	1,065	1,437
<b>Total</b>	<b>90,614</b>	<b>70,487</b>

**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 labor-law activities**

The Sub-Fund did not develop any activities in this area in the past accounting period.

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

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

**22. Equity of the Sub-Fund**

**Fund's capital as at 31. 12. 2021**

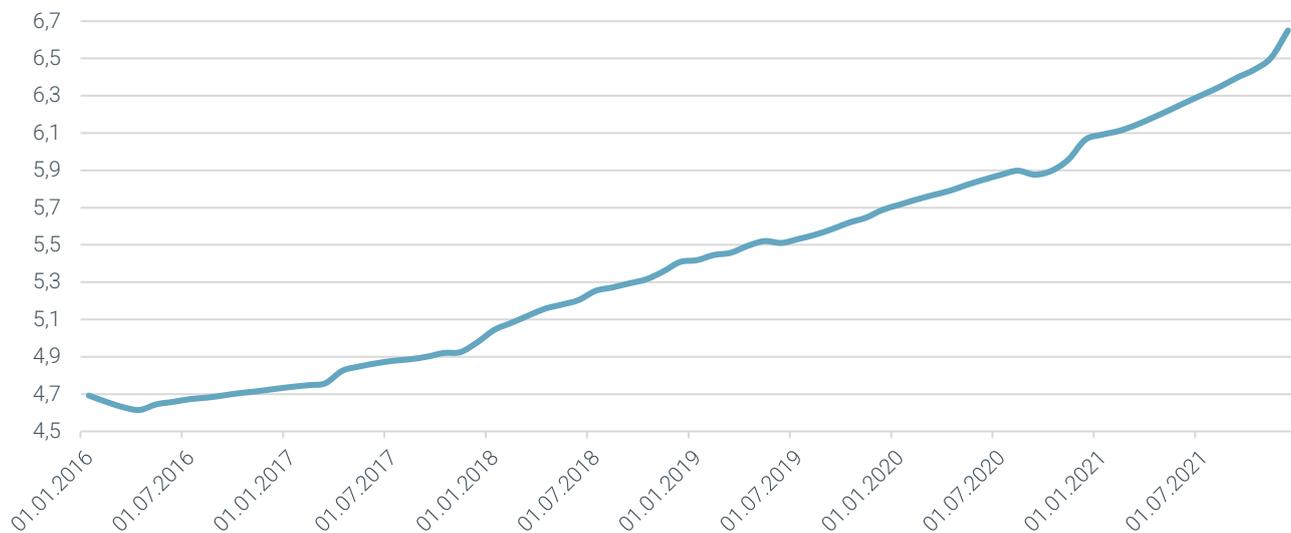
Fund's capital	CZK 2,975,778 ths.
Number of issued EUR class investment shares	12,949,158 pcs.
Number of issued CZK class investment shares	633,354,621 pcs.
Fund's capital per 1 share /CZK class	CZK 1.3183
Fund's capital per 1 share /EUR class	CZK 165.3240

In the year 2021 there was no earnings payout for the investment shares neither in the CZK nor the EUR class. In the year 2020 there was no earnings payout for the investment shares neither in the CZK nor the EUR class.

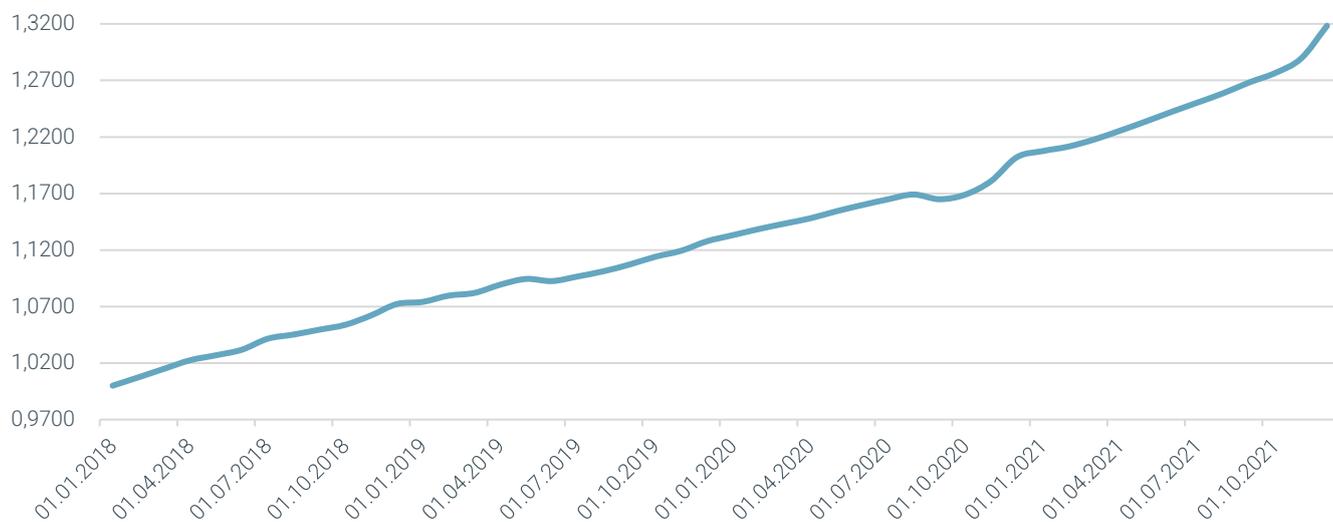
### 23. Investment share values for the year 2021

As at 31 December 2021 the NAV per 1 investment share of the CZK growth class was CZK 1.3183 and the NAV per 1 investment share of the EUR growth class was CZK 165.3240 (2020: CZK 1.2021 and CZK: 159.1601).

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.

In Prague, 28 April 2022

**Rudolf Vřešťál**

Authorized Representative

REDSIDE investiční společnost, a.s.





## Independent auditor's report

to the shareholders of fund NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of fund NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., with its registered office at V celnici 1031/4, Nové Město, Praha 1 (the "Fund") as at 31 December 2021 and of the Fund's financial performance for the year ended 31 December 2021 in accordance with Czech accounting legislation.

### What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 31 December 2021,
- the income statement for the year ended 31 December 2021,
- the statement of changes in equity for the year ended 31 December 2021, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

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### 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 Act on Auditors.

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### 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 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

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T: +420 251 151 111, [www.pwc.com/cz](http://www.pwc.com/cz)

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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.

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### 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 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 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.

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### 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 controls.
- obtain an understanding of internal controls 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 Fund's internal controls.
- 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 board'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 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 notes, 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.

28 April 2022

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

A handwritten signature in blue ink that reads 'Jakub Kolář'.

Jakub Kolář  
Statutory Auditor, Licence No. 2280

**NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.**  
**Financial statements as at 31 December 2021**

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: 28 April 2022

**BALANCE SHEET**

As at 31 December 2021

In thousands of CZK	Note	31. 12. 2021	31. 12. 2020
<b>ASSETS</b>			
3 Due from banks – repayable on demand	7	1,630	1,955
4 Due from non-bank entities	8	296	103
5 Other assets	9	81	-
<b>Total assets</b>		<b>2,007</b>	<b>2,058</b>
<b>LIABILITIES</b>			
4 Other liabilities	10	86	137
8 Share capital – fully paid	11	2,000	2,000
14 Accumulated losses		(79)	(79)
15 Profit or loss for the period		-	-
<b>Total liabilities</b>		<b>2,007</b>	<b>2,058</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Off-balance sheet assets</b>			
15 Assets under management	12	1,921	1,921

## INCOME STATEMENT

for the year ended 31 December 2021

In thousands of CZK	Note	2021	2020
1 Other operating income	13	(29)	90
5 Fee and commission expense		(9)	(11)
6 Gains or losses from financial operations		(3)	(23)
9 Administrative expense – other	5	41	(56)
<b>19 Profit/loss on ordinary activities before tax</b>		-	-
23 Income tax		-	-
<b>24 Net profit/loss for the accounting period</b>		-	-

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

In thousands of CZK	Note	Registered capital	Accumulated losses	Total
<b>Balance as at 1. 1. 2020</b>		2,000	(79)	1,921
Net profit/loss for the accounting period		-	-	-
<b>Balance as at 31. 12. 2020</b>		<b>2,000</b>	<b>(79)</b>	<b>1,921</b>
Net profit/loss for the accounting period		-	-	-
<b>Balance as at 31. 12. 2021</b>		<b>2,000</b>	<b>(79)</b>	<b>1,921</b>

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 provide an umbrella for its sub-funds, which invest based on their individual investment strategies defined by their own Statute.

They invest into real estates in the Czech Republic and Central Europe and represent 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, podfond 1.

### Organizational 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, postcode 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362.

### Share 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 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.

### Company Bodies (according to the extract from the Commercial Register):

Members of the Management Board as at 31 December 2021

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

### Company representation

The Company is represented by a single member of the Management Board. An authorized representative act in all matters as the sole member of the Management Board and thus on behalf of the Company.

### Shareholders and shares

As at 31 December 2021 the Company's sole shareholder was:

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

### Changes in the Commercial Register

In 2021, the following changes were entered into the Commercial Register:

- As a result of the adaptation of the Company's Articles of Association to the new legislation contained in Act No. 90/2012 Coll., on Commercial Companies and Cooperatives and Act No. 240/2013 Coll., on Management Companies and Investment Funds, which entered into force on 1 January 2021, the position of the Statutory Director, Redside investiční společnost, a.s., ceased to exist on 31 December 2020 (and thus, also the plenipotentiaries Rudolf Vřešťál and Karel Krhovský were recalled from their functions). The Board of Directors was replaced by the Management Board with effect from 1 January 2021.
- The Management Board of a Company can be represented by sole member, with its sole member being concurrently its manager, and thus from 1 January 2021 is the sole member of the Management Board represented by Redside investiční společnost, a.s., with Rudolf Vřešťál appointed to the function of its authorized Representative.
- As at 31 December 2020, all members of the Board of Directors - Šárka Burgetová, Karel Krhovský and Rudolf Vřešťál were recalled from their functions as a result of the above-mentioned newly adopted Articles of Association effective from 1 January 2021.

## 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 – valid until 31 December 2020 and from 1 January 2021

#### a. Classification

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-bank entities due to re-invoicing of costs from the Fund to the Sub-Fund, as its aim is to report nil profit or loss.

### (c) Amendment to Decree no. No. 501/2002 and reporting of financial instruments, their valuation and disclosure of them according to IFRS from 1 January 2021

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").

The impact of this change mostly by application of IFRS 9 Financial Instruments since 1 January 2021 has been insignificant for the Fund.

## 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 maximize returns derived from the level of risk to which the Fund is exposed and seeks to minimize 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 Board of Directors. 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 2021 and 2020 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
<b>As at 31 December 2020</b>					
Due from banks	1,955	-	-	-	1,955
Due from non-bank entities	46	57	-	-	103
<b>Total</b>	<b>2,001</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>2,058</b>
Other liabilities	137	-	-	-	137
Equity	-	-	-	1,921	1,921
<b>Total</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>1,921</b>	<b>2,058</b>
<b>Gap</b>	<b>1,864</b>	<b>57</b>	<b>-</b>	<b>(1,921)</b>	<b>-</b>
<b>Cumulative Gap</b>	<b>1,864</b>	<b>1,921</b>	<b>1,921</b>	<b>-</b>	<b>-</b>

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

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	2021	2020
Audit fees	(36)	17
Depositary fees	(13)	36
Other administrative expenses	8	3
<b>Total</b>	<b>(41)</b>	<b>56</b>

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

In thousands of CZK	2021	2020
<b>Assets</b>		
Due from non-bank entities	377	46
<b>Income</b>		
Other operating income	(29)	90

## 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 of December 31, 2021 (Moody's LTD rating is A3).

In thousands of CZK	31. 12. 2021	31. 12. 2020
Current accounts (nostro accounts)	1,630	1,955
<b>Net receivables from banks</b>	<b>1,630</b>	<b>1,955</b>

## 8. DUE FROM NON-BANK ENTITIES

In thousands of CZK	31. 12. 2021	31. 12. 2020
Receivables from related parties and other assets	296	103

## 9. OTHER ASSETS

In thousands of CZK	31. 12. 2021	31. 12. 2020
Other assets	81	-

## 10. OTHER LIABILITIES

In thousands of CZK	2021	2020
Trade payables and other creditors	-	-
Estimated payables	86	137
<b>Total</b>	<b>86</b>	<b>137</b>

## 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	2021	2020
Cash	1,630	1,955
Due from non-bank entities	296	103
Other assets	81	-
Other liabilities	(86)	(137)
<b>Total</b>	<b>1,921</b>	<b>1,921</b>

### Operational, legal and other risks

Management of operational, legal and other risks is regulated by the Fund's statute and internal regulations. All 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 2021 and 2020 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 2021.

The financial statements  
were prepared on:

29 April 2022

Stamp and signature  
of Statutory Body:



Rudolf Vřešťál  
Authorized 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.

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### 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 V celnici 1031/4, Nové Město, Praha 1 (the “Sub-fund”) as at 31 December 2021 and of the Sub-fund’s financial performance for the year ended 31 December 2021 in accordance with Czech accounting legislation.

### What we have audited

The Sub-fund’s financial statements comprise:

- the balance sheet as at 31 December 2021,
- the income statement for the year ended 31 December 2021, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

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### 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 Act on Auditors.

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### Other information

The board of directors 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 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

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic  
T: +420 251 151 111, [www.pwc.com/cz](http://www.pwc.com/cz)

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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.

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### Responsibilities of the board of directors of REDSIDE investiční společnost, a.s. for the financial statements

The board of directors of REDSIDE investiční společnost, a.s. is responsible for the preparation of the financial statements that give 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 board of directors 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 board of directors 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.

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### 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 controls.
- obtain an understanding of internal controls 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 controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors of REDSIDE investiční společnost, a.s.



- conclude on the appropriateness of the board of directors' 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 notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

28 April 2022

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

A handwritten signature in blue ink that reads 'Jakub Kolář'.

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 2021

Identification number: 71508651

Business activity: The activity of an investment fund

Date of preparation of the financial statements: 22 February 2022

## BALANCE SHEET

As at 31 December 2021

In thousands of CZK	Note	31. 12. 2021	31. 12. 2020
<b>ASSETS</b>			
3 Due from banks – repayable on demand	14	28,516	37,049
4 Due from non-bank entities – other receivables	15	1,980,151	2,193,265
8 Equity interests with controlling influence	16	2,104,291	1,816,393
Other assets		-	1,595
Prepaid expenses		1,309	2,291
<b>Total assets</b>		<b>4,114,267</b>	<b>4,050,593</b>
<b>LIABILITIES</b>			
1 Due to banks	17	1,032,622	962,619
4 Other liabilities	18	103,612	68,370
6 Provisions for taxes	19	2,256	-
7 Subordinated liabilities - net assets attributable to holders of investment shares	21	2,975,778	-
12 Capital funds	20	-	2,335,985
13 Revaluation reserve		-	659,533
14 Retained earnings from previous periods		-	21,726
15 Profit/loss for the accounting period	20	-	2,360
<b>Total liabilities</b>		<b>4,114,267</b>	<b>4,050,593</b>
<b>ASSETS UNDER MANAGEMENT</b>			
Assets under management	20, 21	2,975,778	3,019,604

## INCOME STATEMENT

for the year ended 31 December 2021

In thousands of CZK	Note	2021	2020
1 Interest and similar income	9	-	144,094
2 Interest and similar expenses	10	(49,501)	(27,219)
5 Fee and commission expense		(1,486)	(630)
6 Gains or losses from financial operations	11	383,174	(40,580)
9 Administrative expense – other	12	(90,614)	(70,487)
Creation and use of provisions		-	(1,116)
Other operating income		331	-
15 Losses from the transfer of participations		-	(779)
<b>19 Profit before tax</b>		<b>241,904</b>	<b>3,283</b>
23 Income tax	23	(15,048)	(923)
<b>24 Net profit for the accounting period</b>		<b>-</b>	<b>2,360</b>
<b>Increase or decrease in net assets attributable to holders of investment shares from operations after tax</b>		<b>226,856</b>	<b>-</b>

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 – sub-fund 1 (hereinafter „Sub-Fund“) is managed and administered by REDSIDE investiční společnost, a.s. (hereinafter “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 authorized to make such short-term investments.

### Investment shares in 2021

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 2021 12,949,158 pcs (2020: 13,877,686 pcs) of investment shares in book-entry form with a nominal value of EUR 1 and 633,354,621 pcs (2020: 674,522,239) of investment shares in book-entry form with a nominal value of CZK 1.

### Organizational structure

The Sub-fund is managed by the Investment Company.

### Key information on 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, postcode 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

CZK 8,400,000; fully paid.

### Date of establishment

29 June 2012

### Decision on licence for operations

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.

#### **Company Bodies (according to the extract from the Commercial Register):**

Statutory representative and Member of the Management Board as at 31 December 2021

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

#### **Company representation**

The Company is represented by a single member of the Management Board. An authorized representative acts in all matters as the sole member of the Management Board and thus on behalf of the Company.

#### **Shareholders and shares**

As at 31 December 2021 the Company's sole shareholder was:

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

#### **Changes in the Commercial Register**

In 2021, the following changes were entered into the Commercial Register:

- As a result of the adaptation of the Company's Articles of Association to the new legislation contained in Act No. 90/2012 Coll., on Commercial Companies and Cooperatives and Act No. 240/2013 Coll., on Management Companies and Investment Funds, which entered into force on 1 January 2021, the position of the Statutory Director, Redside investiční společnost, a.s., ceased to exist on 31 December 2020 (and thus, also the plenipotentiaries Rudolf Vřešťál and Karel Krhovský were recalled from their functions). The Board of Directors was replaced by the Management Board with effect from 1 January 2021.

The Management Board of a Company can be represented by sole member, with its sole member being concurrently its manager, and thus from 1 January 2021 is the sole member of the Management Board represented by Redside investiční společnost, a.s., with Rudolf Vřešťál appointed to the function of its authorized Representative

- As at 31 December 2020, all members of the Board of Directors - Šárka Burgetová, Karel Krhovský and Rudolf Vřešťál were recalled from their functions as a result of the above-mentioned newly adopted Articles of Association effective from 1 January 2021

## **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 recognized in 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.

The Sub-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 Sub-Fund. All monetary amounts in the financial statements are stated in CZK thousands, unless stated otherwise.

Balance sheet date:	31 December 2021
Date of preparation of financial statements:	28 April 2022
Accounting period:	1 January 2021 to 31 December 2021
Previous accounting period:	1 January 2020 to 31 December 2020

### 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 – valid until 31 December 2020

##### a. Classification

The Sub-Fund classifies its investments based on both the Sub-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 Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-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 Sub-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 Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Sub-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.

##### b. Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised at the trade date - the date on which the Sub-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 Sub-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 profit 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 Sub-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. Equity interests with controlling and significant influence

Equity interests with controlling influence

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 a member thereof or a majority of the persons who are members of the supervisory body of the legal entity of which it is a shareholder.

#### Equity interests with significant influence

Equity interests with significant influence mean interests in an affiliate company that is not a subsidiary and in which the Sub-Fund exercises significant influence. Significant influence is the ability of the Sub-Fund to participate in the financial and operational policies of another company, but without the ability to exercise controlling influence.

The Sub-Fund exercises significant influence when it has a direct or indirect share of at least 20% of the registered capital or voting rights in another company, and if it does not exercise controlling influence in that company or does not clearly demonstrate that it is not capable of exercising the significant influence. Under a share of less than 20%, no significant influence is assumed unless it factually exists.

#### Valuation of equity interests

Equity interests with controlling and significant influence are recognised at acquisition cost, which includes costs associated with the acquisition (e.g., expert opinions, legal services). At the balance sheet date, equity interests with controlling and significant influence are measured at fair value based on an expert opinion. Gains and losses from this valuation are recognized directly in the equity within „Revaluation reserve“.

#### **d. Receivables**

Receivables initially incurred by the accounting entity are recognized at their nominal value less allowances. Bad debts are written off when they become barred by the statute of limitation, respectively at the end of the administrative proceedings. Acquired receivables are recognized at cost, including direct transaction costs (e.g., expert opinions, legal costs).

#### Trade receivables

Trade receivables are reviewed based on recoverability. On this basis, the Sub-Fund determines impairment loss for individual receivables. If the Sub-Fund does not directly write-off a portion of the receivable corresponding to the impairment loss, it forms an allowance for this part of the receivable. Allowances are recognized in "Depreciation/amortization, creation and use of provisions and allowances for receivables and guarantees" item in the income statement.

The tax-deductible part of the total allowances for loss on receivables for the accounting period is calculated according to the Act No. 593/1992 Coll., On Provisions for Determining the Income Tax Base, as amended.

Write-offs of bad debts are included under "Write-offs, creation and use of allowances and provisions for receivables and guarantees" in the income statement. In the case of a write-off of a receivable for which an allowance has been set aside in full, the same amount is written-off in the same line item of the income statement. Revenues from previously written-off receivables are recognised in the income statement in the item "Release of allowances and provisions for receivables and guarantees, income from previously written-off receivables".

#### Receivables from loans

Receivables from provided loans not held for trading are measured at fair value.

Changes in fair value are recognized in "Revaluation reserve" in equity and are recycled to "Gains or losses from financial operations" in the income statement on the settlement date.

### **(c) Financial instruments – valid from 1 January 2021**

#### **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 techniques, 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.

Amortized 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 amortization of transaction costs capitalized at initial recognition and accrued premium or discount, i.e., the difference between the initial value and the value at maturity, amortized using the effective interest rate method. Accrued interest income and accrued interest expense, including accrued coupon and amortized discount or premium (including any capitalized 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 amortized 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 amortized 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 recognized at fair value. All other financial instruments are initially recognized 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 recognized 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 recognizes 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 recognized 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. 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, except for reclassifications due to the initial application of IFRS 9 on 1 January 2021, which are described in the section “Changes in accounting methods”.

**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 recognized 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 non-bank entities**

Receivables from non-bank entities 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 recognized on an accrual basis using the linear method in the income statement on the line "Gains or losses 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 recognized 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 (amortized cost) category, with the book (amortized) value being considered the best approximation of the fair value. Interest expenses are

recognized 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 recognized 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.

#### **(d) 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.

#### **(e) 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.

#### **(f) 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.

## **(g) 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 recognized 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.

## **(h) 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.

## **(i) 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.

## **(j) 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 recognized 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 recognized in the item "Retained earnings from previous periods" in the Sub-Fund's balance sheet (since 1 January 2021 recognised within the item „Net assets attributable to holders of investment shares“).

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 carrying value 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 2021.

In thousands of CZK	Level	Amortized cost as at 31. 12. 2020	Consideration received/ Loans granted/ Acquired equity interests	Reimbursement paid/ Repaid loans / Equity interests sold	Revaluation reserve in Gains or losses from financial operations	Balance as at 31. 12. 2021
<b>Financial assets at fair value through profit or loss</b>						
Receivables due from banks	2	37,049	329,378	(337,128)	(783)	28,516
Receivables due from non-bank entities	3	2,193,265		(239,692)	44,578	1,980,151
Equity interests with controlling influence	3	1,816,393			287,898	2,104,291

Revaluation to fair value is unrealized.

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:

#### Lever 3 financial assets at fair value through profit or loss as at 31 December 2021

In thousands of CZK	Fair value	Valuation technique	Used inputs	Input range (weighted average)	Reasonable change	Sensitivity of fair value measurement
Equity interests with controlling influence	2,104,291	Net assets value ("NAV")	Yield	4.82 % - 6.83 % (5.9 %)	± 0.5 %	-708,259 +834,519
			Estimated rent (ERV) in EUR/m2/month	4.18 - 16.27 (7.89)	± 10 %	+848,292 -771,383

The sensitivity of receivables due from non-bank entities 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 was 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 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.

## 5. CHANGES IN ACCOUNTING METHODS

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 governed by directly applicable European Union regulations on the application of international accounting standards (hereinafter "International Accounting Standards" or "IFRS"), for the purposes of financial instrument reporting, measurement and disclosure of information in the notes to the financial statements as of 1 January 2021. The Sub-Fund has decided not to recalculate comparative information and to report changes in the carrying amount of financial assets and liabilities in initial retained earnings as of the effective date of the changes resulting from this Decree, i.e., 1 January 2021.

The impact of the change for the Company from 1 January 2021 on the application of IFRS 9 Financial Instruments is as follows:

Due to the classification of the Sub-Fund as an investment unit, equity investments are reported at fair value for which the revaluation was previously reported in equity in the revaluation differences accounts, newly revalued to profit or loss (FVTPL). According to IFRS 10, par. 27c represents the fair value of the underlying valuation category for all of the investment entity's investments. As of 1 January 2021, the Sub-Fund will report on the balance sheet the total fair value of the investments. The revaluation of equity interests during 2021 will be recorded in profit or loss, the revaluation value accumulated in the revaluation reserve accounts until 31 December 2020 is, as a result of the reclassification, transferred to the item "Net assets attributable to holders of investment shares". Any deferred tax is also derecognised as a result of the reclassification - balance sheet against capital.

Overview of the effects of changes on fund capital as of 1 January 2021:

In thousands of CZK	Capital funds	Revaluation reserve	Retained earnings/accumulated losses	Net assets attributable to shareholders	Total
<b>Balance as at 1. 1. 2021 (according to accounting methods to 31. 12.2020)</b>	2,335,985	659,533	24,086	-	<b>3,019,604</b>
Reclassification of issued shares from equity to subordinated liabilities	(2,335,985)	(659,533)	(24,086)	3,019,604	-
<b>Balance as at 1. 1. 2021 (according to accounting methods since 1. 1. 2021)</b>	-	-	-	<b>3,019,604</b>	<b>3,019,604</b>

Overview of the effects of changes in the classification of financial instruments as at 1 January 2021:

In thousands of CZK	Valuation categories before changes	Valuation categories after changes	Carrying value before changes - 31 December 2020	Impact of changes in accounting policies – Reclassification	Effect of changes in accounting policies - Revaluation	Carrying value after changes - 1 January 2021
Receivables due from banks - payable on demand	AFS	FVTPL	37,049	-	-	37,049
Receivables due from non-bank entities	AFS	FVTPL	2,193,265	-	-	2,193,265
Equity interests with controlling influence	AFS	FVTPL	1,816,393	-	-	1,816,393
<b>Total financial assets</b>			<b>4,046,707</b>	-	-	<b>4,046,707</b>

## 6. 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 recognized 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 realizing 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.

## 7. 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 Board of Directors. 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

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

#### (a) Credit risk

The Sub-fund is exposed to credit risk due to lending and investment activities.

In thousands of CZK	31. 12. 2021	31. 12. 2020
<b>Loans granted</b>		
NRE Jablonec	101,910	141,532
NRE Hradec	51,204	93,353
NRE Znojmo	53,803	67,945

NRE Smíchov Gate	346,305	341,181
NRE Panorama	67,009	145,918
NRE OFM	84,929	80,549
CXD Czech	31,318	30,996
NRE Penny	78,099	81,668
NRE Kutil	73,099	75,039
NRE Vyšehrad	92,986	98,494
NRE North Point	108,956	108,776
NRE South Point	202,843	212,106
NRE OCCB	254,505	254,318
ZXJ Czech, s.r.o.	22,307	21,935
Arca Capital Slovakia	3,187	38,647
ZNO Slovakia	407,691	400,808
<b>Total</b>	<b>1,980,151</b>	<b>2,193,265</b>

The Sub-fund is exposed to credit risk due to borrowings and investment activities.

In thousands of CZK	31. 12. 2021	31. 12. 2020
<b>Borrowings</b>		
JT Fund	-	234,062
J&T Bank	1,032,622	728,557
<b>Total</b>	<b>1,032,622</b>	<b>962,619</b>

#### 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.

#### (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
<b>As at 31 December 2021</b>			
Receivables due from banks	12,349	16,167	<b>28,516</b>
Other assets, prepaid expenses	1,225	84	<b>1,309</b>
Equity securities	1,191,768	912,523	<b>2,104,291</b>

Receivables due from non-bank entities	1,441,877	538,274	1,980,151
<b>Total</b>	<b>2,647,219</b>	<b>1,467,048</b>	<b>4,114,267</b>
Provisions	-	2,256	2,256
Other liabilities	4,743	98,869	103,612
Liabilities due to banks	908,685	123,937	1,032,622
Net assets attributable to holders of investment shares	1,727,306	1,248,472	2,975,778
<b>Total</b>	<b>2,640,734</b>	<b>1,473,534</b>	<b>4,114,267</b>
<b>Net foreign exchange position</b>	<b>6,485</b>	<b>(6,485)</b>	<b>-</b>

In thousands of CZK	EUR	CZK	Total
<b>As at 31 December 2020</b>			
Receivables due from banks	5,828	31,221	37,049
Other assets, prepaid expenses	-	3,886	3,886
Receivables due from non-bank entities	1,622,082	571,183	2,193,265
<b>Total</b>	<b>1,627,910</b>	<b>606,290</b>	<b>2,234,180</b>
Provisions	-	-	-
Other liabilities	-	68,370	68,370
Liabilities due to customers	845,115	117,504	962,619
Equity	1,954,955	810,845	3,019,604
<b>Total</b>	<b>3,053,874</b>	<b>996,719</b>	<b>4,050,593</b>
<b>Net foreign exchange position</b>	<b>(1,425,964)</b>	<b>(390,429)</b>	<b>(1,816,413)</b>

### 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 result of such changes but may reduce or create losses in the event of unexpected movements. 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
<b>As at 31 December 2021</b>						
Receivables due from banks	28,516	-	-	-	-	28,516
Other assets, prepaid expenses	819	490	-	-	-	1,309
Receivables due from non-bank entities	-	515,707	1,448,645	-	15,799	1,980,151
Equity securities	-	-	-	-	2,104,291	2,104,291
<b>Total</b>	<b>29,335</b>	<b>516,197</b>	<b>1,448,645</b>	<b>-</b>	<b>2,120,090</b>	<b>4,114,267</b>

Other liabilities	11,930	46,572	-	-	45,110	<b>103,612</b>
Liabilities due to banks	301,524	731,098	-	-	-	<b>1,032,622</b>
Provisions	-	2,256	-	-	-	<b>2,256</b>
Net assets attributable to holders of investment shares	-	-	-	-	2,975,778	<b>2,975,778</b>
<b>Total</b>	<b>313,454</b>	<b>779,926</b>	<b>-</b>	<b>-</b>	<b>3,020,888</b>	<b>4,114,267</b>
<b>Gap</b>	<b>(284,119)</b>	<b>(263,729)</b>	<b>1,468,645</b>	<b>-</b>	<b>(900,798)</b>	<b>-</b>
<b>Cumulative Gap</b>	<b>(284,119)</b>	<b>(547,848)</b>	<b>900,798</b>	<b>900,798</b>	<b>-</b>	<b>-</b>

In thousands of CZK	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
<b>As at 31 December 2020</b>						
Receivables due from banks	37,049	-	-	-	-	<b>37,049</b>
Other assets, prepaid expenses	362	2,680	844	-	-	<b>3,866</b>
Receivables due from non-bank entities	-	495,551	1,697,714	-	-	<b>2,193,265</b>
Equity interests with controlling influence	-	-	-	-	1,816,393	<b>1,816,393</b>
<b>Total</b>	<b>37,411</b>	<b>498,231</b>	<b>1,698,558</b>	<b>-</b>	<b>1,816,393</b>	<b>4,050,593</b>
Other liabilities	33,288	367	-	-	34,715	<b>68,370</b>
Liabilities due to non-bank entities	-	-	962,619	-	-	<b>962,619</b>
Provisions	-	-	-	-	-	<b>-</b>
Equity	-	210,858	-	-	2,808,746	<b>3,019,604</b>
<b>Total</b>	<b>33,288</b>	<b>211,225</b>	<b>962,619</b>	<b>-</b>	<b>2,843,461</b>	<b>4,050,593</b>
<b>Gap</b>	<b>4,123</b>	<b>287,006</b>	<b>735,939</b>	<b>-</b>	<b>(1,237,926)</b>	<b>-</b>
<b>Cumulative Gap</b>	<b>4,123</b>	<b>291,129</b>	<b>1,027,068</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 Board of Directors.:

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:
  - Bonds and money market instruments issued by the same issuer
  - 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 Board of Directors 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 2021 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" (until 31 December 2020 it was the item "Equity") 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 above the CZK 10,000,000 (ten million Czech crowns) total value threshold but only up to CZK 30,000,000 (thirty million Czech crowns) total value threshold;
- 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
<b>As at 31 December 2021</b>						
Receivables due from banks	28,516	-	-	-	-	<b>28,516</b>
Other assets, prepaid expenses	819	490	-	-	-	<b>1,309</b>
Receivables due from non-bank entities	-	515,707	1,448,645	-	15,799	<b>1,980,151</b>
Equity securities	-	-	-	-	2,104,291	<b>2,104,291</b>
<b>Total</b>	<b>29,335</b>	<b>516,197</b>	<b>1,448,645</b>	<b>-</b>	<b>2,120,090</b>	<b>4,114,267</b>
Other liabilities	11,930	46,572	-	-	45,110	<b>103,612</b>
Liabilities due to banks	301,524	731,098	-	-	-	<b>1,032,622</b>
Provisions	-	2,256	-	-	-	<b>2,256</b>
Net assets attributable to holders of investment shares	-	-	-	-	2,975,778	<b>2,975,778</b>
<b>Total</b>	<b>313,454</b>	<b>779,926</b>	<b>-</b>	<b>-</b>	<b>3,020,888</b>	<b>4,114,267</b>

<b>Gap</b>	<b>(284,119)</b>	<b>(263,729)</b>	<b>1,448,645</b>	<b>-</b>	<b>(900,798)</b>	<b>-</b>
<b>Cumulative Gap</b>	<b>(284,119)</b>	<b>(547,848)</b>	<b>900,798</b>	<b>900,798</b>	<b>-</b>	<b>-</b>

#### 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
<b>As at 31 December 2020</b>						
Receivables due from banks	37,049	-	-	-	-	<b>37,049</b>
Other assets, prepaid expenses	362	2,680	844	-	-	<b>3,866</b>
Receivables due from non-bank entities	-	495,551	1,697,714	-	-	<b>2,193,265</b>
Equity securities	-	-	-	-	1,816,393	<b>1,816,393</b>
<b>Total</b>	<b>37,411</b>	<b>498,231</b>	<b>1,698,558</b>	<b>-</b>	<b>1,816,393</b>	<b>4,050,593</b>
Other liabilities	33,288	367	-	-	34,715	<b>68,370</b>
Liabilities due to customers	-	-	962,619	-	-	<b>962,619</b>
Provisions	-	-	-	-	-	<b>-</b>
Equity	-	210,858	-	-	2,808,746	<b>3,019,604</b>
<b>Total</b>	<b>33,288</b>	<b>211,225</b>	<b>962,619</b>	<b>-</b>	<b>2,843,461</b>	<b>4,050,593</b>
<b>Gap</b>	<b>4,123</b>	<b>287,006</b>	<b>735,939</b>	<b>-</b>	<b>(1,027,068)</b>	<b>-</b>
<b>Cumulative Gap</b>	<b>4,123</b>	<b>291,129</b>	<b>1,027,068</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 8. 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 2021

In thousands of CZK	Czech Republic	Slovak Republic	Malta	Total
Interest expense	(38,932)	-	(10,569)	(49,501)
Gain or loss from financial operations (of which interest income)	106,424	29,182	-	135,606
Gain or loss from financial operations (of which revaluation to fair value)	129,906	117,223	439	247,568
<b>Total segment income/expense</b>	<b>197,398</b>	<b>146,405</b>	<b>(10,130)</b>	<b>333,673</b>

In thousands of CZK	Retail	Office	Logistics	Not specified	Total
Interest expense	-	-	(12,923)	(36,578)	(49,501)
Gain or loss from financial operations (of which interest income)	49,787	55,917	29,901	-	135,606
Gain or loss from financial operations (of which revaluation to fair value)	1,655	145,774	124,954	(24,815)	247,868
<b>Total segment income/expense</b>	<b>51,442</b>	<b>201,691</b>	<b>141,932</b>	<b>(61,393)</b>	<b>333,673</b>

#### Financial assets by segments as at 31 December 2021

In thousands of CZK	Fair value	31 December 2021 % of net assets	Fair value	31 December 2020 % of net assets
<b>Receivables due from banks</b>				
Czech Republic	28,516	0.69	37,049	0.92
Slovak Republic	-	-	-	-
Malta	-	-	-	-
<b>Total receivables due from banks</b>	<b>28,516</b>	<b>0.69</b>	<b>37,049</b>	<b>0.92</b>
<b>Receivables due from non-bank entities</b>				
Czech Republic	1,569,273	38.15	1,780,345	43.99
Slovak Republic	410,878	9.99	412,920	10.20
Malta	-	-	-	-
<b>Total receivables due from non-bank entities</b>	<b>1,980,151</b>	<b>48.14</b>	<b>2,193,265</b>	<b>54.20</b>
<b>Equity securities</b>				
Czech Republic	1,419,075	34.50	1,248,792	30.86
Slovak Republic	685,216	16.66	567,601	14.03
Malta	-	-	-	-
<b>Total equity securities</b>	<b>2,104,291</b>	<b>51.16</b>	<b>1,816,393</b>	<b>44.89</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>4,112,958</b>	<b>100.00</b>	<b>4,046,707</b>	<b>100.00</b>

## 9. INTEREST INCOME

In thousands of CZK	2021	2020
Interest income and similar income from loans	-	144,094
<b>Net interest income</b>	<b>-</b>	<b>144,094</b>

#### Geographical segmentation of interest income

In thousands of CZK	31. 12. 2021	31. 12. 2020
Interest income CZ	-	116,749
Interest income SK	-	27,346

From 1 January 2021, interest is reported as part of the revaluation to fair value in the income statement in the line "Profit or loss from financial operations".

#### 10. INTEREST EXPENSE

In thousands of CZK	2021	2020
Interest and similar expense	-	27,219
<b>Net interest expense</b>	<b>49,501</b>	<b>27,219</b>

#### Geographical segmentation of interest expense

In thousands of CZK	31. 12. 2021	31. 12. 2020
Interest expense CZ	-	15,263
Interest expense Malta	-	11,956

From 1 January 2021, interest is reported as part of the revaluation to fair value in the income statement in the line Profit or loss from financial operations.

#### 11. GAIN OR LOSSES FROM FINANCIAL OPERATIONS

In thousands of CZK	2021	2020
Interest and similar income	135,606	-
Gain or loss from financial operations – foreign exchange losses	(4,225)	613,792
Gain or loss from financial operations – revaluation to fair value	251,793	-
<b>Total</b>	<b>383,174</b>	<b>(40,580)</b>

#### 12. ADMINISTRATIVE EXPENSES

In thousands of CZK	2021	2020
Management of the Sub-Fund	49,064	52,535
Management fees	37,316	14,464
Depositary and custody fees	1,129	1,262
Audit, legal and tax advice fees	2,040	789
Other (expert opinions, translations, marketing)	1,065	1,437
<b>Total</b>	<b>90,614</b>	<b>70,487</b>

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 annually plus 30% of the achieved appreciation in excess of 6%.

The Sub-Fund pays the depositary fees for the performance of the depositary's function in the amount of CZK 653 thousand (2020: CZK 651 thousand).

### 13. RELATED PARTY TRANSACTIONS

In thousands of CZK	2021	2020
<b>Assets</b>		
Due from non-bank entities – receivables from subsidiaries	1,957,844	2,171,331
Equity interests with controlling influence	2,104,291	1,816,393
<b>Liabilities</b>		
Due to customers – other payables	–	–
Other liabilities	11,626	–
Other liabilities – estimated payables	41,493	15,571
<b>Income</b>		
Interest income from loans granted to entities with controlling influence	134,780	143,234
<b>Expenses</b>		
Administrative expenses – management fees	49,064	52,535
Performance fees	37,316	14,464

### 14. 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 of 31 December 2021 (Moody's LTD rating is A3).

In thousands of CZK	31. 12. 2021	31. 12. 2020
Current accounts (nostro accounts)	28,516	37,049
<b>Net receivables due from banks</b>	<b>28,516</b>	<b>37,049</b>

### 15. DUE FROM NON-BANK ENTITIES

In thousands of CZK	31. 12. 2021	31. 12. 2020
Receivables from loans granted	1,980,151	2,193,265
<b>Net receivables due from non-bank entities</b>	<b>1,980,151</b>	<b>2,193,265</b>

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 annual basis. Receivables are recognised at fair value at the balance sheet date.

## 16. EQUITY INTERESTS WITH CONTROLLING INFLUENCE

As at 31 December 2020

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	69,588
NRE Jablonec s.r.o. (previously OUA Czech, s.r.o.)	100%	65,331	229,889
NRE Hradec s.r.o. (previously OQT Czech, s.r.o.)	100%	101,331	348,291
ZNO Slovakia s.r.o.	100%	489,821	567,601
NRE OFM s.r.o. (previously HMX Czech s.r.o.)	100%	22,055	42,050
NRE North Point 17 s.r.o.	100%	50,578	64,982
NRE South Point 16 s.r.o.	100%	74,029	42,392
NRE Vyšehrad Victoria s.r.o.	100%	64,663	21,909
CXD Czech, s.r.o.	100%	25,055	16,724
NRE Smíchov Gate s.r.o.	100%	25,715	86,017
NRE Panorama s.r.o.	100%	26,486	82,174
NRE Penny 1 s.r.o.	100%	40,294	56,618
NRE OCCB s.r.o.	100%	105,434	151,212
NRE Kutil s.r.o.	100%	25,595	36,946
<b>Total</b>		<b>1,121,518</b>	<b>1,816,393</b>

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 OQT 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
<b>Total</b>		<b>1,121,518</b>	<b>2,104,291</b>

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.

## 17. DUE TO BANKS

In thousands of CZK	31. 12. 2021	31. 12. 2020
EUR due to banks - other than payable on demand	908,685	234,062
CZK due to banks - other than payable on demand	123,937	728,557
<b>Total liabilities due to banks</b>	<b>1,032,622</b>	<b>962,619</b>

## 18. OTHER LIABILITIES

In thousands of CZK	31. 12. 2021	31. 12. 2020
Trade payables and other creditors	16,427	10,550
Estimated payables	42,075	23,105
Deferred tax liability	45,110	34,715
<b>Total</b>	<b>103,612</b>	<b>68,370</b>

## 19. INCOME TAX PROVISIONS

In thousands of CZK	2021	2020
Opening balance as at 1. 1.	-	1,363
Additions to provision in the amount of expected tax	2,256	931
Utilisation of tax provision	-	(2,294)
<b>Closing balance as at 31. 12.</b>	<b>2,256</b>	<b>-</b>

## 20. MOVEMENTS IN EQUITY

In thousands of CZK	Capital funds	Revaluation reserve	Retained earnings/ accumulated losses	Total
<b>Balance as at 1. 1. 2020</b>	2,745,231	444,230	21,726	<b>3,211,187</b>
Revaluation differences not included in net profit	-	215,303	-	<b>215,303</b>
Net profit for the period	-	-	2,360	<b>2,360</b>
Shareholders contributions	(409,246)	-	-	<b>(409,246)</b>
<b>Balance as at 31. 12. 2020</b>	<b>2,335,985</b>	<b>659,533</b>	<b>24,086</b>	<b>3,019,604</b>

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".

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

Sub-fund as at 31 December 2021 has no share capital. The Sub-Fund issues investment shares that meet the definition of a financial liability in accordance with IAS 32, paragraph 11 as at 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 2021:

**In thousands of CZK****Total**

<b>Balance as at 1. 1. 2021</b>	<b>3,019,604</b>
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
<b>Balance as at 31. 12. 2021</b>	<b>2,975,778</b>

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

in number of pcs	2021			2020		
	EUR class	CZK class	Total	EUR	CZK	Total
<b>as at 1 January</b>	13,877,686	674,522,239	688,399,925	17,805,278	565,416,720	583,221,998
Issued investment shares	1,965,778	61,522,402	63,488,180	180,250	223,346,064	223,526,314
Repurchased investment shares	(2,894,306)	(102,690,020)	(105,584,326)	(4,107,842)	(114,240,545)	(118,348,387)
<b>as at 31 December</b>	<b>12,949,158</b>	<b>633,354,621</b>	<b>646,303,779</b>	<b>13,877,686</b>	<b>674,522,239</b>	<b>688,399,925</b>

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

CZK 1,3183 for CZK class growth investment shares (2020: CZK 1,2021)

EUR 6,6502 for EUR class growth investment shares (2020: EUR 6,0644)

## 22. RETAINED EARNINGS

The distribution of the profit earned in 2020 is presented in the Statement of Changes in Equity.

Profit for the year 2021 of CZK 226,856 thousand is proposed to be transferred to retained earnings.

## 23. INCOME TAX AND DEFERRED TAX

### (a) Current income tax

#### In thousands of CZK

Profit (loss) before taxation	231,287
Tax base	88,624
<b>Tax calculated at the rate of 5%</b>	<b>4,431</b>

### (b) Deferred tax

The deferred tax liability of CZK 45,110 thousand as at 31 December 2021 (as at 31 December 2020: CZK 34,715 thousand) represents 5% of the revaluation reserve of equity securities.

## 24. ASSETS UNDER MANAGEMENT

In thousands of CZK	31. 12. 2021	31. 12. 2020
Cash	28,516	37,049
Equity interests with controlling influence	2,104,291	1,816,393
Due from non-bank entities	1,980,151	2,193,265
Other assets, prepaid expenses	1,309	3,886
Due to banks	(1,032,622)	(962,619)
Provision for income tax	(2,256)	-
Other liabilities	(103,612)	(68,370)
<b>Total</b>	<b>2,975,778</b>	<b>3,019,604</b>

## 25. SUBSEQUENT EVENTS

At the end of February 2022, the problematic relations between Russia and Ukraine escalated into a military conflict, which negatively affects the global political scene and represents a significant degree of uncertainty for the global economy. This fact, due to the nature of its assets, has no direct impact on the Sub-Fund and is considered by the Sub-Fund not adjusting the subsequent event.

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 2021.

The financial statements were prepared on:

28 April 2021

Stamp and signature of Statutory Body:



Rudolf Vřešťál  
Authorised Representative

Person responsible for accounting:

Name and signature



Karel Krhovský  
CEO  
tel: 222 500 758

Person responsible for the financial statements:

Name and signature



Šárka Burgetová  
Head of Finance  
tel: 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 2021 to 31 December 2021 (hereinafter referred to as "the reporting period" or "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, postcode 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, postcode 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, postcode 130 00;

As a result of the adoption of the Company's Articles of Association to the new legislation under Act on Commercial Companies and Cooperatives and Act No. 240/2013 Coll., on Investment Companies and Investment Funds, which entered into force on 1 January 2021, the position of the statutory director ceased to exist on 31 December 2021 and was replaced as a statutory body effective from 1 January 2021 by the Management Board.

### 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, postcode 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, postcode 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 reporting period with 90.48% of share and could through REDSIDE investiční společnost, a.s. exercise an indirect influence on the Company.

**Rudolf Vřešťál**, born 22 February 1977, Prague 3, Žižkov, Prokopova 2849/2a, postcode 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:

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share %</b>
NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.	04331869	V Celnici 1031/4, Nové Město, 110 00 Praha 1	100% Company's shares
NOVA Real Estate – podfond 1	71508651/ 8085331795	V Celnici 1031/4, Nové Město, 110 00 Praha 1,	
NOVA Green Energy, SICAV, a.s. <sup>1</sup>	08789622	V Celnici 1031/4, Nové Město, 110 00 Praha 1	100% Company's shares
NOVA Green Energy – podfond 1	75161664	V Celnici 1031/4, Nové Město, 110 00 Praha 1,	
NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s.	04699017	V Celnici 1031/4, Nové Město, 110 00 Praha 1	100% Company's shares
NOVA Money Market – podfond 3	75159911	V Celnici 1031/4, Nové Město, 110 00 Praha 1,	
NOVA Money Market – podfond 4	75159929	V Celnici 1031/4, Nové Město, 110 00 Praha 1,	
ARCA OPPORTUNITY, SICAV, a.s.	24199591	V Celnici 1031/4, Nové Město, 110 00 Praha 1	100% Company's shares
ARCA OPPORTUNITY – podfond 1	75160404	V Celnici 1031/4, Nové Město, 110 00 Praha 1,	
ARCA OPPORTUNITY CEE EQUITY – podfond 2 <sup>2</sup>	75160536	V Celnici 1031/4, Nové Město, 110 00 Praha 1,	

<sup>1</sup> The Company was established as a result of transformation of the dissolved fund - open-end mutual NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s. fund into a newly emerging fund of trading company NOVA Green Energy, SICAV, a.s. according to the transformation project dated 12 December 2019, prepared by the administrator and the manager of the mutual fund, the company REDSIDE investiční společnost, a.s. pursuant the Section 414 et seq. Act No. 240/2013 Coll., on investment companies and investment funds, as amended.

<sup>2</sup> REDSIDE investment company, a.s. was the manager and administrator of the investment fund ARCA OPPORTUNITY CEE EQUITY - podfond 2, which was **terminated without liquidation in the reporting period.**

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. owned shares in favour of Sub-fund accounts in the following companies:

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share %</b>
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 Smichov 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 časť Staré Mesto 811 01	100%

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

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share</b>
RUQ Czech, s.r.o.	04378024	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%

**NOVA Green Energy, SICAV, a.s.** held in favour of NOVA Green Energy - podfond 1 interests in the following companies:

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share %</b>
BIOPLYN HOROVCE 3, s. r. o.	47168099	106 Horovce 020 62	100%
BioElectricity, s. r. o.	47 379 499	Horovce 106 Horovce 020 62	80%
BGZ Slovakia s.r.o.	52 728 382	Laurinská 18 Bratislava – mestská časť Staré Mesto 811 01	100 %
BTH Slovakia s.r.o.	52 957 781	Laurinská 18 Bratislava – mestská časť Staré Mesto 811 01	100 %
BZQ Slovakia s.r.o.	53 093 259	Laurinská 18 Bratislava – mestská časť Staré Mesto 811 01	100 %
CES-SOLAR 33, s. r. o.	46 094 504	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
CES-SOLAR 42, s.r.o.	46 094 644	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
ENERGOTREND alfa s.r.o.	28566408	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
ENWO s.r.o.	44 022 751	Hlavná 561 Koliňany 951 78	99%
EPSOLAR s. r. o.	44 933 428	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
FTVE Green Energy 1, s. r. o.	46 025 804	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
FTVE Green Energy 2, s.r.o.	46 025 553	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
FVE Orlice s.r.o.	117 47 218	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100 %
HK-Promotion, s. r. o.	44 707 541	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
CHILOE a.s.	28308883	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
INMADE, s.r.o	36 689 246	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
Jakub Solar s. r. o.	46 112 871	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
PV-Projekt, s. r. o.	45 281 106	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
SOLARIS one s.r.o.	43 871 917	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
TECOMA TRAVEL AGENCY, s.r.o.	36 577 537	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%
TFI Slovakia s.r.o.	50 412 477	Laurinská 18 Bratislava - mestská časť Staré Mesto 811 01	99%

ZXJ Czech, s.r.o.	05866111	V Celnici 1031/4, Nové Město, 110 00 Prague 1, Czech Republic	100%
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Company	Identification no./NID	Registered office	Share %
DMJ Management Solutions Korlátolt Felelősségű Társaság	11-09-026180	2921 Komárom, Puszkaporosi út 10.	100%
Csete Solar Napenergia Hasznosító Korlátolt Felelősségű Társaság	11-09-027388	2921 Komárom, Puszkaporosi út 10.	100%
Darvas Solar Napenergia Hasznosító Korlátolt Felelősségű Társaság	11-09-027359	2921 Komárom, Puszkaporosi út 10.	100%
Nyires Solar Napenergia Hasznosító Korlátolt Felelősségű Társaság	11-09-027371	2921 Komárom, Puszkaporosi út 10.	100%
Bárdió Solar Napenergia Hasznosító Korlátolt Felelősségű Társaság	11-09-027380	2921 Komárom, Puszkaporosi út 10.	100%

ENWO s.r.o. owned shares in the following companies during the reporting period:

Company	Identification no./NID	Registered office	Share %
TOP PELET, s.r.o.	36 739 341	Družstevná 501 Krnča 956 19	100%

TFI Slovakia s.r.o. owned shares in the following companies during the reporting period:

Company	Identification no./NID	Registered office	Share %
BIOPLYN HOROVCE 2 s. r. o.	45 556 521	106 Horovce 020 62	80%

BIOPLYN HOROVCE 2 s. r. o. owned shares in the following companies during the reporting period:

Company	Identification no./NID	Registered office	Share %
BioElectricity, s. r. o.	47 379 499	Horovce 106 Horovce 020 62	20%

FTVE Green Energy 1, s. r. o. owned shares in the following companies during the reporting period:

Company	Identification no./NID	Registered office	Share %
FTVE Green Energy 3, s. r. o.	47 236 671	Kukučínova 86/9 Košice - mestská časť Juh 040 01	100%

ii. List of parties controlled by RVR Czech, s.r.o. during the reporting period:

Company	Identification no./NID	Registered office	Share %
REDSIDE investiční společnost, a.s.	242 44 601	Prague 1 - Nové Město, V Celnici 1031/4, PSČ 11000	90,48%
REDSIDE Investments a.s.	07187939	V Celnici 1031/4, Nové Město, 110 00 Prague 1	100%
SWISS FUNDS, a.s. <sup>1</sup>	05421721	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 %

<sup>1</sup> In the reporting period, the company RVR Czech s.r.o. owned a 100% shares in SWISS FUNDS, a.s., IČ: 05421721, with its registered office at V Celnici 1031/4, Nové Město, 110 00 Prague 1, **which have been sold in the reporting period** on the basis of an agreement dated 7 December 2021

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./NID	Registered office	Share %
BAZ Czech, a.s.	28204298	Prague 1, V Celnici 1031/4, PSČ 11000	50%
RVR Czech, s.r.o.	24300136	Prague 1, V Celnici 1031/4, PSČ 11000	100%
TC VENTURES, s.r.o.	25777581	Prague 3, Krásava č.p. 1027, PSČ 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:

Parties controlled by **BAZ Czech, a.s.** during the reporting period:

Company	Identification no./NID	Registered office	Share %
ASB Czech Republic, s.r.o.	27215849	Prague 1, V Celnici 1031/4, PSČ 11000	100%
ASB Czech SC, s.r.o.	24201235	Prague 1, V Celnici 1031/4, PSČ 11000	100%
ASB Hungary Kft,	01-09-326637, TIN 26369420-2-42	Andrássy út 100. 3. em. 1062 Budapest, Hungary	100%
ASB Poland Sp. z o.o.	0000296560	ul. Zlota 59, Warsaw, Poland	100%
ASB Poland SC Sp. z o.o.	0000300061	ul. Zlota 59, Warsaw, Poland	99%
ASB Slovakia, s.r.o.	36 665 061	Laurinská 18 Bratislava 811 01	90%
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	44%

Parties controlled by **ASB Slovakia, s.r.o.** during the reporting period:

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share</b>
ASB Slovakia Tax, s.r.o.	50 283 593	Laurinská 18 Bratislava – mestská časť Staré Mesto 811 01	85%

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

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share</b>
ASB HR Services Sp. z o.o. w likwidacji <sup>1</sup>	0000414060	Złota 59, 00-120 Warsaw, Poland	100%

<sup>1</sup>The company ASB HR Services Sp. z o.o. w likwidacji **was liquidated in the reporting period.**

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

<b>Company</b>	<b>Identification no./NID</b>	<b>Registered office</b>	<b>Share %</b>
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%

*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 Company's shares in the reporting period, RVR Czech, s.r.o. owns 90.48% 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 Board of Directors 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 Authorized 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 of 20 August 2015 as amended
- Agreement on the performance of the function of member of the Company's Management Board as of 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

**3. Agreements concluded between the Company acting on behalf of the Sub-Fund and REDSIDE investiční společnosti, a.s.**

- Loan agreement concluded on 30 April 2019
- Loan agreement concluded on 30 April 2019

**4. Agreements concluded between the Company acting on behalf of the Sub-Fund and ARCA OPPORTUNITY, SICAV, a.s. acting on behalf of ARCA OPPORTUNITY - podfond 1**

- Loan agreement concluded on 9 October 2019

**5. Agreements concluded between the Company acting on behalf of the Sub-Fund and CXD Czech, s.r.o.**

- Loan agreement concluded on 21 December 2017

**6. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Hradec s.r.o.**

- Loan agreement concluded on 31 March 2020, as amended
- Loan agreement concluded on 26 April 2016, as amended

**7. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Jablonec s.r.o.**

- Loan agreement concluded on 28 April 2016, as amended

**8. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Kutil s.r.o.**

- Loan agreement concluded on 21 December 2017, as amended

**9. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Panorama s.r.o.**

- Loan agreement concluded on 21 December 2017, as amended
- Agreement on receivables offsetting concluded on 1 September 2020
- Loan agreement concluded on 21 December 2017, as amended

**10. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Penny 1 s.r.o.**

- Loan agreement concluded on 21 December 2017

**11. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE North Point 17 s.r.o.**

- Loan agreement concluded on 8 August 2016

**12. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE OCCB s.r.o.**

- Loan agreement concluded on 26 June 2018, as amended
- Loan agreement concluded on 29 June 2018, as amended

**13. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE OFM s.r.o.**

- Loan agreement concluded on 20 June 2019, as amended;

**14. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Smichov Gate s.r.o.**

- Loan agreement concluded on 21 December 2017

**15. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE South Point 16 s.r.o.**

- Loan agreement concluded on 8 August 2016, as amended

**16. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Vyšehrad Victoria s.r.o.**

- Loan agreement concluded on 8 August 2016

**17. Agreements concluded between the Company acting on behalf of the Sub-Fund and NRE Znojmo s.r.o.**

- Loan agreement concluded on 28 April 2016, as amended

**18. Agreements concluded between the Company acting on behalf of the Sub-Fund and ZNO Slovakia s.r.o.**

- Loan agreement concluded on 25 October 2019, as amended
- Loan agreement concluded on 14 February 2020, as amended
- Loan agreement concluded on 24 February 2020, as amended
- Loan agreement concluded on 24 February 2020, as amended

**19. Agreements concluded between the Company acting on behalf of the Sub-Fund and ZXJ Czech, s.r.o.**

- Loan agreement concluded on 18 September 2018, as amended.

## **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 organizational 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 2022



Rudolf Vřešťál,  
Authorized Representative of  
the Management Board member  
REDSIDE investiční společnost, a.s