

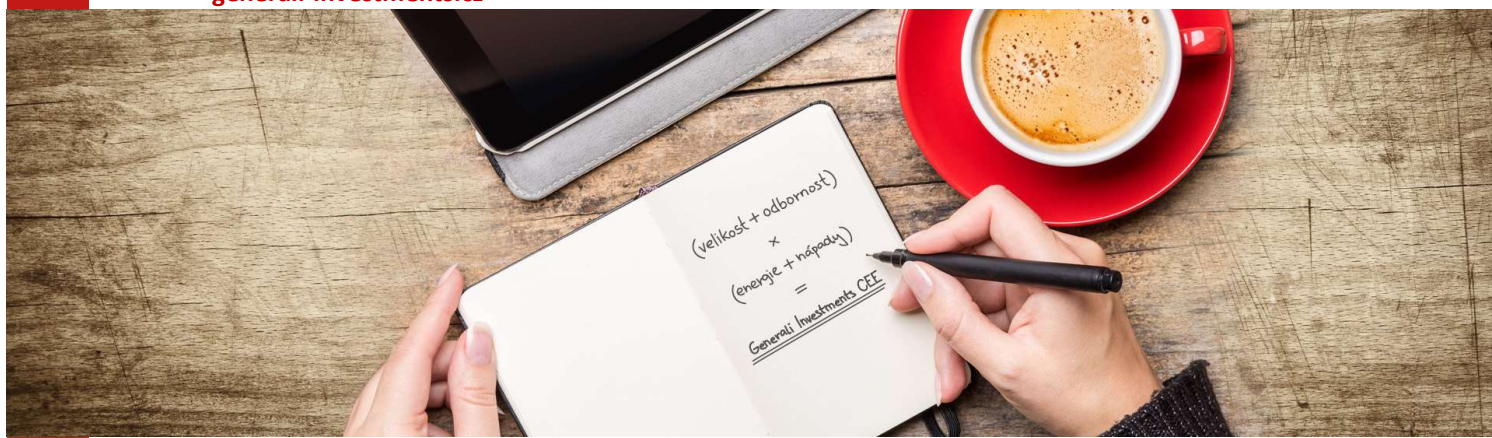


ANNUAL REPORT 2021

Generali Real Estate Fund CEE a.s.,

investiční fond

generali-investments.cz





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This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of Generali Real Estate Fund CEE a.s., investiční fond

Opinion

We have audited the accompanying financial statements of the fund Generali Real Estate Fund CEE a.s., investiční fond ("the Fund"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2021, and the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Fund is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021 and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Fund as at 31 December 2021/ were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 April 2021.



Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

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 obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters 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 applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Fund obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

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

In preparing the financial statements, the statutory body 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 statutory body either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Fund's financial reporting process.

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 above 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 above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body'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 Funds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the financial statements of Generali Real Estate Fund CEE a.s., investiční fond as at 31 December 2021, based on which this independent auditor's report has been prepared.

Prague
29 April 2022

KPMG Česká republika Audit, s.r.o.
Registration number 71

Veronika Strolená
Partner
Registration number 2195

Generali Real Estate Fund CEE a.s., investiční fond

REPORT ON RELATED PARTIES

pursuant to the provisions of Sections 82 to 88 of Act No. 90/2012 Coll., on Business Corporations
and Cooperatives (the Business Corporations Act), as amended

for the reporting period from 1 January 2021 to 31 December 2021

REPORT ON RELATED PARTIES FOR THE 2021 REPORTING PERIOD

I. Company

Generali Real Estate Fund CEE a.s., investiční fond, having its registered seat at: Praha 4, Na Pankráci 1658/121, postal code: 140 00, business registration number: 247 36 694, entered in the Commercial Register maintained by the Municipal Court in Prague under file number B 16493 ("GREF"), issued this Report on Relations (the "Report") between the persons controlling GREF – the persons disclosed in Section II of this Report – and GREF, and also between GREF and other entities controlled by the same controlling persons (the "Related Parties") pursuant to the provisions of Section 82 of Act No. 90/2012 Coll., on Corporations and Cooperatives (the Corporations Act), as amended (the "Corporations Act") for the year ended 31 December 2021.

II. Structure of relations between Related Parties, role of the Controlled Entity, method and means of control

The GREF's line of business is collective investment. GREF is a fund of qualified investors pursuant to Act No. 240/2013 Coll., on investment companies and investment funds, as amended ("the Act").

Entities directly controlling GREF in the reporting period were as follows: Generali Česká pojišťovna a.s. **Generali Česká pojišťovna a.s.** (Czech Republic), **GP Reinsurance EAD** (Bulgaria) and **SMALL GREF a.s.** (Czech Republic). Specifically:

From 1 January 2021 to 28 July 2021, GREF was controlled by the following companies holding 487 ordinary registered shares, with a nominal value of CZK 1,000,000: **Generali Česká pojišťovna a.s.** (held 277 certificated registered shares, which represented 56.88% of ownership interest in the share capital of GREF), **GP Reinsurance EAD** (held 92 certificated registered shares, which represented 18.89% of ownership interest in the share capital of GREF), and **SMALL GREF a.s.**, (held 118 certificated registered shares, which represented 24.22% of ownership interest in the share capital of GREF).

From 29 July 2021 to 31 December 2021, GREF was controlled by the following companies holding 505 ordinary registered shares, with a nominal value of CZK 1,000,000: **Generali Česká pojišťovna a.s.** (held 277 certificated registered shares, which represented 54.85% of ownership interest in the share capital of GREF), **GP Reinsurance EAD** (held 92 certificated registered shares, which represented 18.22% of ownership interest in the share capital of GREF), and **SMALL GREF a.s.**, (held 136 certificated registered shares, which represented 26.93% of ownership interest in the share capital of GREF).

The GREF's controlling entities exercise control in GREF solely through their votes, i.e. through exercising their voting rights at general meetings.

In addition, during the reporting period from 1 January 2021 to 31 December 2021, GREF was controlled by Generali Investments CEE, investiční společnost, a.s., with its registered address at: Na Pankráci 1720/123, Nusle, 140 21 Prague 4, business registration number (IČ): 43873766 entered in the Commercial Register maintained by the Municipal Court in Prague under the file number B 1031 (also "GICEE") in so far GICEE is an individual statutory body of GREF and manages GREF and performs administration on its own behalf and on behalf of investors. In performing duties of a Board of Directors member, GICEE was represented until 22 March 2021 by Ing. Josef Beneš (Chairman of the Board of Directors of GICEE), Mgr. Martin Vít (Vice-chair of the Board of Directors of GICEE) and Ing. Marek Bečička, (Director for Real Estate) and as of 23 March 2021, only by Ing. Marek Bečička, (Director for Real Estate), with respect to the provisions of Section 46(3) of the Business Corporations Act. In the reporting period from 1 January 2021 to 31 December 2021, the aforementioned individuals held the following positions in the entities (related parties) listed below:

- In the reporting period, **Ing. Josef Beneš** was the Chair of the Board of Directors in the following companies: Generali Investments CEE, investiční společnost, a.s.; the Chair of the Supervisory Board in the following companies: Generali penzijní společnost, a.s., GENERALI ALAPKEZELŐ ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG, Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A., Generali Investments, družba za upravljanje, d.o.o.; a member of the Supervisory Board of Generali Česká Distribuce a.s. and LION RIVER I. N.V., and the Director / Member of the Board of Directors of GENERALI REAL ESTATE S.P.A.;
- In the reporting period, **Mgr. Martin Vít** was the Vice-chair of the Board of Directors of Generali Investments CEE, investiční společnost, a.s.; (until 13 May 2021), the Chair of the Board of Directors of SMALL GREF a.s.; the Chair of the Supervisory Boards in the following companies: Green Point Offices a.s. (until 6 September 2021), Náměstí Republiky 3a, s.r.o., Office Center Purkyňova, a.s., MUSTEK PROPERTIES, s.r.o., (until 10 November 2021), PALAC KRIZIK a.s., Solitaire Real Estate, a.s., IDEE s.r.o., Palác Špork, a.s., Cleha Invest sp. z o.o., BRITISH CORNER s.r.o. (until 11 November 2021), OVOCNÝ TRH 2 s.r.o., a member of the Supervisory Board of PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o., and the Statutory Representative of Weka Real, spol. s r.o., RSBC Hybešova s.r.o. (now: RSBC Development Financing s.r.o., until 14 May 2021), Skrétova 36 s.r.o., VERONA PLUS, spol. s r.o., Milíčova 3 s.r.o., SOUKENICKÁ 1086, s.r.o., CRISTALLO s.r.o., RP Bucharova, s.r.o.
- In the reporting period, **Ing. Marek Bečička** was a GICEE representative as a member of the GREF's Board of Directors; the Chair of the Board of Directors in the following companies: Office Center Purkyňova, a.s., PALAC KRIZIK a.s., Solitaire Real Estate, a.s., Palác Špork, a.s., Green Point Offices a.s. (until 6 September 2021) and the Statutory Representative of Green Point Offices s.r.o. (until 7 September 2021), the Chair of the Board of Directors of Pankrác East a.s. (until 7 December 2021) and Pankrác West a.s. (until 7 December 2021), the Statutory Representative of MŮSTEK PROPERTIES, s.r.o., IDEE s.r.o., Náměstí Republiky 3a, s.r.o., Pařížská 26, s.r.o., PL INVESTMENT JEROZOLIMSKIE I SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Cleha Invest Sp. z o.o., SIBSEN Invest sp. z o.o., Weka Real, spol. s r.o., RSBC Hybešova s.r.o. (now: RSBC Development Financing s.r.o., until 14 May 2021), Skrétova 36 s.r.o., BRITISH CORNER s.r.o. (until 11 November 2021), OVOCNÝ TRH 2 s.r.o., VERONA PLUS, spol. s r.o., Milíčova 3 s.r.o., SOUKENICKÁ 1086, s.r.o., CRISTALLO s.r.o., RP Bucharova, s.r.o. and the Vice-chair of the Board of Directors of SMALL GREF a.s.

In the reporting period from 1 January 2020 to 31 December 2020, GREF controlled the following companies:

- GREF was the sole shareholder holding 100% of equity interest in Solitaire Real Estate a.s., with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 274 11 109, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 10418;
- GREF was the sole member holding 100% of equity interest in **IDEE s.r.o.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 276 11 109, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 119948; C, File 119948;
- GREF was the sole member holding a 100% equity interest in **PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o.**, with its registered office at Ul. Postępu 15B, 02-676, Warsaw, Poland, recorded in the Polish register (Krajowy Rejestr Sadowy) under No. KRS 0000584713;
- GREF was the sole shareholder holding 100% of equity interest in **MUSTEK PROPERTIES, s.r.o.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 267 56 471, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 91691;
- GREF was the sole shareholder holding 100% of equity interest in **Náměstí Republiky 3a, s.r.o.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 048 79 899, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 255049;
- GREF was the sole shareholder holding a 100% equity interest in **Office Center Purkyňova, a.s.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00, Prague 1, business reg. no.:

052 99 446, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 21772;

- GREF was the sole member holding a 100% equity interest in **Cleha Invest Sp. z o.o.**, with its registered office at Ul. Królewska 18, 00-103, Warsaw, Poland, recorded in the Polish register (Krajowy Rejestr Sadowy) under No. KRS 0000382322;
- GREF was the shareholder holding a 50% equity interest in **PALAC KRIZIK a.s.**, with its registered office at Radlická 608/2, 150 23 Prague 5, business reg. no. 268 64 614, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 11187;
- GREF was the sole member holding a 100% equity interest in **SIBSEN Invest Sp. z o.o.**, with its registered office at Ul. Postępu 15B, Warsaw, Poland, recorded in the Polish register (Krajowy Rejestr Sadowy) under No. KRS 0000645653;
- GREF was the sole shareholder holding 100% of equity interest in **Palác Špork, a.s.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 242 77 029, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 18560;
- GREF was the sole member holding 100% of equity interest in **BRITISH CORNER s.r.o.**, with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no. 077 49 333, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 306918 (until 11 November 2021);
- GREF was the sole member holding 100% of equity interest in **OVOCNÝ TRH 2 s.r.o.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 077 49 104, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 306912;
- As of 7 December 2021, GREF was the sole shareholder holding 100% of equity interest in **Pankrác East, a.s.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 248 31 972, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 17081;
- As of 7 December 2021, GREF was the sole shareholder holding 100% of equity interest in **Pankrác West, a.s.**, with its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Prague 1, business reg. no. 086 67 781, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 24773.

In the reporting period from 1 January 2021 to 31 December 2021, GREF was included in the Generali Group. Accordingly, the Company shall comply with the measures adopted by Assicurazioni Generali S.p.A. to implement the applicable legislation as well as the regulation of IVASS (Istituto per la Vigilanza sulle Assicurazioni) in order to establish a stable and efficient group management.

The structure of the Generali Group, or the part thereof comprising the entities directly controlling GREF/entities directly controlled by GREF, is depicted in the organization chart included in the Annex to the Report.

III. Summary of agreements concluded with Related Parties and description of performance thereunder

In the reporting period from 1 January 2021 to 31 December 2021, performance was provided between GREF and the Controlling Person and between GREF and other Related Parties under the valid contracts/agreements listed below, including transaction description and detriment, if any:

Company	Title of contract	Execution date	Detriment to Company
Generali CEE Holding B.V., acting through Generali CEE	Loan agreement	3 Dec 2021	None

Holding B.V., organizační složka ID No.: 282 39 652			
Pankrác East a.s. (formerly Marissa Gama, a.s.) ID No.: 248 31 972	Loan agreement	7 Dec 2021	None
Generali Česká pojišťovna a.s. (formerly Česká Pojišťovna a.s.), ID No.: 452 72 956	Framework agreement on cost sharing	1 Jan 2019	None
Generali Investments CEE, investiční společnost, a.s. (formerly ČP INVEST, investiční společnost, a.s.) ID No.: 438 73 766	Contract for the performance of the function of a Board of Directors Member	23 June 2017	None
Pojišťovna Patricie a.s. (formerly Generali Pojišťovna a.s.), ID No.: 618 59 869	Framework agreement on the transfer of equity interest in limited liability companies	30 Dec 2020	None
	Amendment No. 1 to Framework agreement on the transfer of equity interest in limited liability companies dated 30 December 2020	22 Apr 2020	None
	Confirmation to the Framework agreement on the transfer of equity interest in limited liability companies dated 30 December 2020 in relation to the final purchase price	22 Apr 2020	None
Generali Real Estate S.p.A. acting through Generali Real Estate S.p.A., CEE Branch, organizační složka, ID No.: 017 57 601	Implementation service agreement	1 Apr 2015	None
	Amendment No.1 to implementation service agreement	7 Jan 2019	None
Generali Versicherung AG, Austria	Agreement for the provision of services	19 Dec 2016	None
	Termination agreement for the provision of services	29 Oct 2019	None
GP Reinsurance EAD, Bulgaria	Loan agreement	25 Oct 2018	None
	Amendment No. 1 to the loan agreement	25 Oct 2021	None
PALAC KRIZIK a.s., ID No.: 268 64 614	Loan agreement	30 May 2014	None
	Amendment No. 1 to loan agreement	28 May 2015	None
Solitaire Real Estate, a.s. ID No.: 274 11 109	Agreement on making contribution in excess of share capital	18 May 2016	None
	Loan agreement	17 May 2019	None

Solitaire Real Estate, a.s. ID No.: 27411109 (+ UniCredit Bank Austria AG, Austria)	Subordination agreement (Agreement on the priority of claims and securities)	21 Dec 2012	None
	Agreement on security assignment of claims under subordinated loans	21 Dec 2012	None
	Amendment No. 1 to agreement on security assignment of claims under subordinated loans	19 Dec 2013	None
	Agreement on security assignment of claims under subordinated loans	20 Sep 2013	None
Cleha Invest Sp. z o.o., bus. no. KRS 0000382322	Loan agreement	20 Jun 2017	None
	Amendment No. 1 to the loan agreement	18 Jun 2020	None
IDEE s.r.o., ID No.: 276 27 977	Agreement on making monetary contribution in excess of share capital	12 Dec 2018	None
Palác Špork, a.s., ID No.: 242 77 029	Loan agreement	11 Mar 2019	None
	Agreement on provision of monetary contribution outside the registered capital and set-off agreement	11 Mar 2019	None
Office Center Purkyňova, a.s., ID No.: 052 99 446	Loan agreement	12 Aug 2020	None
Sibsen Invest sp. Z o.o. REGON (<i>statistical identification number</i>) 365846228, NIP (<i>tax identification number</i>) 7010631510	Loan agreement	30 Oct 2018	None
	Amendment No. 1 to the loan agreement	4 Jan 2019	None
	Amendment No. 2 to the loan agreement	29 Oct 2021	None
	Loan agreement	30 Jun 2021	None
	Loan agreement	19 Oct 2021	None
	Subscription of new shares	29 Dec 2021	None

IV. Other legal actions

No other legal acts were made in the interest of the Controlling Person or GREF or other Related Parties outside the scope of the foregoing contracts in the reporting period from 1 January 2021 to 31 December 2021; in case any legal acts were taken concerning the Related Parties, these were general legal practices performed under the conditions for undertaking legal acts by the Controlling Persons in relation to GREF by virtue of their position as the GREF's shareholders.

In the reporting period from 1 January 2021 to 31 December 2021, GREF was not subject to nor took any other legal actions in the interest or at the initiative of the Related Parties, where such actions concerned assets exceeding 10% of the GREF's equity as determined from the financial statements for the accounting period immediately preceding the accounting period for which this Report is prepared.

V. Performance rendered and detriment suffered by the controlled entity and the assessment of its settlement

All contracts and agreements listed in Section III. above were concluded based on the arm's length principle and all performance rendered and counter-performance received under these agreements and under the agreements concluded in the preceding periods complied with the arm's length principle. GREF suffered no detriment arising from these agreements within the meaning of Section 71 or 72 of the Business Corporations Act.

No special advantages or disadvantages or any additional risks resulted from the concluded agreements listed in Section III. above for GREF.

GREF cooperates on group projects and policies within the Generali Group. GREF suffered no detriment arising from the cooperation on these group activities within the meaning of Section 71 or 72 of the Business Corporations Act.

VI. Final representation

With regard to reviewed legal relations between GREF and the Related Parties GREF appears to have suffered no detriment as a result of the contractual arrangements, other legal acts or other measures implemented, made or adopted by GREF in the interest or at the initiative of the related parties in the reporting period from 1 January 2021 to 31 December 2021 within the meaning of Section 71 or 72 of the Business Corporations Act.

This Report on Related Parties was prepared by the Board of Directors of GREF on 31 March 2022, forms an integral part of the Company's annual report and is subject to review together with it by the auditor performing an audit of the financial statements.

GREF's statutory body declares that this Report was prepared with due managerial care and that the information provided in this Report is adequate, accurate and complete. In view of its statutory duties arising from the Business Corporations Act, GREF shall publish an annual report of which the Report is an integral part. The final document, including this Report shall be reviewed by GREF's Supervisory Board and be subject to review by the auditor.

In Prague, on 31 March 2022

On behalf of Generali Real Estate Fund CEE a.s., investiční fond:



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Generali Investments CEE,
investiční společnost, a.s.
Member of the Board of Directors
represented by virtue of his office by
Ing. Marek Bečička, Director for Real Estate

Appendix to this Report on Related Parties – Structure of the Generali Group, with information valid as at 31 December 2021.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

Balance sheet

Income statement

Statement of changes in equity

Notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**BALANCE SHEET**
AS AT 31 December 2021

In CZK thousands	Note	31 December 2021	31 December 2020
ASSETS			
3	Due from banks and savings associations of which: a) repayable on demand	247,634 247,634	251,110 151,167
4	Due from clients of which: b) other receivables	3,248,639 3,248,639	2,069,178 2,069,178
8	Interests in subsidiaries	9,312,692	7,975,682
11	Other assets	28,405	3,928
Total assets		12,837,370	10,299,898

In CZK thousands	Note	31 December 2021	31 December 2020
LIABILITIES			
2	Due to clients of which: b) other liabilities	2,965,940 2,965,940	790,000 790,000
4	Other liabilities	28,190	6,574
5	Deferred income and accruals	-	89
6	Provisions	31,507	13,756
8	Share capital	505,000	487,000
9	Share premium	7,599,400	7,265,500
12	Capital funds	30,000	30,000
13	Revaluation reserve of which: c) foreign currency translation of interests	1,023,595 1,023,595	1,073,588 1,073,588
14	Retained earnings or accumulated losses from previous years	638,274	(40,000)
15	Current year profit /(loss)	15,464	673,391
Total equity and liabilities		12,837,370	10,299,898

In CZK thousands	Note	31 December 2021	31 December 2020
OFF-BALANCE SHEET ASSETS AND LIABILITIES			
Total off-balance sheet assets		10,993,107	10,406,302
4	Receivables from fixed term transactions	1,181,374	916,823
8	Assets provided for management by a third party	9,811,733	9,489,479
Total off-balance sheet liabilities		1,149,787	913,326
12	Liabilities from fixed term transactions	1,149,787	913,326

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 December 2021

In CZK thousands		Note	31 December 2021	31 December 2020
1	Interest and similar income	12	73,782	78,149
2	Interest and similar expenses		(25,085)	(42,855)
3	Income from shares and interests	13	26,577	32,867
	of which: income from interests in subsidiaries		26,577	32,867
5	Fee and commission expenses	14	(8,422)	(8,158)
6	Gain or loss from financial transactions	15	(13,449)	(6,722)
7	Other operating income	16	-	645,504
8	Other operating expenses	17	(5,573)	-
9	Administrative expenses	18	(12,659)	(10,290)
17	Additions to, and use of, provisions	19	(17,751)	(12,139)
19	Profit or loss on ordinary activities for the period before tax		17,420	676,356
23	Income tax	20	(1,956)	(2,965)
24	Profit or loss for the period after tax	10	15,464	673,391

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December 2021**

In CZK thousands	Share capital	Share premium	Capital funds	Revaluation (loss)	Profit / (loss)	Total
Balance as at 31 Dec 2019	487,000	7,265,500	30,000	1,386,550	12,777	9,181,827
FOREX and revaluation gains/losses not recognized in profit/(loss)	-	-	-	(312,962)	-	(312,962)
Net profit /(loss) for the year	-	-	-	-	673,391	673,391
Dividends	-	-	-	-	(12,777)	(12,777)
Share capital decrease	-	-	-	-	-	-
Share capital increase	-	-	-	-	-	-
Other changes*	-	-	-	-	(40,000)	(40,000)
Balance as at 31 Dec 2020	487,000	7,265,500	30,000	1,073,588	633,391	9,489,479
FOREX and revaluation gains/losses not recognized in profit/(loss)	-	-	-	(8,610)	-	(8,610)
Realized gains and losses from sale	-	-	-	(41,383)	41,383	-
Net profit /(loss) for the year	-	-	-	-	15,464	15,464
Dividends	-	-	-	-	-	-
Share capital decrease	-	-	-	-	-	-
Share capital increase	18,000	333,900	-	-	-	351,900
Other changes*	-	-	-	-	(36,500)	(36,500)
Balance as at 31 Dec 2021	505,000	7,599,400	30,000	1,023,595	653,738	9,811,733

*Advance paid on dividend

1 GENERAL INFORMATION

(a) Formation and description of the Fund

Foundation of the Fund and its characteristics

Generali Real Estate Fund CEE a.s., investiční fond, (until 21 March 2016 GENERALI REAL ESTATE FUND CEE A.S.; until 13 July 2015 ČP INVEST Realitní uzavřený investiční fond a.s.) (the "Fund") was founded as a closed-end investment fund by ČP INVEST investiční společnost, a.s. (since 1 January 2016 GENERALI INVESTMENTS CEE, investiční společnost, a.s.), following the Czech National Bank's decision dated 20 August 2010. The Fund was registered in the Commercial Register on 15 September 2010.

The Fund is governed by regulatory requirements of Act No. 240/2013 Coll., on Investment Companies and Investment Funds (the "Act"), as amended, effective as of 19 August 2013.

The Fund is a qualified investors fund, which collects funds from qualified investors.

According to the classification binding for Czech Capital Market Association members, the Fund is classified as a mixed fund.

Consolidated financial statements of the broadest group of entities (published at <http://www.generalicee.com>) to which the Company belongs as a consolidated entity are prepared by Assicurazioni Generali, having its registered address at: Piazza Duca Degli Abruzzi, 2; 34132 Trieste, Italy.

Consolidated financial statements of the narrowest group of entities (published at <http://www.generalicee.com>) to which the Company belongs as a consolidated entity, are prepared by Generali CEE Holding B. V. organizační složka, (the Branch) with its registered address at: Na Pankráci 1658/121, 140 00 Prague 4, Czech Republic

Board of Directors and Supervisory Board as at 31 December 2020:

Position	Name
Board of Directors	Member Generali Investments CEE, investiční společnost, a.s.
Representation of legal entity	Ing. Marek Bečička
Supervisory Board	Member Aleš Holcman

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Changes recorded in the Commercial Register in Board of Directors part:

On 23 March 2021, the Chair of the Board of Directors Josef Beneš and the Vice-chair Martin Vít were deleted and the manner of acting of the one-member Board of Directors was recorded. The individual statutory body is represented externally by an authorised individual.

The Fund's asset portfolio is managed by the Fund's manager and administrator, Generali Investments CEE, investiční společnost, a.s. (the "Company"). The Fund's asset balances and movements are accounted for by the Company separately of its own assets and assets in other mutual funds.

Information about the investment company

With effect from 1 January Generali Investments CEE, a.s., with its registered address at Na Pankráci 1658/121, Prague 4, zip code 140 00, business registration number (IČ) 25629123, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 5073, ceased to exist with effect from 1 January 2016 and its assets and liabilities were transferred to the acquiring company, ČP INVEST investiční společnost, a.s., with its registered address at Na Pankráci 1658/121, Prague 4, zip code 140 21, business registration number (IČ) 43873766, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1031.

With effect from 1 January 2016, the acquiring company was recorded in the Commercial Register under the name Generali Investments CEE, investiční společnost, a.s., with its registered address at Na Pankráci 1720/123, Prague 4, zip code 140 21, business registration number (IČ) 43873766, under file number B 1031, and is maintained by the Municipal Court in Prague.

Information about the depositary

Depositary services are provided by UniCredit Bank Czech Republic and Slovakia, a.s., with its registered office at Želetavská 1525/1, zip code 140 92 Prague 4, business registration number (IČ) 64948242, recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 3608 (the "Depositary") in accordance with the agreement for performing the office of the depositary dated 1 January 2014. The Depositary also provides custodial and other safekeeping services of the Fund's property.

In compliance with the Fund's investment policies, the Fund's property will be invested into the following asset categories:

- money market instruments (treasury bills) and deposits or term deposits at banks;
- government bonds of issuers from the Czech Republic and the EU;
- holdings in real property companies;
- receivables;
- financial derivatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(b) Basis of presentation of the financial statements

These financial statements for the 2021 reporting period have been prepared based on the Fund's accounts maintained in compliance with Act No. 563/1991, Coll., on Accounting, and relevant regulations, provisions, and decrees, in particular Decree No. 501/2002 issued by the Czech Ministry of Finance as amended in 2018 (the "Decree"), implementing certain provisions of Act No. 563/1991, on Accounting, as amended, for business entities that are banks or other financial institutions, as amended, and in compliance with the Czech Accounting Standards for financial institutions.

The arrangement and designation of items in the financial statements and the content of the items in the financial statements are determined in accordance with the Decree. At the same time, Section 4 (1) of the Decree stipulates that the Fund shall, for the purposes of financial instrument reporting, measurement, and disclosure of information in the notes to the financial statements follow the International Accounting Standards regulated by directly applicable regulations of the European Union on the application of international accounting standards ("International Accounting Standards" or "IFRS").

In this context, it should be noted that the balances and tables in the notes to the financial statements relating to financial instruments as at 31 December 2020 and for the year ended 31 December 2020 have not been adjusted and are therefore not comparable.

The Company's accounts are maintained based on general accounting principles, in particular the accrual and matching principle, the prudence principle and the going concern principle.

The management considered the potential impact of COVID-19 on the Fund's activities and business and concluded it did not have a significant effect on the going concern assumption of the Fund. Accordingly, the financial statements for the year ended 31 December 2021 were prepared on the assumption that the Fund would be able to continue as a going concern.

The amounts included in the financial statements are rounded to CZK thousands unless stated otherwise and the financial statements are not consolidated. The Fund does not prepare consolidated financial statements as these are prepared by Generali CEE Holding B.V.

2 ACCOUNTING POLICIES

(a) Transaction recognition date

Financial assets and financial liabilities are recognized at the moment the Fund becomes a contractual partner to the transaction. The Fund derecognizes a financial asset or a part thereof when it loses control over the asset or its part. It loses this control when the contractual rights to the cash flows from the financial asset expire, are used by the Fund or the Fund surrenders these rights.

The Company removes a financial liability or a part thereof from its balance sheet when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a liability (or a portion thereof) extinguished or transferred and the amount paid for is recognized net in profit or loss for the period.

Spot purchases and sales of financial assets and derivatives are recognized in the balance sheet as at the trade date.

(b) Financial assets and liabilities – methods effective from 1 January 2021

Based on Decree No. 501/2002 Coll. effective from 1 January 2018, which was amended by Decree No. 442/2017 Coll., of 7 December 2017, the Fund has complied with International Financial Reporting Standards (“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.

From the Fund’s perspective, the most significant impact of the change has been the application of IFRS 9 Financial Instruments pertaining to the classification of financial assets as of 1 January 2021.

IFRS 9 introduces two criteria for the classification of financial assets:

- 1) An entity’s business model which refers to how an entity manages its financial assets in order to generate cash flows;
- 2) A test of the characteristics of contractual cash flows arising from financial assets according to contractual terms agreed for the financial assets (i.e. whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding), the so-called solely payments of principal and interest (SPPI) test.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

At initial recognition, a financial asset is classified as:

- measured at amortized cost (AC);
- measured at fair value through other comprehensive income (FVOCI);
- measured at fair value through profit or loss (FVTPL).

A financial asset can be measured at amortized cost only if both of the following conditions are met and it is not designated as a financial asset measured at fair value through profit or loss (FVTPL):

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and it is not designated as measured at fair value through profit or loss (FVTPL):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, an entity has the option of measuring them at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVOCI); the choice made for specific individual equity financial assets upon initial recognition shall be irreversible. If the FVOCI option is applied, cumulative gains/losses recognized in OCI shall not be reclassified on derecognition (disposal) of the equity instrument effective from 1 January 2021.

The measurement at FVOCI is applied for the Fund's interests in subsidiaries.

Other financial assets are measured at fair value through profit or loss (FVTPL).

Business model assessment

The business model reflects how groups of financial assets are managed together to achieve a specific business objective. Therefore, this condition does not represent an approach to classification by instrument individually but is set at a higher level of aggregation, for instance at the fund level. In assessing the business model, all relevant information and evidence available at the assessment date is considered. Such relevant information and evidence include but are not limited to the following:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

- the established methods and objectives for the portfolio and the approach to those methods in practice
- an assessment of the performance of the business model and the financial assets held within each business model
- the risks affecting the performance of the business models and financial assets held within the chosen business models and how those risks are managed
- how certain employees and managers of the Fund are remunerated
- the frequency, volume and timing of sales in previous periods, the reasons for those sales and expectations for future sales. Sales information is not evaluated in isolation but as part of an overall assessment of how the entity's objectives for managing financial assets are achieved and how cash flows are realized.

Since the fund management strategy is based on maximizing the fair value of financial instruments in the Fund's portfolio (equity and debt securities, financial derivatives, receivables, bank account balances, etc.) and the primary performance evaluation factor is NAV, **the fair value based management** business model has been applied to all of the fund's financial instruments.

Based on the determination of the fair value based management business model, changes in fair value are recorded in the profit and loss accounts (FVTPL), except for ownership interests in subsidiaries where the Fund has elected to charge gains and losses from the revaluation through other comprehensive income (FVOCI).

Reclassification

Financial assets are not reclassified after their initial recognition unless the Fund changes its business model for managing financial assets in the current financial year.

Financial liabilities

The entity classifies and measures its financial liabilities at fair value through profit or loss (FVTPL) as it manages its financial assets and financial liabilities and assesses their performance based on fair value and in compliance with the documented risk management and investment strategy.

Derecognition

Financial assets

The Company derecognizes a financial asset when either:

- the contractual rights to the cash flows from the financial assets are extinguished
- it transfers the rights to receive the cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it does not retain control of the financial asset.

When a financial asset is derecognized, the difference between

- the carrying amount of the asset (or the portion of the carrying amount allocated to the portion of the asset derecognized) and

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

- the sum of the consideration received (including any asset acquired less the value of any new liability assumed) and the cumulative gain or loss recognized in equity is recorded in profit or loss.

The cumulative gain or loss recognized in equity in respect of equity securities designated as at fair value through equity (FVOCI) is not recognized in the income statement on derecognition.

If a company enters into transactions in which it transfers assets recognized on the balance sheet but retains all or substantially all risks and rewards associated with the transferred financial assets or portions of financial assets, the transferred assets are not derecognized. Examples of such transactions include securities lending and repurchase agreements.

Financial liabilities

An entity derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets

If the terms of the financial asset are modified, the Company assesses whether the cash flows of the modified financial asset are substantially different.

If the cash flows are substantially different, then the contractual right to the cash flows from the original asset are deemed to have expired. In such a case, the original financial asset is derecognized, and the new financial asset is recognized and carried at fair value.

If the cash flows from the modified asset measured at amortized cost are not substantially different, the modification does not result in derecognition of the financial asset. The Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from the adjustment to the gross carrying amount as a gain or loss on modification in profit or loss.

Financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In that case, the new financial liability is recognized at fair value based on the modified terms. The difference between the carrying amount of the extinguished financial liability and the new financial liability with the modified terms is recognized in profit or loss.

Fair value determination

Fair value is the price that would be received to sell an asset or paid to assume a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy used in measuring the fair value of financial instruments

The best indication of fair value is quoted market prices in an active market (**Level 1** of the fair value hierarchy).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

If no market prices are available, the fair value is measured by using measurement models which are based on observable market data as inputs (**Level 2** of the fair value hierarchy).

In some cases, the fair value of the financial asset or liability can be determined neither based on quoted market prices nor on measurement models that rely entirely on observable market data. In these cases, individual measurement parameters not observable in the market are estimated based on reasonable assumptions (**Level 3** of the fair value hierarchy).

Another change introduced by the amendment to the decree is the classification of issued securities.

In accordance with IAS 32, a careful assessment needs to be done to determine whether the securities issued meet the conditions for classification and will continue to be recognized as equity or as a liability.

As there is no right of redemption attached to the Fund's issued securities, the definition of an equity instrument is met and the issued investment shares will continue to be recognized as equity from 1 January 2021.

(c) Foreign currency

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate as published by the Czech National Bank ("CNB") as at the balance sheet date. All exchange rate gains and losses arising from monetary items are recognized in gain/loss from financial transactions.

All transactions denominated in foreign currencies are translated into Czech crowns at the exchange rate as published by the CNB as at the transaction date.

Foreign exchange derivatives are valued at forward rates in the off-balance sheet.

(c) Interests in real estate subsidiaries – methods effective from 1 January 2021

A subsidiary is an enterprise that is controlled by the Fund, which means that the Fund has the power to govern the financial and operating policies of the subsidiary to obtain benefits from the subsidiary's activities.

Valuation of interests in real estate subsidiaries

The interests in subsidiaries are stated at fair value in compliance with applicable legal regulations. Fair value is set once a year at minimum.

The acquisition cost of an ownership interest shall be the fair value until the fair value of ownership interests in real estate companies is initially determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Accounting for interests in real estate subsidiaries

Interests in real estate subsidiaries are carried at acquisition cost at initial recognition. The acquisition cost includes purchase price and acquisition related costs. The interests in real estate subsidiaries are subsequently recognized at fair value through other comprehensive income (FVOCI) as this investment is expected to be held for an extended period of time for strategic reasons.

Gains and losses from the valuation of ownership interests irrevocably designated as measured at fair value through FVOCI are never transferred from “Revaluation gains/losses“ in equity to profit or loss (i.e. recognized in the income statement).

Dividends received are recognized in the income statement unless they clearly represent a recovery of part of the cost of the investment (acquisition cost). If the dividends received clearly represent a recovery of part of the cost of the investment, they are recognized in equity.

Cumulative gains and losses recognized in “Revaluation gains/losses“ are transferred to “Retained earnings or accumulated losses from previous years” when the ownership interest is sold.

(d) Interests in real estate subsidiaries – methods effective from 31 December 2020

A subsidiary is an enterprise that is controlled by the Fund, which means that the Fund has the power to govern the financial and operating policies of the subsidiary to obtain benefits from the subsidiary’s activities.

Valuation of interests in real estate subsidiaries

The interests in subsidiaries are stated at fair value in compliance with applicable legal regulations. Fair value is set once a year at minimum.

The acquisition cost of an ownership interest shall be the fair value until the fair value of ownership interests in real estate companies is initially determined.

Accounting for interests in real estate subsidiaries

Interests in real estate subsidiaries are carried at acquisition cost at initial recognition. The acquisition cost includes purchase price and acquisition related costs. The interests in real estate subsidiaries are subsequently recognized at fair value through other comprehensive income (FVOCI) as this investment is expected to be held for an extended period of time for strategic reasons.

When an ownership interest is derecognized (sold), cumulative gains and losses recognized in “Revaluation gains/losses” are recorded in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(e) Interest income and expenses and dividend income

Interest income on debt securities is recognized on an accruals basis using the effective interest rate method derived from the actual acquisition cost.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows until maturity or the nearest change of interest rate to the net carrying amount of the financial asset or financial liability.

In computing the effective interest rate, the Company considers all contractual cash flows related to the financial instrument (e.g. early repayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are a part of the effective interest rate, transaction costs and all other premiums or discounts. Interest income includes the accrued interests, discount and premium for all fixed income instruments.

Dividend income is recognized as at the date on which the right to receive the payment is established.

(f) Financial derivatives

Financial derivatives are used to hedge financial risks. Although these instruments serve to mitigate business risks, the Fund does not apply hedge accounting as both the derivatives and hedged items are measured at fair value through profit or loss.

Derivatives are initially recognized in the balance sheet at cost and subsequently carried at their fair values.

Fair values of derivatives are derived from quoted market prices, discounted cash-flow models, or from option pricing models that are based exclusively on observable market data. The valuation models consider current market conditions as at the date of the valuation which do not necessarily reflect the market situation before or after the valuation date. The management of the Company reviewed these models as at the balance sheet date and considered that the models adequately reflect the current market conditions including relative market liquidity and credit spread.

Derivatives with positive fair values are presented within other assets, and derivatives with negative fair values are presented within other liabilities.

Gains and losses from the revaluation of derivatives are recognized in profit or loss from financial transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(g) Receivables including provided loans

Receivables are measured at fair value through profit or loss, which takes into account foreseeable risks and possible impairment losses.

Bad debts are written off in accordance with applicable accounting policies.

(h) Income tax and deferred tax

Income tax is calculated in accordance with the provisions of the relevant legislation of the Czech Republic, based on the profit reported in the income statement prepared under the Czech Accounting Standards. Under applicable tax regulations, the corporate income tax rate applicable to mutual funds for the year ended 31 December 2021 and 2020 is 5%.

A deferred tax liability is recognized on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base using the full liability method. A deferred tax asset is recognized only to the extent that there are no doubts that future taxable profits will be available, against which this asset can be utilized.

The approved tax rate for the period in which the Company expects to utilize the asset or realize the liability is used for the deferred tax calculation.

(i) Staff costs

Staff costs are included in administrative expenses and include bonuses to top management and employees of the Fund.

(j) Equity

The selling price per share is calculated as the quotient of the Fund's equity and the respective number of shares. The price of shares sold to investors is determined on a quarterly basis.

Share premium is the difference between the sum of face values of all shares and their value at the date of issue or purchase.

(k) Related parties

Material transactions, outstanding balances and pricing policies with related parties are disclosed in Notes 4, 5, 6, 8, 10, 11, 12, 13, 14, and 21.

(l) Use of estimates

The preparation of financial statements requires using the estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as at the date of the financial statements and actual results may differ from those estimates.

(m) Investments into the Fund

The monies received from the subscription of shares are recognized in the Fund's share capital.

(n) Provisions

Purpose-restricted provisions are recognized when the Fund has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Additions to provisions are recognized in the income statement, their utilization is recognized together with expenses or losses, for which purpose they were created, in the income statement. Release of provisions if they are no longer needed is recognized as income. Provisions are set aside in the currency in which settlement is expected to be made.

(o) Off-balance sheet items

Within the Fund's accounting, only the assets provided for management by the Company and the derivative foreign exchange instruments stated at face value are presented in the off-balance sheet accounts.

Foreign exchange derivatives are valued at forward rates in the off-balance sheet.

All the assets and liabilities of the Fund are presented either in the balance sheet or in the off-balance sheet accounts.

(p) Subsequent events

The effect of events that occurred between the balance sheet date and the financial statements date is reflected in the financial statements if these events provide additional evidence of conditions that existed at the balance sheet date.

If, between the balance sheet date and the financial statements date, significant events occurred that are indicative of conditions that arose after the balance sheet date, the effect of these events is not recognized in the financial statements but disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**(q) Impact of changes in accounting policies**

In accordance with the Decree effective from 1 January 2018 and applicable to the Fund from 1 January 2021, financial instruments are recorded, measured, and disclosed in the notes to the financial statements pursuant to the International Accounting Standards regulated by directly applicable regulations of the European Union on the application of international accounting standards ("International Accounting Standards" or "IFRS").

From the Fund's perspective, the most significant impact of the change has been the application of IFRS 9 Financial Instruments pertaining to the classification of financial assets as of 1 January 2021.

Measurement categories

The following table shows the original measurement categories of financial assets and financial liabilities under the Decree effective until 31 December 2020 and the new measurement categories under IFRS 9 as at 1 January 2021:

1 January 2021	Original classification pursuant to the Decree effective until 31 December 2020	New classification pursuant to IFRS 9	Original carrying amount pursuant to the Decree effective until 31 December 2020	New carrying amount pursuant to IFRS 9
In CZK thousands				
Financial assets				
Due from banks and savings associations	At fair value through P/L	Mandatorily at FVTPL	251,110	251,110
Due from clients	At fair value through P/L	Mandatorily at FVTPL	2,069,178	2,069,178
Interests in subsidiaries	AFS	at FVOCI by election	7,975,682	7,975,682
Financial derivatives	At fair value through P/L	Mandatorily at FVTPL	3,317	3,317
Total financial assets			10,299,287	10,299,287
Financial liabilities				
Due to clients	At fair value through P/L	Mandatorily at FVTPL	790,000	790,000
Other financial liabilities	At fair value through P/L	Mandatorily at FVTPL	5,369	5,369
Total financial liabilities			795,369	795,369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Reconciliation of carrying amounts of financial assets and financial liabilities

The following tables show the reconciliation of financial assets and financial liabilities under the Decree effective until 31 December 2020 and IFRS 9 as at 1 January 2021.

1 January 2021	Original carrying		New carrying	
In CZK thousands	amount pursuant to		amount	
	the Decree effective		pursuant to	
	until 31 December 2020	Reclassification	Remeasurment	IFRS 9
Financial assets				
Available-for-sale financial assets				
Interests in subsidiaries	7,975,682	(7,975,682)	-	-
Total available-for-sale financial assets (AFS)	7,975,682	(7,975,682)	-	-
Financial assets at fair value through other comprehensive income (FVOCI)				
Interests in subsidiaries	-	7,975,682	-	7,975,682
Total financial assets at fair value through other comprehensive income (FVOCI)	-	7,975,682	-	7,975,682
Financial assets at fair value through profit or loss (FVTPL)				
Due from banks and savings associations	251,110	-	-	251,110
Due from clients	2,069,178	-	-	2,069,178
Financial derivatives	3,317	-	-	3,317
Total financial assets at fair value through profit or loss (FVTPL)	2,323,605	-	-	2,323,605
Financial liabilities				
Financial liabilities at fair value through profit or loss (FVTPL)				
Due to clients	790,000	-	-	790,000
Other financial liabilities	5,369	-	-	5,369
Total financial liabilities at fair value through profit or loss (FVTPL)	795,369	-	-	795,369

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 DUE FROM BANKS

In CZK thousands	31 December 2021	31 December 2020
Current bank accounts	247,634	151,167
Term deposit	-	99,943
Total	247,634	251,110

Current accounts are maintained with UniCredit Bank Czech Republic and Slovakia, a.s. and are repayable on demand. The term deposit is maintained with Česká spořitelna, a.s.

Classification of amounts due from banks based on measurement categories

All amounts due from banks as at 31 December 2021 are mandatorily measured at fair value through profit or loss (FVTPL) under IFRS 9.

4 DUE FROM CLIENTS

Due from clients are loans extended to property companies controlled by the Fund.

In CZK thousands		31 December 2021
Due from domestic clients	Interest rate	Amount
Cleha Invest Sp. z o.o.**	2.53%	108,243
Solitaire Real Estate, a.s.	1.73%	125,963
PALAC KRIZIK a.s.*	2.89%	400,549
SIBSEN Invest sp. z o.o.****	2.11%	683,486
Palác ŠPORK, a.s.**	3.73%	607,672
OVOCNÝ TRH 2*****	5.16%	9,241
Office Center Purkyňova, a.s.***	2.57%	25,719
SIBSEN Invest sp. z o.o.	2.28%	142,872
SIBSEN Invest sp. z o.o.	3.28%	143,076
Pankrác East a.s.	5.44%	1,001,818
Total		3,248,639

* Rate valid until 29 May 2021 (the rate was 2.61% until 28 May 2021)

** Rate valid until 11 March 2021 (the rate was 5.53% until 10 March 2021)

*** Rate valid until 21 August 2021 (the rate was 1.64% until 20 August 2021)

**** Rate valid until 30 October 2021 (the rate was 2.96% until 29 December 2021)

***** Rate valid until 30 December 2021 (the rate was 1.22% until 29 December 2021)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

In 2021, the loan of CZK 17,000 extended to BRITISH CORNER s.r.o. was repaid, the loan extended to Solitaire Real Estate, a.s. was partially repaid in an amount of EUR 255 thousand, and the loan extended to Cleha Invest sp. z o.o. was partially repaid in an amount of EUR 1,500 thousand.

On 7 December 2021, a loan was extended to Pankrác East a.s.

The interest charged for 2021 was repaid in 2021.

Classification of amounts due from clients

Amounts due from clients as at 31 December 2021 are mandatorily measured at fair value through profit or loss (FVTPL) under IFRS 9.

In CZK thousands		31 December 2020
	Interest rate	Amount
Due from domestic clients		
Cleha Invest Sp. z o.o.**	2.53%	150,909
Solitaire Real Estate, a.s.	1.73%	139,098
PALAC KRIZIK a.s.*	2.61%	404,000
SIBSEN Invest sp. z o.o.	2.96%	717,932
Palác ŠPORK, a.s.***	5.53%	605,000
OVOCNÝ TRH 2****	1.22%	9,239
BRITISH CORNER s.r.o.	3.43%	17,000
Office Center Purkyňova, a.s.	1.64%	26,000
Total		2,069,178

* Rate valid until 29 May 2020 (the rate was 4.49% until 28 May 2020)

** Rate valid until 19 June 2020 (the rate was 3.54% until 18 June 2020)

*** Rate valid until 11 March 2020 (the rate was 5.37% until 10 March 2020)

**** Rate valid until 30 December 2020 (the rate was 3% until 29 December 2020)

The interest charged for 2020 was repaid in 2020.

The loans extended to PALAC KRIZIK a.s. and SIBSEN Invest sp. z o.o were partially repaid in an amount of CZK 4,000 thousand and EUR 745 thousand, respectively on 19 March 2020.

The loans extended to OVOCNÝ TRH s.r.o. and BRITISH CORNER s.r.o. were partially repaid in an amount of CZK 3,000 thousand and CZK 3,000, respectively on 18 March 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5 INVESTMENTS IN SUBSIDIARIES

The Fund had interests in 13 property companies as at 31 December 2021.

Company Registered office	Ownership interest in %	Share capital in the Commercial Register In CZK thousands	Number of shares
Solitaire Real Estate, a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	128,296 CZK	64,148
PALAC KRIZIK a.s Radlická 608/2, Prague 5	50	1,010 CZK	101
IDEE s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	200 CZK	-
PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o. Postępu 15B, Warszawa	100	9 PLN	-
Náměstí Republiky 3a, s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	1,000 CZK	-
MUSTEK PROPERTIES, s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	200 CZK	-
Office Center Purkyňova a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	2,000 CZK	20
Cleha Invest Sp. z o.o. Królewska 18, Warszawa	100	1,314 PLN	-
SIBSEN Invest sp. z o.o. ul. Wspólna 72, 00-687 Warsaw	100	16,974 PLN	-
Palác ŠPORK, a.s Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	2,000 CZK	20
OVOCNÝ TRH 2 s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	10 CZK	-
Pankrác East a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	4,000 CZK	20
Pankrác West a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	100	2,000 CZK	20

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

In November 2021, the ownership interest in BRITISH CORNER s.r.o. was sold.

Company	Fair value as at the date of derecognition in CZK thousands	Transfer of cumulative profit within equity in CZK thousands
Registered office		
BRITISH CORNER s.r.o. Václavské náměstí 823/33, Prague Nové Město, 110 00	556,744	41,383

In December 2021, ownership interests in Pankrác East a.s. and Pankrác West a.s. were purchased.

The Fund had interests in 12 property companies as at 31 December 2020.

Company Registered office	Ownership interest in %	Share capital in the Commercial Register In CZK thousands	Number of shares
Solitaire Real Estate, a.s. Rozkošného 1058/3, Prague 5	100	128,296 CZK	64,148
PALAC KRIZIK a.s Radlická 608/2, Prague 5	50	1,010 CZK	101
IDEE s.r.o. Václavské náměstí 823/33, Prague 1	100	200 CZK	-
PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o. Postępu 15B, Warszawa	100	9 PLN	-
Náměstí Republiky 3a, s.r.o. Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	1,000 CZK	-
MUSTEK PROPERTIES, s.r.o. Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	200 CZK	-
Office Center Purkyňova a.s. Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	2,000 CZK	20
Cleha Invest Sp. z o.o. Królewska 18, Warszawa	100	1,314 PLN	-
SIBSEN Invest sp. z o.o. ul. Wspólna 72, 00-687 Warsaw	100	16,764 PLN	-
Palác ŠPORK, a.s Václavské náměstí 823/33, Prague Nové Město, 110 00	100	2,000 CZK	20
OVOCNÝ TRH 2 s.r.o. Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	10 CZK	-
BRITISH CORNER s.r.o. Václavské náměstí 823/33, Prague Nové Město, 110 00	100	10 CZK	-

In May 2020, the ownership interest in CITY EMPIRIA a.s. was sold.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Fair value of assets was determined based on an expert valuation of real estate property, adjusted for other assets and liabilities.

Fair value of interests

Company Registered office	Fair value as at 31 Dec 2021 In CZK thousands	Fair value as at 31 Dec 2020 In CZK thousands
Solitaire Real Estate, a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	578,307	601,704
PALAC KRIZIK a.s Radlická 608/2, Prague 5	734,920	687,490
IDEE s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	429,213	449,375
PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o. Postępu 15B, Warsaw	485,318	554,827
Náměstí Republiky 3a, s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	899,077	880,241
MUSTEK PROPERTIES, s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	793,640	820,308
Office Center Purkyňova a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	309,480	302,241
Cleha Invest Sp. z o.o. ul. Wspólna 72, Warsaw	846,016	862,220
SIBSEN Invest sp. z o.o. ul. Wspólna 72, 00-687 Warsaw	1,164,775	1,005,057
Palác ŠPORK, a.s Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	1,078,059	1,041,514
OVOČNÝ TRH 2 s.r.o. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	190,143	201,847
BRITISH CORNER s.r.o. Václavské náměstí 823/33, Prague Nové Město, 110 00	-	568,858
Pankrác East a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	1,411,199	-
Pankrác West a.s. Václavské náměstí 772/2, Nové Město, 110 00 Prague 1	392,545	-
Total	9,312,692	7,975,682

Classification of interests in subsidiaries based on measurement categories

Interests in subsidiaries as at 31 December 2021 are measured at fair value under IFRS 9. Revaluation gains/losses are recorded in other comprehensive income (FVOCI) as may be elected.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6 OTHER ASSETS

In CZK thousands	31 December 2021	31 December 2020
Financial derivatives	27,000	3,317
Deferred tax asset	100	114
Due to state budget	1,305	497
Total	28,405	3,928

Classification of other assets based on measurement categories

Other assets as at 31 December 2021 are mandatorily measured at fair value through profit or loss (FVTPL) under IFRS 9.

7 DUE TO CLIENTS

The Due to clients item comprises loans extended to the Fund by a related party.

In CZK thousands		31 December 2021
Due to clients	Interest rate	Amount in CZK thousands
GP Reinsurance EAD	3.04%	777,497
Generali CEE Holding B.V.	4.64%	2,188,443
Total		2,965,940

Loans received from GP Reinsurance EAD as at 31 December 2021 comprise a liability of CZK 790,000 thousand. On 3 December 2021, a loan of CZK 2,200,000 was extended to the Fund by Generali CEE Holding B.V.

The interest charged for 2021 was repaid in 2021.

In CZK thousands		31 December 2020
Due to clients	Interest rate	Amount in CZK thousands
GP Reinsurance EAD*	1.88%	790,000
Total		790,000

Loans received from GP Reinsurance EAD as at 31 December 2021 comprise a liability of CZK 790,000 thousand.

On 28 May 2020, a loan of CZK 1,120,000 thousand was repaid together with interest of CZK 15,424 thousand provided by CZI Holdings N.V.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

On 22 May 2020, a loan of EUR 3,000 thousand was repaid together with interest of EUR 7 thousand provided by Generali CEE Holding B.V. on 19 March 2020.

The interest charged for 2020 was repaid in 2020.

Classification of amounts due to clients

Amounts due to clients as at 31 December 2021 are measured at fair value through profit or loss (FVTPL) under IFRS 9

8 OTHER LIABILITIES

In CZK thousands	31 December 2021	31 December 2020
Estimated payables	1,391	1,294
Other liabilities*	1,233	1,343
Deferred tax liability	1,203	-
Provided collateral	24,363	3,937
Total	28,190	6,574

* Other liabilities include liabilities to employees, insurance premiums and outstanding supplier invoices.

Other liabilities also include payables to related parties. The balance of payables to related parties is disclosed in Note 20.

9 DEFERRED INCOME AND ACCURALS

In CZK thousands	31 December 2021	31 December 2020
Bank fees	-	89
Total	-	89

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10 SHARE CAPITAL

Share capital as at 31 December 2021

Shareholders	Date Registration date	Share nominal value	Number of shares	Nominal value
Generali Česká pojišťovna a.s.	24 September 2010	1,000,000	2	2,000
Generali Česká pojišťovna a.s.	1 November 2010	1,000,000	23	23,000
Generali Česká pojišťovna a.s.	30 September 2011	1,000,000	25	25,000
GP Reinsurance EAD	28 November 2012	1,000,000	20	20,000
Generali Česká pojišťovna a.s.	12 March 2014	1,000,000	66	66,000
Generali Česká pojišťovna a.s.	25 March 2015	1,000,000	69	69,000
GP Reinsurance EAD	25 March 2015	1,000,000	32	32,000
SMALL GREF a.s.		1,000,000	27	27,000
Generali Česká pojišťovna a.s.	10 March 2016	1,000,000	34	34,000
GP Reinsurance EAD	10 March 2016	1,000,000	34	34,000
SMALL GREF a.s.	10 March 2016	1,000,000	32	32,000
Generali Česká pojišťovna a.s.	2 June 2017	1,000,000	29	29,000
GP Reinsurance EAD	2 June 2017	1,000,000	6	6,000
SMALL GREF a.s.	2 June 2017	1,000,000	2	2,000
Generali Česká pojišťovna a.s.	24 October 2018	1,000,000	48	48,000
SMALL GREF a.s.	1 July 2019	1,000,000	50	50,000
Generali Česká pojišťovna a.s.	1 July 2019	1,000,000	(50)	(50,000)
Generali Česká pojišťovna a.s.	19 December 2019	1,000,000	31	31,000
SMALL GREF a.s.	19 December 2019	1,000,000	7	7,000
SMALL GREF a.s.	29 July 2021	1,000,000	18	18,000
Total			505	505,000

Shareholders	Registered office	Number of shares	Percentage of ownership
Generali Česká pojišťovna a.s.,	Spálená 75/16, Prague 1	277	54.85%
GP Reinsurance EAD,	68 Knyaz Alexander Dondukov, Sofia, Bulgaria	92	18.22%
SMALL GREF a.s.	Na Pankráci 1658/121, Nusle, 140 00 Prague 4	136	26.93%

The composition of the Fund's shareholders changed on 7 March 2016 as a result of the transfer of 27 shares held by Generali Pojišťovna a.s. which were used as a non-cash contribution in exchange for 42 ordinary shares of SMALL GREF a.s., with the nominal value of CZK 1 million per share and

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

the issue rate of CZK 10,465 thousand. As a result of the transaction, SMALL GREF a.s. has become the Fund's shareholder.

In 2016 the shareholders decided to increase the share capital by CZK 100,000 thousand to CZK 364,000 thousand. The issue rate was set at CZK 16,290 thousand, as the sum of the nominal values and share premium. Voting rights are proportional to ownership interest.

In 2017, the shareholders decided to increase the share capital by CZK 37,000 thousand to CZK 401,000 thousand. The issue rate was set at CZK 17,720 thousand, as the sum of the nominal values and share premium. Voting rights are proportional to ownership interest.

In 2018, the shareholders decided to increase the share capital by CZK 48,000 thousand to CZK 449,000 thousand. The issue rate was set at CZK 17,790 thousand, as the sum of the nominal values and share premium. Voting rights are proportional to ownership interest.

The composition of the Fund's shareholders changed on 1 July 2019 as a result of the transfer of 50 shares held by Česká pojišťovna a. s. to SMALL GREF a.s., with the nominal value of CZK 1,000 thousand per share transferred.

In 2019, the shareholders decided to increase the share capital by CZK 38,000 thousand to CZK 487,000 thousand. The issue rate was set at CZK 18,230 thousand, as the sum of the nominal values and share premium. Voting rights are proportional to ownership interest.

In 2021, the shareholders decided to increase the share capital by CZK 18,000 thousand to CZK 505,000 thousand. The issue rate was set at CZK 19,550 thousand, as the sum of the nominal values and share premium. Voting rights are proportional to ownership interest.

Revaluation reserve as at 31 December 2021 and 2020 can be broken down as follows:

In CZK thousands	31 December 2021	31 December 2020
Revaluation of interests in subsidiaries (see Note 5)	1,023,595	1,073,588
Revaluation gains/losses recognized in equity	1,023,595	1,073,588

Loss compensation / distribution of profit

Net profit for 2020 of CZK 673,391 thousand was paid as dividend to the Fund's shareholders in an amount of CZK 40,000, the remaining part of CZK 633,391 was transferred to the retained earnings account.

The distribution of the net profit of CZK 15,464 thousand for 2021 has not been approved by the General Meeting of shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11 ASSETS PROVIDED FOR MANAGEMENT BY A THIRD PARTY

The Fund's total assets of CZK 9,811,733 as at 31 December 2021 (2020: CZK 9,489,479) are managed by the Company. The fee for management of the Fund is disclosed in Note 14.

12 INTEREST AND SIMILAR INCOME

31 December 2021

In CZK thousands	Czech Republic	European Union	Total
Interest on loans	41,095	28,841	69,936
Interest on term deposits/bank interest	3,846	-	3,846
Total	44,941	28,841	73,782

31 December 2020

In CZK thousands	Czech Republic	European Union	Total
Interest on loans	48,694	29,062	77,756
Interest on term deposits	393	-	393
Total	49,087	29,062	78,149

This income arises from financial assets mandatorily measured at fair value through profit or loss (FVTPL).

13 INCOME FROM SHARES AND INTERESTS

31 December 2021

In CZK thousands	Czech Republic	European Union	Total
Dividends received during the year	18,300	8,277	26,577
Total	18,300	8,277	26,577

Dividends received relate to investments held as at the end of the reported period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31 December 2020

In CZK thousands	Czech Republic	European Union	Total
Dividends received during the year	29,400	3,467	32,867
Total	29,400	3,467	32,867

This income arises from financial assets measured at fair value through other comprehensive income (FVOCI).

14 FEE AND COMMISSION EXPENSES

In CZK thousands	31 December 2021	31 December 2020
Fee for management of the Fund	7,753	7,412
Fee to the Depositary	264	264
Other fees and commissions	405	482
Total	8,422	8,158

In compliance with the Fund's Statute, the management fee is 0.08% of the Fund's average annual net asset value. In compliance with an agreement with the Depositary the costs of services of the Depositary are CZK 264 thousand

15 GAIN OR LOSS FROM FINANCIAL TRANSACTIONS

31 December 2021

In CZK thousands	Czech Republic	European Union	Total
Derivatives	(40,765)	-	(40,765)
FV loans	10,534	(19,076)	(8,542)
Other foreign exchange differences	9,707	53,049	62,756
Total	(20,524)	33,973	13,449

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31 December 2020

In CZK thousands	Czech Republic	European Union	Total
Derivatives	(28,646)	-	(28,646)
Other foreign exchange differences	(7,122)	29,046	21,924
Total	(35,765)	29,046	6,722

16 OTHER OPERATING INCOME

In CZK thousands	31 December 2021	31 December 2020
Profit from the transfer of ownership interests – Czech Republic	-	645,504
Total	-	645,504

Profit from the sale of the ownership interest in City Empiria.

17 OTHER OPERATING EXPENSES

In CZK thousands	31 December 2021	31 December 2020
Costs of the transfer of ownership interests – Czech Republic	5,573	-
Total	5,573	-

Costs related to the sale of the ownership interest in BRITISH CORNER s.r.o.

18 ADMINISTRATIVE EXPENSES

In CZK thousands	31 December 2021	31 December 2020
Staff costs	7,349	7,230
Fee for statutory audit (incl. VAT)	1,071	1,262
Other	4,239	1,798
Total	12,659	10,290

Staff costs can be broken down as follows:

In CZK thousands	31 December 2021	31 December 2020
Other wages, personnel costs and bonuses to employees	6,117	5,829
Social security and health insurance	1,232	1,401
Total	7,349	7,230

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Employee statistics

In CZK thousands	31 December 2021	31 December 2020
Average number of employees	2	2
Number of members of the Supervisory Board	1	1
Total	3	3

19 PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31 December 2020	Additions	Deductions	Balance as at 31 Dec 2021
	Other			13,756

Provisions	Balance as at 31 December 2019	Additions	Deductions	Balance as at 31 Dec 2020
	Other			1,617

Provisions established in 2021 and 2020 comprise provisions for employee bonuses, accrued vacation and compensation for rental losses on the sold City Empiria ownership interest in connection with COVID 19 (Rental Guarantee)

20 INCOME TAX

The tax expense includes:

In CZK thousands	31 December 2021	31 December 2020
Tax expense payable	745	1,416
Deferred tax expense / (-) income	1,218	(33)
Adjustment of prior year tax expense*	(7)	1582
Total	1,956	2,965

*Adjustment of tax as part of preparation of the 2020 and 2019 tax return.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Current tax expense – analysis

In CZK thousands	31 December 2021	31 December 2020
Current year profit /(loss) before tax	17,420	676356
Revenues forming a separate tax base	(26,577)	(32,867)
Non-deductible expenses*	60,164	32022
Non-taxable income	(36,102)	(647,184)
Tax base /(tax loss)	14,905	28,327
Corporate income tax at 5%	745	1,416

*Non-deductible expenses relate to the holding of ownership interests and the additions to provisions for bonuses.

Recorded deferred tax liability / deferred tax asset are calculated at 5% and can be broken down as follows:

In CZK thousands	31 December 2021	31 December 2020
Provision for bonuses	92	107
Provision for accrued vacation	7	7
Tax effect of revaluation of amounts due to clients	(1,203)	-
Total deferred tax	(1,104)	114
Deferred tax balance as at 1 January	114	81
Movements in the income statement	(1,218)	33
Deferred tax balance as at 31 December	(1,104)	114

21 RELATED PARTY TRANSACTIONS

The related parties shall be Generali Investments CEE, investiční společnost, a.s., GP Reinsurance EAD, Generali CEE Holding B.V. and the property companies in which the Fund holds interests.

Receivables from related parties	31 December 2021	31 December 2020
Loans extended to property companies	3,248,639	2,069,178
Total	3,248,639	2,069,178

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Payables to related parties	31 December 2021	31 December 2020
Loan received from GP Reinsurance	777,497	790,000
Loan received from Generali CEE Holding B.V.	2,188,443	-
Other liabilities – invoices received from Generali Investments CEE	670	634
Total	2,966,610	790,634

Costs billed to the Fund from related parties	31 December 2021	31 December 2020
Interest on received loan – GP Reinsurance	16,789	27,198
Interest on received loan – CZI Holdings N.V.	-	15,425
Interest on received loan – Generali CEE Holding B.V.	8,223	176
Fee for management – Generali Investments CEE	7,753	7,412
Total	32,765	50,211

Revenues billed by the Fund from related parties	31 December 2021	31 December 2020
Interest on loans extended to property companies	69,936	77,734
Dividends received from property companies	26,577	32,867
Total	96,513	110,601

22 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows the reconciliation between balance sheet items and measurement categories of financial instruments:

31 December 2021			
In CZK thousands	FVTPL	FVOCI	Total
Financial assets			
Due from banks and savings associations	247,634	-	247,634
Due from clients	3,248,639	-	3,248,639
Interests in subsidiaries	-	9,312,692	9,312,692
Financial derivatives	27,000	-	27,000
Total financial assets	3,523,273	9,312,692	12,835,965
Financial liabilities			
Due to clients	2,965,940	-	2,965,940
Other financial liabilities	25,596	-	25,596
Total financial liabilities	2,991,536	-	2,991,536

3 FAIR VALUE

The fair value of financial instruments is the amount for which an asset can be sold or a liability settled between knowledgeable parties in an arm's length transaction. Fair value estimates are based on quoted market prices, where available. However, no quoted market prices are available for a significant portion of the bank's financial instruments. Where quoted market prices are not readily available, fair value is estimated using discounted cash flow models or other acceptable pricing models. The estimates are significantly affected by changes in the underlying assumptions – discount rates, estimated future cash flows, etc. – therefore, these estimates may differ from the selling price of the financial instrument.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the bank's assumptions. These two types of inputs comprise the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities. This level includes, e.g., exchange-traded listed securities, highly liquid OTC listed securities (source e.g., Bloomberg) and highly liquid exchange-traded financial derivatives.

Level 2 - Prices for financial assets or liabilities measured by a model with all significant inputs objectively observable in the market. Sources for input parameters such as PRIBOR are Bloomberg and Reuters. This level includes, e.g., less liquid securities, OTC derivatives, term deposits, receivables and payables from the sale and purchase of securities.

Level 3 - Prices for financial assets or liabilities measured by a model with not all significant inputs observable from the market. This level includes securities and derivatives that do not qualify for classification in Level 2, such as equity interests in real estate companies, loans to these companies, illiquid bonds with significant inputs that are not observable in the market, and loans received from companies in the group.

In determining the fair value of financial instruments, the Fund uses the following methods:

Due from banks – deposits payable upon demand

The value of cash in current accounts with banks corresponds to their fair value.

Term deposits, repo transactions and provided loans

The Fund measures term deposits with banks and receivables and liabilities from repo transactions using the discounted future cash flow method taking into account credit risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Securities

The fair value of a security is its quoted price in an active market. Where a quoted price is not available, the Fund also uses models based on the net present value of future cash flows, considering credit risk in the form of a credit spread to determine fair value. To measure less liquid bonds, the Fund uses other methods and sources, such as the Refinitive source.

OTC derivatives

For the valuation of derivative financial instruments, the Fund uses standard valuation methods, mainly methods based on discounting future cash flows or the Black-Scholes model.

The following table analyses financial instruments measured at fair value by level in the fair value hierarchy. Amounts are based on the values reported on the Fund's balance sheet.

Classification of financial instruments measured at fair value by level in the fair value hierarchy

31 December 2021

In CZK thousands	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at FVTPL				
Due from banks and savings associations	-	247,634	-	247,634
Due from clients	-	-	3,248,639	3,248,639
Interests in subsidiaries	-	1,803,744	7,508,948	9,312,692
Financial derivatives	-	27,000	-	27,000
Total financial assets mandatorily at FVTPL	-	2,078,378	10,757,587	12,835,965
Financial liabilities at fair value				
Due to clients	-	-	2,965,940	2,965,940
Other financial liabilities	-	25,596	-	25,596
Total financial liabilities at fair value	-	25,596	2,965,940	2,991,536

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31 December 2020

In CZK thousands	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at FVTPL				
Due from banks and savings associations	-	251,110	-	251,110
Due from clients	-	-	2,069,178	2,069,178
Interests in subsidiaries	-	-	7,975,682	7,975,682
Financial derivatives	-	3,317	-	3,317
Total financial assets mandatorily at FVTPL	-	254,427	10,044,860	10,299,287
Financial liabilities at fair value				
Due to clients	-	-	790,000	790,000
Other financial liabilities	-	5,369	-	5,369
Total financial liabilities at fair value	-	5,369	790,000	795,369

Items are classified into levels as at the balance sheet date.

No reclassifications between levels were made during the periods presented.

Reconciliation of opening and closing balances in Level 3

Financial assets

In CZK thousands	Interests in subsidiaries at FVOCI	Due from clients at FVTPL	Total
Balance as at 1 January 2021	7,975,682	2,069,178	10,044,860
Gains and losses recognized in the income statement	-	(77,163)	(77,163)
Gains and losses recognized in equity	(23,558)	-	(23,558)
Purchases	113,568	1,319,544	1,433,112
Sales	(556,744)	-	(556,744)
Repayment	-	(62,920)	(62,920)
Balance as at 31 December 2021	7,508,948	3,248,639	10,757,587

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial liabilities

In CZK thousands	Due to clients at FVTPL
Balance as at 1 January 2021	790,000
Gains and losses recognized in the income statement	(24,060)
Liability incurred	2,200,000
Repayment	-
Balance as at 31 December 2021	2,965,940

Quantitative information on significant unobservable input quantities for Level 3

The table below shows information on significant unobservable inputs used in the valuation of financial instruments classified in Level 3 of the fair value hierarchy:

Interests in subsidiaries

Valuation method of interests in subsidiaries

The valuation of interests in subsidiaries owned by the Fund is performed regularly on an annual basis as at the balance sheet date. The valuation is based on financial statements – the balance sheet and the income statement (the “Financial Statements”) relating to the entity in which the Fund holds the ownership interest. These underlying Financial Statements are always prepared as at the last day of the month when the valuation is prepared.

The valuation method is the same for all ownership interests and does not change over time. The net asset value (“NAV”) of the ownership interest is determined based on the scheme below:

Market value of the property	+
Other non-current assets	+
Current assets	+
Non-current liabilities	-
Current liabilities	-
Bank loans	-
Fair value adjustment of liabilities	+/-
NAV	Sum

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The market value of the property is based on a valuation prepared by an external and independent expert. The valuation is always performed as at 31 December in the accounting period. The market value of the property is further adjusted for other items in the financial statements which are outside the property valuation process. The exception among the items adjusting the market value of the property to NAV is the deferred tax liability, which is not included in the calculation. From the investor's point of view, this item is not deemed a common type liability since if the property was sold, the selling price would probably be adjusted by deducting this item from the rest of the liabilities entering into the calculation of the purchase price. This procedure is based on common market practice.

The fair value of the ownership interest also includes the fair value of loans received, which are part of the liabilities of revalued entities. The correction adjusting the fair value of the loans received is reflected in the same proportion in the valuation of both the ownership interests and the Fund's assets, with these loans received being a receivable for the Fund, which is also expressed at fair value.

Method of determining the market value of properties

Real estate properties of entities in which the Fund holds ownership interests consist of land developed with a commercial building generating income. Therefore, an income approach, specifically the discounted cash flow (DCF) method, was elected considering the purpose of the valuation, the characteristics of the properties, and available market information. The market value of the property determined using this method comprises the gross present value (GPV) of expected income flow from the property at the market rate of return (discount rate).

Sensitivity analysis of significant unobservable inputs

The following significant unobservable inputs were identified in the sensitivity analysis: ERV (estimated rental value) and Discount Rate. For both of these inputs, the values of change compared to the initial values were chosen, which were taken into account in the valuation of the asset, when the sensitivity of the fair value of the asset to the change in these inputs was subsequently modeled. Change values were chosen for the ERC: -5%, 0% and + 5%, and change values were chosen for the Discount Rate: -0.5%, 0% and + 0.5%.

Office/Prague	Min	Max	Avg.
ERV per sqm (EUR)/per month	14	24	18,5
Discount rate (%)	5,20%	5,95%	5,58%

Retail/Prague	Min	Max	Avg.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

ERV per sqm (EUR)/per month	75	150	112,5
Discount rate	5,20%	5,45%	5,33%

Hotel/Prague	Min	Max	Avg.
ERV per sqm (EUR)/per month	17,5	17,5	17,5
Discount rate (%)	5,2	5,2	5,2

Office/Warsaw	Min	Max	Avg.
ERV per sqm (EUR)/per month (weighted by sqm)	19	21	20
Discount rate (%)	5,70%	8,20%	6,54%

Office/Brno	Min	Max	Avg.
ERV per sqm (EUR)/per month	€10,26	€10,26	€10,26
Discount rate (%)	7,45%	7,45%	7,45%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Sensitivity analysis of significant unobservable inputs

The following significant unobservable inputs were identified as part of the sensitivity analysis: ERV (estimated rental value) and discount rate. For both of these inputs, the values of the change from the starting values considered in the asset valuation were selected, and the sensitivity of the fair value of the asset to the change in these inputs was subsequently modelled. For the ERC, the following change values were chosen: -5%, 0% and +5%; for the discount rate, the following change values were chosen: -5%, 0% and +5%.

In CZK thousands

Segment	Location	Fair value as at 31 Dec 2021	Discount rate Δ -0,5%			Discount rate Δ 0%			Discount rate Δ 0,5%		
			ERV: Δ -5%	ERV: Δ 0%	ERV: Δ +5%	ERV: Δ -5%	ERV: Δ 0%	ERV: Δ +5%	ERV: Δ -5%	ERV: Δ 0%	ERV: Δ +5%
Office	Prague	3,290,363	3,278,960	3,507,286	3,735,613	3,072,141	3,290,363	3,508,617	2,875,250	3,083,897	3,292,545
Retail	Prague	619,356	615,089	650,739	686,390	585,153	619,356	653,439	556,664	589,373	622,082
Hotel	Prague	793,640	778,883	810,970	843,056	762,298	793,640	825,010	746,168	776,813	807,459
Office	Brno	309,480	312,835	322,941	333,047	299,822	309,480	319,140	287,407	296,641	305,876
Office	Warsaw	2,496,109	2,560,496	2,633,087	2,703,441	2,415,563	2,496,109	2,559,004	2,286,540	2,352,666	2,421,280
Total	x	7,508,948	7,546,263	7,925,023	8,301,547	7,134,977	7,508,948	7,865,210	6,752,029	7,099,390	7,449,242

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Due from clients (provided loans)

In CZK thousands

Fair value as at 31 Dec		Valuation method	Significant input quantity unobservable on the market	Range (weighted average) for unobservable input quantity		Sensitivity to a change in a significant unobservable quantity +0.5% favourable impact / -0.5% unfavourable impact		
2021	2020			2021	2020	2021	2020	2021
3,248,639	2,069,178	Net present value of future cash flows considering credit risk in the form of credit spread	The portion of the credit spread that is not observable on the market	1.22%	1.43%	42,955	21,510	(42,233)

Any change in the fair value of the provided loans will be reflected in the same proportion in the valuation of property companies.

Amounts due to clients (loans received)

In CZK thousands

Fair value as at 31 Dec		Valuation method	Significant input quantity unobservable on the market	Range (weighted average) for unobservable input quantity		Sensitivity to a change in a significant unobservable quantity +0.5% favourable impact / -0.5% unfavourable impact		
2021	2020			2021	2020	2021	2020	2021
2,965,940	790,000	Net present value of future cash flows considering credit risk in the form of credit spread	The portion of the credit spread that is not observable on the market	0.29%	0.15%	24,003	3,289	(24,217)

Sensitivity of fair value to changes in unobservable inputs:

Although the Fund believes that the fair value estimates are reasonably accurate, the use of different methodologies and assumptions may result in a different fair value determination. For Level 3 valuations, a change in one or more assumptions to reasonably possible alternative assumptions may result in the indicated effects on the net amount of assets attributable to holders of participation certificates.

24 FINANCIAL RISKS

The entity is exposed to the following financial risks arising from financial instruments:

- credit risk
- market risk
- derivative-associated risk
- currency risk
- interest rate risk
- liquidity risk

(a) Credit risk

Legal and statutory limits are the primary tool for managing credit risk. In addition, internal limits are set to limit exposure to a single issuer or group of issuers within the portfolio beyond the legal and statutory limits. Internal limits are approved by the Market Risk Committee and are derived primarily from the rating and type of issuer, the size of the portfolio and, in some cases, the maturity of the instrument. The credit risk of issuers of fixed income instruments is also assessed by the Research Department.

Due from banks and savings associations

The Fund holds cash and establishes term deposits with reputable banking institutions in the Czech Republic. All of these institutions are rated investment grade and therefore the credit risk arising from these receivables is low. All the institutions where the Fund holds cash have external ratings from Moody's and Standard & Poor's ranging from A- to AA-.

Due from clients

Amounts due from clients are loans extended to property companies where the Fund holds a 100% share. Creditworthiness depends on the financial performance of subsidiaries. The Fund monitors their financial performance and financial position on a monthly basis. It is actively involved in the strategic, financial and operational management of the subsidiaries and responds flexibly to external and internal events affecting financial performance where necessary.

(b) Market risk

The Fund is not exposed to market risk as a result of its general investment strategy in accordance with its statute, with the exception of volatility in the commercial real estate market where market factors may cause significant fluctuations in the fair value of real estate, which directly affect the value of the interests in which the Fund invests.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Geographical segmentation of assets

31 December 2021

In CZK thousands	Czech Republic	European Union	Total
Assets			
Due from banks	247,634	-	247,634
Due from clients	2,170,962	1,077,677	3,248,639
Interests in subsidiaries	6,816,583	2,496,109	9,312,692
Other assets	28,405	-	28,405
Total assets	9,263,584	3,573,786	12,837,370

31 December 2020

In CZK thousands	Czech Republic	European Union	Total
Assets			
Due from banks	251,110	-	251,110
Due from clients	1,200,337	868,841	2,069,178
Interests in subsidiaries	5,553,578	2,422,104	7,975,682
Other assets	3,928	-	3,928
Total assets	7,008,953	3,290,945	10,299,898

Segmentation of assets by industry

31 December 2021

In CZK thousands	Financial	Non-financial	Total
Assets			
Due from banks	247,634	-	247,634
Due from clients	-	3,248,639	3,248,639
Interests in subsidiaries	-	9,312,692	9,312,692
Other assets	-	28,405	28,405
Total assets	247,634	12,589,736	12,837,370

31 December 2020

In CZK thousands	Financial	Non-financial	Total
Assets			
Due from banks	251,110	-	251,110
Due from clients	-	2,069,178	2,069,178
Interests in subsidiaries	-	7,975,682	7,975,682
Other assets	-	3,928	3,928
Total assets	251,110	10,048,788	10,299,898

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(c) **Derivative-associated risk**

Foreign exchange forwards and swaps

In CZK thousands	31 December 2021	31 December 2020
Off-balance sheet receivables from foreign exchange derivatives	1,181,374	916,823
Off-balance sheet payables from foreign exchange derivatives	1,149,787	913,326
Positive fair value of foreign exchange derivatives	27,000	3,317
Negative fair value of foreign exchange derivatives	-75	-
Total fair value of financial derivatives	26,925	3,317

The maturity of receivables and payables from foreign exchange derivatives is within three months.

31 December 2021 In CZK thousands	Due within 3 months	Due within 3-12 months	Total
Off-balance sheet receivables from foreign exchange derivatives	879,522	301,852	1,181,374
Off-balance sheet payables from foreign exchange derivatives	857,755	292,032	1,149,787
Positive fair value of foreign exchange derivatives	20,954	6,046	27,000
Negative fair value of foreign exchange derivatives	(75)	-	(75)
Total fair value of financial derivatives	20,879	6,046	26,925

As at 31 December 2020, the maturity of open receivables and payables from foreign exchange derivatives was within three months.

Derivative foreign exchange instruments were valued using only market prices or valuation models based only on available market data.

The above table contains a summary of the Fund's nominal and notional principals and fair values of outstanding financial derivative instruments. The derivatives are used to hedge risks. As they provide a natural hedge, the Fund does not use hedge accounting.

The notional principal amounts, also reported in aggregate on the Fund's off-balance sheet, are used for volume comparisons with instruments reported on the balance sheet but do not represent the Fund's exposure to credit risk.

(d) **Currency risk**

The Fund's financial position and cash flows are exposed to the risk of fluctuations in the prevailing foreign currency exchange rates.

The table below summarizes the Fund's exposure to currency risk. The table includes the Fund's foreign-currency-denominated assets and liabilities at carrying amounts, categorized by currency. The net amount of assets or liabilities is the Fund's exposure to fluctuations in foreign currencies in relation to the Czech crown.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31 December 2021

In CZK thousands	CZK	EUR	PLN	Total
Assets				
Due from banks	226,549	20,276	809	247,634
Due from clients	2,044,999	917,692	285,948	3,248,639
Interests in subsidiaries	3,021,536	6,291,156	-	9,312,692
Other assets	28,405	-	-	28,405
Total assets	5,321,489	7,229,124	286,757	12,837,370
Liabilities				
Due to clients	2,965,940	-	-	2,965,940
Other liabilities	3,827	24,363	-	28,190
Deferred income and accruals	-	-	-	-
Total equity and liabilities	2,969,767	24,363	-	2,994,130
Net balance sheet assets	2,351,722	7,204,761	286,757	9,843,240
Net off-balance sheet positions	1,121,624	(798,006)	(292,032)	31,586
Net open currency position	3,473,346	6,406,755	(5,275)	9,874,826

31 December 2020

In CZK thousands	CZK	EUR	PLN	Total
Assets				
Due from banks	242,055	5,235	3,820	251,110
Due from clients	1,061,239	1,007,939	-	2,069,178
Interests in subsidiaries	2,911,486	5,064,196	-	7,975,682
Other assets	3,928	-	-	3,928
Total assets	4,218,708	6,077,370	3,820	10,299,898
Liabilities				
Due to clients	790,000	-	-	790,000
Other liabilities	2,637	3,937	-	6,574
Deferred income and accruals	89	-	-	89
Total equity and liabilities	792,726	3,937	-	796,663
Net balance sheet assets	3,425,982	6,073,433	3,820	9,503,235
Net off-balance sheet positions	916,823	(913,326)	-	3,497
Net open currency position	4,342,805	5,160,107	3,820	9,506,732

Although the total valuation of the property companies is quantified in CZK, some properties are valued in EUR and therefore the Fund is exposed to currency risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(e) Interest rate risk

The Fund's financial position and cash flows are exposed to the risk of fluctuations in market interest rates. Interest margins may increase or decrease as a result of such changes if unexpected fluctuations occur.

The following table summarizes the Fund's exposure to interest rate risk. The table includes the Fund's financial assets and liabilities at their carrying amounts, arranged by the earliest of settlement date, contractual change in interest rate date, or maturity date.

31 December 2021

In CZK thousands	Within 3 months	3-12 months	1-5 years	More than 5 years	Non- interest- bearing	Total
Assets						
Due from banks	247,634	-	-	-	-	247,634
Due from clients	607,672	2,640,967	-	-	-	3,248,639
Interests in subsidiaries	-	-	-	-	9,312,692	9,312,692
Other assets	-	-	-	-	28,405	28,405
Total assets	855,306	2,640,967	-	-	9,341,097	12,837,370
Liabilities						
Due from clients	-	2,965,940	-	-	-	2,965,940
Other liabilities	28,190	-	-	-	-	28,190
Total equity and liabilities	28,190	2,965,940	-	-	-	2,994,130
Net balance assets	827,116	-324,973	-	-	9,341,097	9,843,240

31 December 2020

In CZK thousands	Within 3 months	3-12 months	1-5 years	More than 5 years	Non- interest- bearing	Total
Assets						
Due from banks	251,110	-	-	-	-	251,110
Due from clients	622,000	1,447,178	-	-	-	2,069,178
Interests in subsidiaries	-	-	-	-	7,975,682	7,975,682
Other assets	-	-	-	-	3,928	28,405
Total assets	873,110	1,447,178	-	-	7,979,610	10,299,898
Liabilities						
Due from clients	-	790,000	-	-	-	790,000
Other liabilities	6,574	-	-	-	-	6,574
Deferred income and accruals	89	-	-	-	-	89
Total equity and liabilities	6,663	790,000	-	-	-	796,663
Net balance assets	866,447	657,178	-	-	7,979,610	9,503,235

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(f) **Liquidity risk**

The Fund views liquidity risk as the risk of losing the ability to meet its financial obligations as they become due, or if the Fund is unable to fund its assets. The Fund monitors net cash flows in CZK and EUR currencies on an ongoing basis.

The table below categorizes assets and liabilities of the Fund into relevant maturity bands based on the remaining maturity as at the financial statements date.

31 December 2021

In CZK thousands	Within 3 months	3-12 months	1-5 years	Unspecified	Total
Assets					
Due from banks	247,634	-	-	-	247,634
Due from clients	-	135,204	3,113,435	-	3,248,639
Interests in subsidiaries	-	-	-	9,312,692	9,312,692
Other assets	28,405	-	-	-	28,405
Total assets	276,039	135,204	3,113,435	9,312,692	12,837,370
Liabilities					
Due to clients	-	777,497	2,188,443	-	2,965,940
Other liabilities	28,190	-	-	-	28,190
Deferred income and accruals	-	-	-	-	-
Total equity and liabilities	28,190	777,497	2,188,443	-	2,994,130
Net balance assets	247,849	(642,293)	924,992	9,312,692	9,843,240

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31 December 2020

In CZK thousands	Within 3 months	3-12 months	1-5 years	Unspecified	Total
Assets					
Due from banks	251,110	-	-	-	251,110
Due from clients	-	717,932	1,351,246	-	2,069,178
Interests in subsidiaries	-	-	-	7,975,682	7,975,682
Other assets	3,928	-	-	-	3,928
Total assets	255,038	717,932	1,351,246	7,975,682	10,299,898
Liabilities					
Due to clients	-	790,000	-	-	790,000
Other liabilities	6,574	-	-	-	6,574
Deferred income and accruals	89	-	-	-	89
Total equity and liabilities	6,663	790,000	-	-	796,663
Net balance assets	248,375	-72,068	1,351,246	7,975,682	9,503,235

The following table quantifies the remaining contractual maturity of the undiscounted cash flows of interest-bearing financial liabilities. Other liabilities listed in the table above represent contractual undiscounted cash flows.

Remaining contractual maturity of undiscounted cash flows of interest-bearing financial liabilities

31 December 2021

In CZK thousands	Within 3 months	3-12 months	1-5 years	Total
Non-derivative liabilities				
Due to clients	-	913,377	2,295,842	3,209,219
Total non-derivative liabilities	-	913,377	2,295,842	3,209,219

31 December 2020

In CZK thousands	Within 3 months	3-12 months	1-5 years	Total
Non-derivative liabilities				
Due to clients	-	802,294	-	802,294
Total non-derivative liabilities	-	802,294	-	802,294

25 SUBSEQUENT EVENTS

The military conflict in Ukraine had no impact on the Fund's activities and operations.

On 7 April 2022, the share capital of the Fund was increased by the subscription of 47 shares of the Fund with a nominal value of CZK 1,000 thousand per share. The issue rate of each new share is CZK 19,430 thousand and comprises the sum of the nominal value of the new share and the amount of the share premium, which amounts to CZK 18,430 thousand. The issue of the new shares was paid by a monetary contribution from GP Reinsurance EAD, with its registered office at 68 Knyaz Alexander Dondukov Blvd., 1504 Sofia, Bulgaria, which subscribed all 47 shares for a total issue rate of CZK 913,210 thousand

No other material events occurred from the balance sheet date to the date of the financial statements that would have any material impact on the financial statements as at 31 December 2021.

Date of preparation

Signature of the statutory representatives

29 April 2022

Ing. Marek Bečička



DESCRIPTIVE PART

FOR THE YEAR ENDED 31 DECEMBER 2021

REPORTING OBLIGATION

Pursuant to, in particular, Sections 291, 234 and 241 of Act No. 240/2013 Coll., on investment companies and investment funds, as amended (hereinafter the "ICIFA"), and Annex No. 2 to Decree No. 244/2013 Coll., on More Detailed Regulation of Some Rules Set Out by the Act on Management Companies and Investment Funds, as amended (hereinafter the "Decree"), and Articles 103 to 107 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision (the "AIFMD Regulation"), Generali Investments CEE, investiční společnost, a.s., with its registered office at Na Pankráci 1720/123, Prague 4, zip code 140 21, business registration number (IČO): 438 73 766, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1031 (the "Company"), as the individual statutory body of the Fund, discloses the following information on the Fund:

a) Identification information of each entity performing asset management (portfolio manager) or external administrator of the Fund in the relevant period, and information on the period of time for which the entity (has) performed such activities, including a brief description of the entity's experience and knowledge

All assets of the Fund were managed by the Company for the entire relevant period. Pursuant to ICIFA within the scope of the authorization granted by the Czech National Bank, the Company is authorized to: (i) manage investment funds or foreign investment funds; (ii) administer investment funds or foreign investment funds; (iii) manage the clients' assets, if an investment instrument is involved, on a discretionary basis under contractual arrangements (portfolio management); (iv) perform custody and safekeeping of investment instruments, including related services, but only in relation to securities and dematerialized securities issued by an investment fund or a foreign investment fund; (v) receive and give instructions related to investment instruments; (vi) provide investment advisory relating to investment instruments. The Company is authorized to exceed the applicable limit. For detailed information on the Fund's portfolio manager (including knowledge and experience), see point (c) of the Reporting Obligation. In the relevant period, the Company performed a standard activity related to the Fund in accordance with the Fund's Statute.

In the relevant period, the Fund's portfolio manager was:

Ing. Daniel Kukačka

Education:

1987 – 1993

Czech Technical University, majored in Technical Cybernetics

1995

Broker exam

Work experience:

01/2016 – to date

Generali Investments CEE, investiční společnost, a.s., portfolio manager

09/2007 - 12/2015

Generali Investments CEE, a.s. (until 06/2008 operating under the name PPF Asset Management a.s.)

DESCRIPTIVE PART

FOR THE YEAR ENDED 31 DECEMBER 2021

06/2008 - 01/2015	Generali PPF Asset Management a.s.), Portfolio Manager
10/2000 - 09/2007	ČP INVEST investiční společnost, a.s., Senior Portfolio Manager and member of the Supervisory Board (until 10/2004)
06/1999 - 05/2000	PPF investiční společnost a.s., Portfolio Manager and member of the Board of Directors
02/1997 – 06/1999	PPF burzovní společnost a.s., Portfolio Manager
02/1995 – 02/1997	Stratego Invest, Analyst
02/1995 – 02/1996	Stratego Invest, Portfolio Manager
02/1996	Stratego Invest, Head of Asset Management Department

b) Identification information of each depositary of the Fund in the relevant period, and information on the period of time for which the entity (has) performed the activities of a depositary

The Fund's depositary for the entire relevant period was UniCredit Bank Czech Republic and Slovakia, a.s., entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 3608, business registration number (IČO) 649 48 242, with its registered office at Želetavská 1525/1, Prague 4 - Michle, postal code 140 92.

c) Identification information of each entity entrusted with the custody or safekeeping of the Fund's assets, provided that more than 1% of the value of the assets of the Fund have been deposited with the entity

The custody or safekeeping of the Fund's assets is performed by UniCredit Bank Czech Republic and Slovakia, a.s., entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 3608, business registration number (IČO) 649 48 242, with its registered office at Želetavská 1525/1, Prague 4 - Michle, postal code 140 92.

d) Identification information of each entity authorized to provide investment services that performed the activities of a prime broker in respect of the assets of the Fund in the relevant period, and information on the period of time for which the entity performed such activities

There are no entities performing the activities of a prime broker for the Fund.

DESCRIPTIVE PART

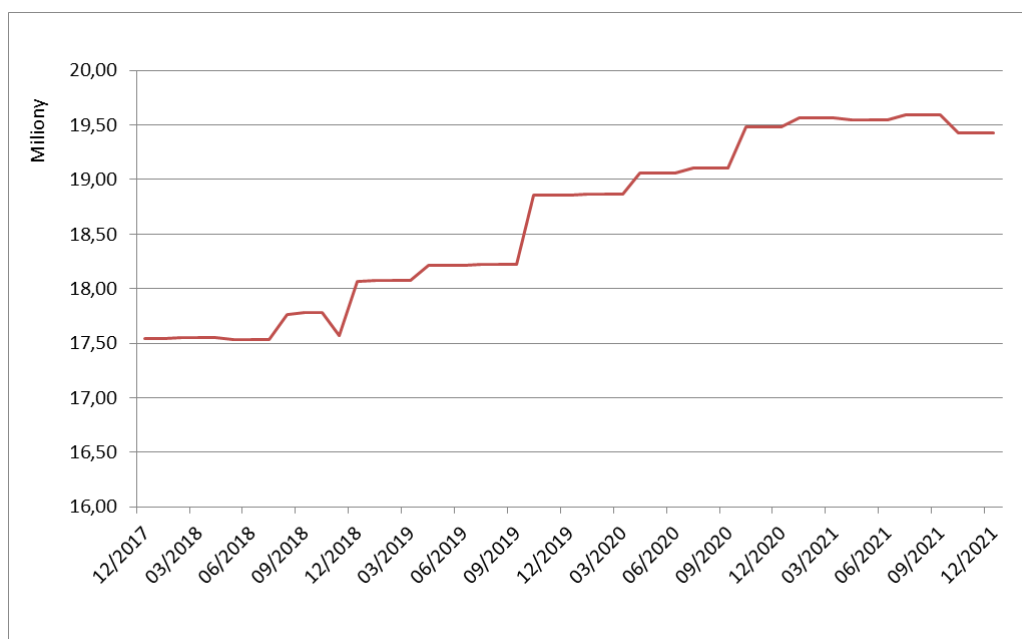
FOR THE YEAR ENDED 31 DECEMBER 2021

- e) Identification of the assets, if their value exceeds 1% of the value of the Fund's assets as at the date of the valuation performed for the purposes of this Report, with a specification of the total acquisition price and the fair value at the end of the relevant period

Majetkové účasti	Celková pořizovací cena v tis. Kč	Celková reálná hodnota v tis. Kč	Počet jednotek/akcií
Solitaire Real Estate, a.s.	389 520	578 307	64 148
PALAC KRIZIK a.s.	525 891	734 920	202
IDEE s.r.o.	405 651	429 213	
PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o.	591 462	485 318	200
Náměstí Republiky 3a, s.r.o.	766 000	899 077	
MUSTEK PROPERTIES, s.r.o.	805 851	793 640	
Office Center Purkyňova, a.s.	293 721	309 480	20
Cleha Invest Sp. z o.o.	718 037	846 016	10 110
SIBSEN Invest sp. z o.o.	775 079	1 164 775	167 640
Palác Špork, a.s.	927 816	1 078 059	20
OVOCNÝ TRH 2 s.r.o.	187 706	190 143	
BRITISH CORNER s.r.o.	515 360	0	
Pankrác East a.s.	1 396 251	1 411 199	20
Pankrác West a.s.	392 545	392 545	20

Amounts due from banks amount to CZK 247,635 thousand and amounts due from clients (loans extended to property companies) amount to CZK 3,248,639 thousand.

- f) The development of the value of a unit certificate or share in the relevant period, which is to be expressed in a graphic form; where the investment strategy of the investment fund monitors or copies a specific index or another quantitatively expressed financial indicator (benchmark), the development of such an index in the relevant period shall also be provided in a graphic form



DESCRIPTIVE PART

FOR THE YEAR ENDED 31 DECEMBER 2021

Note: Growth in NAV/share as at 31 December 2021 results from an annual revaluation of ownership interests to their market value at each year-end.

g) Judicial or arbitration disputes relating to the assets or to any claim of the holders of the securities or dematerialized shares issued by the Fund, if the value of the dispute exceeds 5% of the value of the Fund's assets in the relevant period

The Company is not, on behalf or on the account of the Fund, a party to any judicial or arbitration disputes relating to the assets or to any claim of the Fund's shareholders, where the value subject to the dispute exceeds 5% of the value of the Fund's assets in the relevant period.

h) The value of all profit shares paid out per unit certificate or per investment share

In 2021, the Fund settled the profit for the financial year 2020 of CZK 673,390,724.90 by using the profit to partially reduce the debt burden of the Fund associated with the investment in Palác Špork, a.s. and to reconstruct a building owned by SIBSEN Invest sp. z o.o. and by distributing a part of the profit of CZK 40 million to shareholders in the form of a dividend, where the profit was paid out to the Fund's shareholders as an advance on the dividend at the given amount, and the remaining part of profit was transferred to the retained earnings account and was not paid to the shareholders as an additional payment of the dividend. Further, in 2021, the Fund paid out the Fund's shareholders an advance on the profit share for 2021 of CZK 36.5 million.

i) Information on the consideration paid to the manager for managing the Fund, which is to be broken down into information on the consideration for the performance of the activities of a depository, of an administrator, of a prime broker and of an auditor, and information on other expenses or taxes

The maximum consideration paid to the Company for managing and administering the assets of the Fund amounts to 0.1% (0.08% in 2021) of the average value of the Fund's net assets for the reporting period.

The consideration paid for the performance of the activities of the Fund's depository amount to CZK 264 thousand, incl. VAT, yearly, under an agreement. All expenses incurred by the Fund are included in the financial statements of the Fund.

DESCRIPTIVE PART

FOR THE YEAR ENDED 31 DECEMBER 2021

- j) Comparison of the Fund's total equity and the Fund's equity per investment share or per unit certificate for the last reporting periods; the compared data always relate to the end of the reporting period**

Datum	Fondový kapitál na akcii (v tis. Kč)	Fondový kapitál celkem (v tis. Kč)	Počet akcií
31.12.2014	15 663,47	2 380 848	152
31.12.2015	16 281,95	4 298 435	264
31.12.2016	17 715,37	6 448 393	364
31.12.2017	17 543,58	7 034 975	401
31.12.2018	18 064,92	8 111 147	449
31.12.2019	18 853,85	9 181 827	487
31.12.2020	19 485,58	9 489 479	487
31.12.2021	19 429,18	9 811 733	505

- k) Information on significant changes to the information in the statute of the Fund that occurred in the relevant period**

No significant changes were made to the information in the Fund's Statute pursuant to Article 106(1) of the AIFMD Regulation.

- l) Information on wages/salaries, consideration and similar income of the employees and managing persons that can be deemed remuneration, paid by the manager of the Fund to the employees or managing persons in the relevant period, broken down into a fixed component and a variable component, information on the number of the employees and the managing persons of the Fund's manager, and information on any remuneration for asset appreciation paid by the Fund or its manager.**

The Company does not have the foregoing information available for separate funds. The Company is the individual statutory body of the Fund.

The Company has created a remuneration system for its employees, including managers, stipulating that the total remuneration consists of a fixed component (wage/salary) and a variable component (bonus). The variable component of the remuneration is paid upon meeting predefined conditions, which generally depend on the financial results of the Company, the Generali Finance Group and the relevant employee's performance evaluation. The Company applies specific remuneration policies and principles for the employees whose professional activities have a material impact on the risk profiles of the Company or the investment fund it manages. The applied remuneration policies and principles are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the managed investment funds, are in line with the business strategy and include measures to avoid conflicts of interest.

More detailed information on the remuneration of the Company's employees is included in the annual report of the Company.

DESCRIPTIVE PART

FOR THE YEAR ENDED 31 DECEMBER 2021

Information on the remuneration to the members of the Supervisory Board and other boards is included in the notes to the financial statements of the Fund.

m) Information on wages/salaries, consideration and similar income of the employees and managing persons that can be deemed remuneration, paid by the manager of the Fund to those employees or managing persons whose professional activities have a material impact on the risk profile of this Fund

The Company does not have the foregoing information available for separate funds.

The Company has created a remuneration system for its employees, including managers, stipulating that the total remuneration consists of a fixed component (wage/salary) and a variable component (bonus). The variable component of the remuneration is paid upon meeting predefined conditions, which generally depend on the financial results of the Company, the Generali Finance Group and the relevant employee's performance evaluation. The Company applies specific remuneration policies and principles for the employees whose professional activities have a material impact on the risk profiles of the Company or the investment fund it manages. The applied remuneration policies and principles are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the managed investment funds, are in line with the business strategy and include measures to avoid conflicts of interest.

More detailed information on the remuneration of the Company's employees is included in the annual report of the Company.

n) Information on disclosure of information to unitholders, shareholders or beneficiaries of the fund, and to the employees or their representatives (meeting the criteria, exceeding the share in voting rights, assessment of the business and its projected development, acquisition of treasury shares) shall be included by the manager of a special fund in the annual report of the special fund thereof, the assets of which are subject to a share in the voting rights

Not relevant, since the Fund does not meet the requirements of Section 34(1) of ICIFA.

o) Brief information on the remuneration system of some employees

The Company has created a remuneration system for its employees, including managers, stipulating that the total remuneration consists of a fixed component (wage/salary) and a variable component (bonus). The variable component of the remuneration is paid upon meeting predefined conditions, which generally depend on the financial results of the Company, the Generali Finance Group and the relevant employee's performance evaluation. The Company applies specific remuneration policies and principles for the employees whose professional activities have a material impact on the risk profiles of the Company or the investment fund it manages. The applied remuneration policies and principles are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the managed investment funds, are in line with the business strategy and include measures to avoid conflicts of interest.

- p) Disclosure of remuneration – if information is disclosed at the administrator's level, it shall be broken down into separate alternative investment funds, provided the information is available or easy to access; a part of the disclosure shall be a description of how the breakdown of the information was performed**

The Company does not have data available for separate funds relating to the total remuneration of all employees of the administrator, wholly or partly involved in the activities of the AIF, or the proportion of the total remuneration of the employees. The complete information on the remuneration is included in the annual report of the Company.

- q) Information on the conditions of using the leverage**

The Fund does not apply the leverage method.

- r) Information on agreements presuming the provision of an investment instrument from the assets of the Fund as financial collateral or a comparable security in accordance with the foreign state's law**

The Fund entered into no agreement on the provision of an investment instrument from the Fund's assets.

- s) Information on whether the depositary has made an agreement with the delegate pursuant to Section 82, Subsection 2, Letter (b) of AMCIF on the compensation for a loss of investment instruments by the delegate, and information on any change and the nature of the change to this agreement**

The Fund recorded no agreement between the depositary and the delegate pursuant to Section 82, Subsection 2, Letter (b) of ICIFA regarding compensation for a loss of investment instruments.

Pursuant to Act No. 563/1991 Coll., on Accounting, as amended, the Company discloses information on:

1. Acquisition of treasury shares or own ownership interests by the Fund

The Fund acquired no treasury shares or own ownership interests in the reporting period.

2. Foreign branch or another part of an undertaking of the Fund

The Fund had no foreign branches or other parts of an undertaking in the reporting period.

Information on other activities relating to research and development, environmental protection and labor relations and other non-finance information is included in the annual report of ASSICURAZIONI GENERALI S.P.A., available at: <https://www.generalis.com/>.

Pursuant to Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and

DESCRIPTIVE PART

FOR THE YEAR ENDED 31 DECEMBER 2021

amending Regulation (EU) No 648/2012 (the “SFT Regulation”) the Company states that for the purposes of the requirement stipulated in Article 13, par. 1, (a) of the SFT Regulation it did not use in the relevant period any transactions and instruments subject to disclosure in the Fund’s annual report according to the SFT Regulation.

Information about events that occurred after the balance sheet date and are material to the purpose of the annual report

With the exception of information disclosed in the notes to the financial statements, no other material events occurred between the balance sheet date and the annual report date, which would be material to the purpose of the annual report.

Information on the Fund’s projected development in 2022

No changes in the Fund’s investment policy are anticipated in 2022. The primary task of the Fund remains to maximize the yield of the invested assets in accordance with the Fund’s investment strategy.