



# ANNUAL REPORT 2020

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

[generali-investments.cz](http://generali-investments.cz)



(Translation of a report originally issued in Czech - see Note 2a to the financial statements.)

## 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 Generali Real Estate Fund CEE a.s., investiční fond (the Fund) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement, and statement of changes in equity for the year then ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Fund, see 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 2020, and of its financial performance for the year ended 31 December 2020 in accordance with accounting principles generally accepted in the Czech Republic.

### *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, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation 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 Information*

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these 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 the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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 Fund's Board of Directors and Supervisory Board for the Financial Statements*

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors 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 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 law or regulation, 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young Audit, s.r.o.  
License No. 401



Roman Hauptfleisch, Auditor  
License No. 2009



Tomáš Němec  
Procurist

27 April 2021  
Prague, Czech Republic

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 2020 to 31 December 2020

# REPORT ON RELATED PARTIES FOR THE 2020 REPORTING PERIOD

## I. Company

Generali Real Estate Fund CEE a.s., investiční fond, having its registered seat at: Prague 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 (hereinafter "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 (hereinafter 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 (hereinafter the "Corporations Act") for the year ended 31 December 2020.

## 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. (Czech Republic), GP Reinsurance EAD (Bulgaria) and SMALL GREF a.s. (Czech Republic). In particular:

From 1 January 2020 to 31 December 2020 GREF was controlled through holding of 487 ordinary registered shares, with a nominal value of CZK 1,000,000 by the following companies: 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).

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 2020 to 31 December 2020, GREF was controlled by Generali Investments CEE, investiční společnost, a.s., with its registered address at: Na Pankráci 1720/123, Nusle, Prague 4, 140 21, business registration number (IČ) 43873766 entered in the Commercial Register maintained by the Municipal Court in Prague under the file number B 1031 (hereinafter 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 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). In the reporting period from 1 January 2020 to 31 December 2020, the aforementioned persons held the following positions in the entities (related parties) listed below:

- In the reporting period, Ing. Josef Beneš was Chair of the Board of Directors in the following companies: Generali Investments CEE, investiční společnost, a.s.; 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.; Member of the Supervisory Board of Generali Česká Distribuce a.s. and Director / Member of the Board of Directors of GENERALI REAL ESTATE S.P.A.;

- In the reporting period, Mgr. Martin Vít was Vice-chair of the Board of Directors of Generali Investments CEE, investiční společnost, a.s.; Chair of the Board of Directors of SMALL GREF a.s.; Chair of the Supervisory Boards in the following companies: Green Point Offices a.s., Náměstí Republiky 3a, s.r.o., Office Center Purkyňova, a.s., MUSTEK PROPERTIES, s.r.o., CITY EMPIRIA a.s. (until 20 May 2020), 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., OVOCNÝ TRH 2 s.r.o.; Member of the Supervisory Board of PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o. and Statutory Representative of Weka Real, spol. s r.o., RSBC Hybešova s.r.o., RSBC Skrětova 36 s.r.o., VERONA PLUS, spol. s r.o., Milíčova 3 s.r.o., SOUKENICKÁ 1086, s.r.o.
- In the reporting period, Ing. Marek Bečička was a GICEE representative as a member of the GREF's Board of Directors; Chair of the Board of Directors in the following companies: CITY EMPIRIA a.s. (until 20 May 2020), Office Center Purkyňova, a.s., PALÁC KŘÍŽÍK a.s., Solitaire Real Estate, a.s., Palác Špork, a.s., Green Point Offices a.s.; 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., RSBC Skrětova 36 s.r.o., BRITISH CORNER s.r.o., OVOCNÝ TRH 2 s.r.o., VERONA PLUS, spol. s r.o., Milíčova 3 s.r.o., SOUKENICKÁ 1086, s.r.o.; and 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 shares in CITY EMPIRIA a.s, with its registered office at Na Strži 1702/65, Nusle, 140 00 Prague 4, business reg. no. 274 52 573, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert no. 10745 (until 20 May 2020);
- GREF was the sole shareholder holding 100% of shares in Solitaire Real Estate a.s., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no. 274 11 109, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert no. 10418;
- GREF was the sole shareholder holding 100% of shares in IDEE s.r.o., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no. 276 27 977, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section C, Insert no. 119948;
- GREF was the sole shareholder 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 a 100% equity interest in MUSTEK PROPERTIES, s.r.o., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no.: 267 56 471, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section C, Insert no. 91691;
- GREF was the sole shareholder holding a 100% equity interest in Náměstí Republiky 3a, s.r.o., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no.: 048 79 899, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section C, Insert no. 255049;
- GREF was the sole shareholder holding a 100% equity interest in Office Center Purkyňova, a.s., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00, Prague 1, business reg. no.: 052 99 446, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert no. 21772;
- GREF was the sole shareholder 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 with the Municipal Court in Prague, Section B, Insert no. 11187;

- GREF was the sole shareholder 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 shares in Palác Špork, a.s., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no. 242 77 029, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert no. 18560;
- GREF was the sole shareholder holding a 100% 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 with the Municipal Court in Prague, Section C, Insert no. 306918;
- GREF was the sole shareholder holding a 100% equity interest in OVOCNÝ TRH 2 s.r.o., with its registered office at Václavské náměstí 823/33, Nové Město, 110 00 Prague 1, business reg. no.: 077 49 104, recorded in the Commercial Register maintained with the Municipal Court in Prague, Section C, Insert no. 306912.

In the reporting period from 1 January 2020 to 31 December 2020, 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 2020 to 31 December 2020, 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 Česká pojišťovna a.s. (formerly Česká pojišťovna a.s.), ID No.: 452 72 956	Master Agreement on Cost Sharing	1/1/2019	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	23/6/2017	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	30/12/2020	None
	Amendment No. 1 to Framework agreement on the transfer of equity interest in limited liability companies dated 30 December 2020	22/04/2020	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	22/04/2020	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	1/4/2015	None
	Amendment No.1 to Implementation Service Agreement	7/1/2019	None
Generali Versicherung AG, Austria	Agreement for the Provision of Services	19/12/2016	None
	Termination Agreement for the Provision of Services	29/10/2019	None
GP Reinsurance EAD, Bulgaria	Loan Agreement	25/10/2018	None
PALAC KRIZIK a.s., ID No.: 268 64 614	Loan agreement	30/5/2014	None
	Amendment No. 1 to Loan agreement	28/5/2015	None

Solitaire Real Estate, a.s. ID No.: 274 11 109	Agreement on making contribution in excess of share capital	18/5/2016	None
	Loan Agreement	17/5/2019	None
Solitaire Real Estate, a.s., ID No.: 27411109 (+ UniCredit Bank Austria AG, Austria)	Subordination agreement (Agreement on the priority of claims and securities)	21/12/2012	None
	Agreement on security assignment of claims under subordinated loans	21/12/2012	None
	Amendment No. 1 to Agreement on security assignment of claims under subordinated loans	19/12/2013	None
	Agreement of Security Assignment of Claims under Subordinated Loans	20/9/2013	None
Cleha Invest Sp. z o.o., bus. no. KRS 0000382322	Loan Agreement	20/6/2017	None
	Amendment No. 1 the Loan Agreement	18/6/2020	None
IDEE s.r.o., ID No.: 276 27 977	Agreement on making monetary contribution in excess of share capital	12/12/2018	None
Palác Špork, a.s., ID No.: 242 77 029	Loan Agreement	11/3/2019	None
	Agreement on provision of monetary contribution outside the registered capital and set-off agreement	11/3/2019	None
BRITISH CORNER s.r.o., ID No.: 077 49 333	Loan Agreement	24/2/2020	None
Office Center Purkyňova, a.s., ID No.: 05299446	Loan Agreement	12/8/2020	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 of the scope of the foregoing contracts in the reporting period from 1 January 2020 to 31 December 2020; 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 2020 to 31 December 2020**, 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 last financial statements.

## 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 on an arm's-length basis 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 2020 to 31 December 2020 within the meaning of Section 71 or 72 of the Business Corporations Act.

The Report on Related Parties was prepared by the Board of Directors of GREF on 24 March 2021 and was submitted to the auditor performing an audit of the Financial Statements.

GREF's statutory body declares that this Report was prepared with due care and diligence 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. GREF's Supervisory Board shall review the complete document including this Report.

In Prague, 24 March 2021

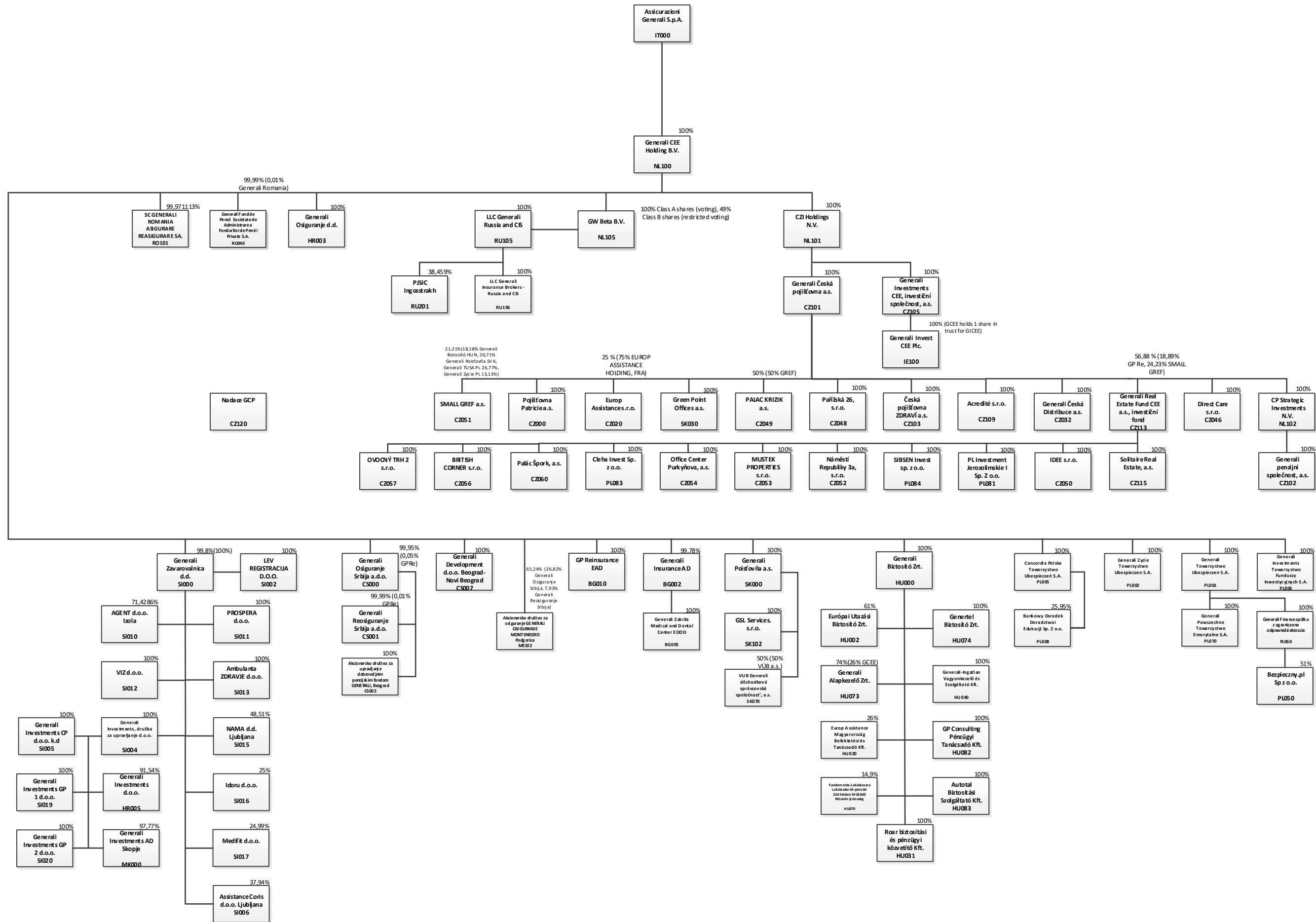
On behalf of Generali Real Estate Fund CEE a.s., investiční fond:



.....  
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 2020:

# Generali CEE Holding B.V. - structure as of 31.12.2020



# **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 2020

**BALANCE SHEET AS AT 31 DECEMBER 2019**

In CZK thousands	Note	31/12/2020	31/12/2019
<b>ASSETS</b>			
3		251,110	58,005
		151,167	58,005
4		2,069,178	2,020,041
		2,069,178	2,020,041
8		7,975,682	9,011,887
11		3,928	6,813
<b>Total assets</b>		<b>10,299,898</b>	<b>11,096,746</b>
<b>LIABILITIES</b>			
2		790,000	1,910,000
		790,000	1,910,000
4		6,574	3,280
5		89	22
6		13,756	1,617
8		487,000	487,000
9		7,265,500	7,265,500
12		30,000	30,000
13		1,073,588	1,386,550
		1,073,588	1,386,550
14		(40,000)	(70,000)
15		673,391	82,777
<b>Total equity and liabilities</b>		<b>10,299,898</b>	<b>11,096,746</b>
<b>OFF-BALANCE SHEET ASSETS AND LIABILITIES</b>			
<b>Total off-balance sheet assets</b>		<b>10,406,302</b>	<b>10,179,827</b>
4		916,823	998,000
8		9,489,479	9,181,827
<b>Total off balance sheet liabilities</b>		<b>913,326</b>	<b>990,990</b>
12		913,326	990,990

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

In CZK thousands		Note	31/12/2020	31/12/2019
1	Interest and similar income	12	78,149	78,803
2	Interest and similar expenses		(42,855)	(63,756)
3	Income from shares and interests	13	32,867	66,966
	of which: income from interests in subsidiaries		32,867	66,966
5	Fee and commission expenses	14	(8,158)	(7,007)
6	Gain or loss from financial transactions	15	(6,722)	22,685
7	Other operating income	16	645,504	-
9	Administrative expenses	17	(10,290)	(13,627)
17	Additions to, and use of, provisions	18	(12,139)	229
<b>19</b>	<b>Profit or loss on ordinary activities for the period before tax</b>		<b>676,356</b>	<b>84,293</b>
23	Income tax	19	(2,965)	(1,516)
<b>24</b>	<b>Profit or loss for the period after tax</b>	10	<b>673,391</b>	<b>82,777</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>In CZK thousands</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Capital funds</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Profit / (loss)</b>	<b>Total</b>
<b>Balance as at 31/12/2018</b>	<b>449,000</b>	<b>6,610,760</b>	<b>30,000</b>	<b>1,014,775</b>	-	<b>6,612</b>	<b>8,111,147</b>
FOREX and revaluation gains/losses not recognized in profit/(loss)	-	-	-	371,775	-	-	<b>371,775</b>
Net profit /(loss) for the year	-	-	-	-	-	82,777	<b>82,777</b>
Dividends received during the year	-	-	-	-	-	(6,612)	(6,612)
Share capital decrease	-	-	-	-	-	-	-
Share capital increase	38,000	654,740	-	-	-	-	<b>692,740</b>
Other changes*	-	-	-	-	-	(70,000)	<b>(70,000)</b>
<b>Balance as at 31/12/2019</b>	<b>487,000</b>	<b>7,265,500</b>	<b>30,000</b>	<b>1,386,550</b>	-	<b>12,777</b>	<b>9,181,827</b>
FOREX and revaluation gains/losses not recognized in profit/(loss)	-	-	-	(312,962)	-	-	<b>(312,962)</b>
Net profit /(loss) for the year	-	-	-	-	-	673,391	<b>673,391</b>
Dividends received during the year	-	-	-	-	-	(12,777)	(12,777)
Share capital decrease	-	-	-	-	-	-	-
Share capital increase	-	-	-	-	-	-	-
Other changes*	-	-	-	-	-	(40,000)	<b>(40,000)</b>
<b>Balance as at 31/12/2020</b>	<b>487,000</b>	<b>7,265,500</b>	<b>30,000</b>	<b>1,073,588</b>	-	<b>633,391</b>	<b>9,489,479</b>

\*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, as amended, effective as of 19 August 2013 (the "Act").

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.generali.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 closest 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
<b>Board of Directors</b>	Member Generali Investments CEE, investiční společnost, a.s.
Representation of legal entity	Chairman Ing. Josef Beneš
Representation of legal entity	Vice Chairman Mgr. Martin Vít
Representation of legal entity	Ing. Marek Bečička
<b>Supervisory Board</b>	Member Aleš Holcman

**NOTES TO THE FINANCIAL STATEMENTS  
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*Changes recorded in the Commercial Register in Board of Directors part:*

On 17 July 2019, Marek Bečička, who represents the Fund, was entered.

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*

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 2020**

**(b) Basis of Presentation of the Financial Statements**

The financial statements comprising the balance sheet, income statement, statement of changes in equity and the accompanying notes have been prepared in accordance with the Czech Act on Accounting, the Czech Ministry of Finance decrees and Czech accounting standards for financial institutions. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments to fair values.

The financial statements have been prepared in compliance with general accounting principles, particularly with the principles governing accruals-based accounting, the prudence concept and the going concern assumption.

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. Accordingly, the financial statements for the year ended 31 December 2020 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.

**Explanation added for translation into English**

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

The financial statements have been prepared in Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

## **2 ACCOUNTING PROCEDURES**

### **(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 Fund 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 are recognized in the balance sheet as at the trade date.

### **(b) 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**

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 so as 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*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

Revaluation of interests in real estate subsidiaries including translations of foreign currencies is recognized in the liability caption 'Gain or loss on revaluation of assets and liabilities'.

*Permanently impaired interests in property companies*

If interests in property companies are permanently impaired the impairment including translations into a foreign currency is recognized in the Fund's income statement in the 'Gain or loss on transactions with securities and interests' caption.

**(d) Loans, Borrowings and Interest Income**

Loans and borrowings are stated at nominal value. The accrual for interest related to loans and borrowings is included in the aggregate balances of these assets or liabilities.

**(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 based on the 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. prepayment 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.

The straight line method is used as approximation of the effective interest rate for deposits and loans in case of cash flows redeemable within 12 months from the balance sheet date.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**(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.

**(g) Receivables**

Receivables are stated at nominal value less an allowance for doubtful amounts. Bad debts are written-off after the completion of debtor's bankruptcy proceedings.

Receivables are assessed for their recoverability. Allowances against receivables are established on the basis of the assessment. Additions to allowances are recognized as an expense, use of the allowances is recognized together with costs or losses related to asset disposals in the income statement. Release of allowance in case it is no longer necessary is recognized as income.

**(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 Czech Accounting Standards. Under applicable tax regulations, the corporate income tax rate applicable to mutual funds for the year ended 31 December 2020 and 2019 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 taxation calculation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**(i) Staff Costs**

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

**(j) Equity**

Sales 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 20.

**(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 could 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 in case they are no longer necessary is recognized as income. Provisions are set aside in the currency in which settlement is expected to be made.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**(o) Fee and Commission Expenses**

One-off fees, except for those directly associated with the purchase of securities, are expensed as incurred.

**(p) 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.

**(q) 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

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 in order to collect contractual cash flows; and
- 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; and
- 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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).

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 Fair value based management business model, changes in fair value will be recognized through profit or loss (FVTPL).

**Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable 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). 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 on the basis of quoted market prices nor of measurement models that rely entirely on observable market data. In these cases individual measurement parameters not observable in the market are estimated on the basis of 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, it is necessary to carefully assess whether issued unit certificates meet the conditions for classification and will continue to be recognized as equity or whether they will be recognized as a liability.

As for the Fund, investment shares issued from 1 January 2021 will still be recognized as capital.

The Fund has analyzed the impact of the above change and, in particular, quantified the estimated impact of measuring balances at current, savings and term accounts, trade receivables, other receivables and provided loans including repo loans as at 1 January 2021 and does not expect a significant impact on the 2021 profit/loss as a result of the change.

The above change did not affect the financial statements as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 DUE FROM BANKS

In CZK thousands	31 December 2020	31 December 2019
Current accounts with banks	151,167	58,005
Term deposit	99,943	-
<b>Total</b>	<b>251,110</b>	<b>58,005</b>

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.

### 4 DUE FROM CLIENTS

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

In CZK thousands		31 December 2020
Due from domestic clients	Interest rate	Amount
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
<b>Total</b>		<b>2,069,178</b>

\* Rate valid from 29/05/2020 (interest was 4.49% until 28/05/2020).

\*\* Rate valid from 19/06/2020 (interest was 3.54% until 18/06/2020).

\*\*\* Rate valid from 11/03/2020 (interest was 5.37% until 10/03/2020).

\*\*\*\* Rate valid from 30/12/2020 (interest was 3% until 29/12/2020).

Loans granted as at 31 December 2020 are loans extended to the related parties; a loan of EUR 5,300 thousand extended to Solitaire Real Estate, a.s., a loan of EUR 5,750 thousand extended to Cleha Invest Sp. z o.o., a loan of EUR 27,355 thousand extended to SIBSEN Invest sp. z o.o., a loan of CZK 404,000 thousand extended to PALAC KRIZIK a.s., a loan of CZK 605,000 thousand extended to PALAC ŠPORK, a.s., a loan of CZK 9,239 thousand extended to OVOCNÝ TRH s.r.o., a loan of CZK 17,000 thousand extended to BRITISH CORNER s.r.o. and a loan of CZK 26,000 thousand extended to Office Center Purkyňova, a.s.

The interest charged for 2020 was repaid in 2020.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 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 OVOČNÝ 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 thousand, respectively on 18 March 2020.

The loans extended to PALAC KRIZIK a.s. and Cleha Invest Sp. z o.o. were partially repaid in an amount of CZK 16,000 thousand and EUR 450 thousand, respectively on 28 February 2019.

A loan of CZK 630,000 thousand was extended to PALAC ŠPORK, a.s., on 11 March 2019.

A new loan agreement was signed with Solitaire Real Estate a.s. and an interest rate was adjusted on 17 May 2019.

The loan extended to PALAC KRIZIK a.s. was partially repaid in an amount of CZK 20,000 thousand on 15 November 2019.

The loans extended to Solitaire Real Estate, a.s., Cleha Invest Sp. z o.o., SIBSEN Invest sp. z o.o., and PALAC ŠPORK, a.s. were partially repaid in an amount of EUR 700 thousand, EUR 850 thousand, EUR 2,900 thousand and CZK 25,000 thousand, respectively on 18 November 2019.

A loan of CZK 12,239 thousand was extended to OVOČNÝ TRH 2 s.r.o. on 30 December 2019.

In CZK thousands		31 December 2019
Due from domestic clients	Interest rate	Amount
Cleha Invest Sp. z o.o.	3.54%	146,108
Solitaire Real Estate, a.s.*	1.73%	134,673
PALAC KRIZIK a.s.**	4.49%	408,000
SIBSEN Invest sp. z o.o.	2.96%	714,021
Palác ŠPORK, a.s.	5.37%	605,000
OVOČNÝ TRH 2	3%	12,239
<b>Total</b>		<b>2,020,041</b>

\* Rate valid from 17/05/2019 (interest was 2.16% until 16/05/2019)

\* Rate valid from 30/05/2019 (interest was 3.30% until 29/05/2019)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

Loans granted as at 31 December 2019 are loans extended to the related parties; a loan of EUR 5,300 thousand extended to Solitaire Real Estate, a.s., a loan of EUR 5,750 thousand extended to Cleha Invest Sp. z o.o., a loan of EUR 28,100 thousand extended to SIBSEN Invest sp. z o.o., a loan of CZK 408,000 thousand extended to PALAC KRIZIK a.s., a loan of CZK 605,000 thousand extended to PALAC ŠPORK, a.s., and also a loan of CZK 12,239 thousand extended to OVOCNÝ TRH s.r.o.

The interest charged for 2019 was repaid in 2019.

## 5 INVESTMENTS IN SUBSIDIARIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

The Fund had interests in 13 property companies as at 31 December 2019.

Company Registered office	Ownership interest in %	Registered capital in thousands	Number of shares
<b>CITY EMPIRIA a.s.</b> Hvězdova 1716/2b, Prague 4	100	CZK 2,004	11
<b>Solitaire Real Estate, a.s.</b> Rozkošného 1058/3, Prague 5	100	CZK 128,296	64,148
<b>PALAC KRIZIK a.s.</b> Radlická 608/2, Prague 5	50	CZK 1,010	101
<b>IDEE s.r.o.</b> Václavské náměstí 823/33, Prague 1	100	CZK 200	-
<b>PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o.</b> Postępu 15B, Warsaw, Poland	100	PLN 50	-
<b>Náměstí Republiky 3a, s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	CZK 1,000	-
<b>MUSTEK PROPERTIES, s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	CZK 200	-
<b>Office Center Purkyňova a.s.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	CZK 2,000	20
<b>Cleha Invest Sp. z o.o.</b> Królewska 18, Warszawa, Poland	100	PLN 1,380	-
<b>SIBSEN Invest sp. z o.o.</b> ul. Wspólna 72, 00-687 Warsaw, Poland	100	PLN 10,000	-
<b>Palác Špork, a.s.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	CZK 2,000	20
<b>OVOČNÝ TRH 2 s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	CZK 10	-
<b>BRITISH CORNER s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	100	CZK 10	-

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

Fair value of interests

Company Registered office	Fair value as at 31 December 2020 (In CZK thousands)	Fair value as at 31 December 2019 (In CZK thousands)
<b>CITY EMPIRIA a.s.</b> Hvězdova 1716/2b, Prague 4	-	1,260,345
<b>Solitaire Real Estate, a.s.</b> Rozkošného 1058/3, Prague 5	601,704	567,959
<b>PALAC KRIZIK a.s.</b> Radlická 608/2, Prague 5	687,490	634,285
<b>IDEE s.r.o.</b> Václavské náměstí 823/33, Prague 1	449,375	470,917
<b>PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o.</b> 15B, 02-366 Warsaw, Poland	554,827	576,737
<b>Náměstí Republiky 3a, s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	880,241	865,992
<b>MUSTEK PROPERTIES, s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	820,308	841,151
<b>Office Center Purkyňova a.s.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	302,241	300,797
<b>Cleha Invest Sp. z o.o.</b> ul. Wspólna 72, Warsaw, Poland	862,220	816,073
<b>SIBSEN Invest sp. z o.o.</b> ul. Wspólna 72, 00-687 Warsaw, Poland	1,005,057	963,667
<b>Palác Špork, a.s.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	1,041,514	1,011,729
<b>OVOČNÝ TRH 2 s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	201,847	186,642
<b>BRITISH CORNER s.r.o.</b> Václavské náměstí 823/33, Nové Město, 110 00 Prague 1	568,858	515,593
<b>Total</b>	<b>7,975,682</b>	<b>9,011,887</b>



NOTES TO THE FINANCIAL STATEMENTS  
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## 6 DUE TO CLIENTS

Due to clients are loans extended to the Fund by the related party.

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 2020 represent a liability of CZK 790,000 thousand.

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

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

The interest charged for 2020 was repaid in 2020.

In CZK thousands		31 December 2019
Due to clients	Interest rate	Amount in CZK thousands
GP Reinsurance EAD*	3.73%	790,000
CZI Holdings N.V.**	3.35%	1,120,000
Total		1,910,000

\* Rate valid from 25/10/2019 (interest was 3.42% until 24/10/2019)

\* Rate valid from 29/11/2019 (interest was 3.40% until 28/11/2019)

The loan received from GP Reinsurance EAD as at 31 December 2019 is a liability of CZK 790,000 thousand; the loan received from CZI Holdings N.V. as at 31 December 2019 is a liability of CZK 1,120,000 thousand.

The loan received from GP Reinsurance EAD was partially repaid in an amount of CZK 136,000 thousand on 15 November 2019.

The interest charged for 2019 was repaid in 2019.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 7 OTHER ASSETS

In CZK thousands	31 December 2020	31 December 2019
Financial derivatives	3,317	6,732
Deferred tax asset	114	81
Due from state budget	497	-
<b>Total</b>	<b>3,928</b>	<b>6,813</b>

## 8 OTHER LIABILITIES

In CZK thousands	31 December 2020	31 December 2019
Unbilled deliveries	1,294	526
Due to state budget	-	388
Other liabilities*	1,343	2,366
Collateral pledged	3,937	-
<b>Total</b>	<b>6,574</b>	<b>3,280</b>

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

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

## 9 DEFERRED INCOME AND ACCRUALS

In CZK thousands	31 December 2020	31 December 2019
Estimates of depositary fees	-	22
Bank fees	89	-
<b>Total</b>	<b>89</b>	<b>22</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 10 SHARE CAPITAL

### Share capital as at 31 December 2020

Shareholders	Registration date	Share nominal		Nominal value
		value	Number of shares	
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
<b>Total</b>			<b>487</b>	<b>487,000</b>

Shareholders	Registered office	Number of shares	Percentage of ownership
Generali Česká pojišťovna a.s.	Spálená 75/16, Prague 1	277	56.88%
GP Reinsurance EAD	68 Knyaz Alexander Dondukov, Sofia, Bulgaria	92	18.89%
SMALL GREF a.s.	Na Pankráci 1658/121, Nusle, 140 00 Prague 4	118	24.23%

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

**NOTES TO THE FINANCIAL STATEMENTS  
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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.

Revaluation reserve as at 31 December 2020 and 2019 can be broken down as follows:

In CZK thousands	31 December 2020	31 December 2019
Revaluation of interests in subsidiaries (see Note 5)	1,073,588	1,386,550
<b>Revaluation gains/losses recognized in equity</b>	<b>1,073,588</b>	<b>1,386,550</b>

**Loss compensation / distribution of profit**

Profit after tax of CZK 82,777 thousand for 2019 was paid as dividend to the Fund's shareholders.

The distribution of the net profit of CZK 673,391 thousand for 2020 has not been approved by the General Meeting of shareholders.

In late 2019, reports of COVID-19 started coming out of China. In the first months of 2020, the virus spread worldwide, negatively affected many countries and caused extensive economic damage.

While the situation is constantly changing at the time these financial statements are published, it appears that the negative impact of this pandemic on individuals and world trade may be more severe than originally expected. The CZK/EUR exchange rate depreciated, the value of shares on the markets fell and commodity prices recorded significant fluctuations.

On a daily basis, the management evaluates all risks and monitors and assesses the Fund's liquidity in order to ensure the least possible negative impact on the Fund (investors).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 11 ASSETS PROVIDED FOR MANAGEMENT BY A THIRD PARTY

The Fund's total assets of CZK 9,489,479 thousand as at 31 December 2020 (2019: CZK 9,181,827 thousand) are managed by the Company. The fee for management of the Fund is disclosed in Note 14.

## 12 INTEREST AND SIMILAR INCOME

### 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
<b>Total</b>	<b>49,087</b>	<b>29,062</b>	<b>78,149</b>

### 31 December 2019

In CZK thousands	Czech Republic	European Union	Total
Interest on loans	47,970	29,616	77,586
Interest on term deposits	1,217	-	1,217
<b>Total</b>	<b>49,187</b>	<b>29,616</b>	<b>78,803</b>

## 13 INCOME FROM SHARES AND INTERESTS

### 31 December 2020

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

### 31 December 2019

In CZK thousands	Czech Republic	European Union	Total
Dividends received during the year	50,200	16,766	66,966
<b>Total</b>	<b>50,200</b>	<b>16,766</b>	<b>66,966</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 14 FEE AND COMMISSION EXPENSES

In CZK thousands	31 December 2020	31 December 2019
Fee for management of the Fund	7,412	6,586
Fee to the Depositary	264	264
Other fees a commissions	482	157
<b>Total</b>	<b>8,158</b>	<b>7,007</b>

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 2020

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

### 31 December 2019

In CZK thousands	Czech Republic	European Union	Total
Derivatives	37,101	-	37,101
Other foreign exchange differences	(2,914)	(11,502)	(14,416)
<b>Total</b>	<b>34,187</b>	<b>(11,502)</b>	<b>22,685</b>

## 16 OTHER OPERATING INCOME

In CZK thousands	31 December 2020	31 December 2019
Profit from the transfer of ownership interests	645,504	-
<b>Total</b>	<b>645,504</b>	<b>-</b>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 17 ADMINISTRATIVE EXPENSES

In CZK thousands	31 December 2020	31 December 2019
Staff costs	7,230	8,592
Fee for statutory audit (incl. VAT)	1,262	1,171
Other	1,798	3,864
<b>Total</b>	<b>10,290</b>	<b>13,627</b>

Staff costs can be broken down as follows:

In CZK thousands	31 December 2020	31 December 2019
Wages and bonuses to members of the Board of Directors	-	-
Other wages, personnel costs and bonuses to employees	5,829	6,909
Bonuses to members of the Supervisory Board	-	-
Social security and health insurance	1,401	1,683
<b>Total</b>	<b>7,230</b>	<b>8,592</b>

Employee statistics

In CZK thousands	31 December 2020	31 December 2019
Average number of employees	2	3
Number of members of the Board of Directors	0	0
Number of members of the Supervisory Board	1	1
<b>Total</b>	<b>3</b>	<b>4</b>

## 18 PROVISIONS

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

	Balance as at 31/12/2019	Additions	Deductions	Balance as at 31/12/2020
<b>Provisions</b>				
<b>Other</b>	1,617	13,819	(1,680)	13,756

	Balance as at 31/12/2018	Additions	Deductions	Balance as at 31/12/2019
<b>Provisions</b>				
<b>Other</b>	1,846	2,577	(2,806)	1,617

Provisions recognized in 2019 included provisions for employee bonuses. Provisions created in 2020 represent 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).

NOTES TO THE FINANCIAL STATEMENTS  
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## 19 INCOME TAX

The tax expense includes:

In CZK thousands	31 December 2020	31 December 2019
Tax expense payable	1,416	1,212
Deferred tax expense / (-) income	(33)	11
Adjustment of prior year tax expense*	1,582	293
<b>Total</b>	<b>2,965</b>	<b>1,516</b>

\*Adjustment of tax within preparation of the 2018 tax return.

Current tax expense – analysis

In CZK thousands	31 December 2020	31 December 2019
Current year profit /(loss) before tax	676,356	84,293
Revenues forming a separate tax base	(32,867)	(66,966)
Non-deductible expenses*	32,022	9,726
Non-taxable income	(647,184)	(2,806)
Tax base /(tax loss)	28,327	24,247
<b>Corporate income tax payable at 5%</b>	<b>1,416</b>	<b>1,212</b>

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

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

In CZK thousands	31 December 2020	31 December 2019
Provision for bonuses	107	81
Provision for accrued vacation	7	-
<b>Total deferred tax asset</b>	<b>114</b>	<b>81</b>

As at 31 December 2020, the Fund calculated a deferred tax asset of CZK 114 thousand (CZK 81 thousand as at 31 December 2019).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 20 RELATED PARTY TRANSACTIONS

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

Receivables from related parties	31 December 2020	31 December 2019
Loans extended to property companies	2,069,178	2,020,041
<b>Total</b>	<b>2,069,178</b>	<b>2,020,041</b>

Payables to related parties	31 December 2020	31 December 2019
Loan received from GP Reinsurance	790,000	790,000
Loan received from CZI Holdings N.V.	-	1,120,000
Other liabilities – invoices received from Generali Investments CEE	634	657
<b>Total</b>	<b>790,634</b>	<b>1,910,657</b>

Cost billed to the Fund from related parties	31 December 2020	31 December 2019
Interest on received loan – GP Reinsurance	27,198	32,074
Interest on received loan – CZI Holdings N.V.	15,425	31,682
Interest on received loan – Generali CEE Holding B.V.	176	-
Fee for management – Generali Investments CEE	7,412	6,586
Fee for advisory services – Generali Versicherung AG	-	3,631
<b>Total</b>	<b>50,211</b>	<b>73,973</b>

Revenues billed by the Fund from related parties	31 December 2020	31 December 2019
Interest on loans extended to property companies	77,734	77,551
Dividends received from property companies	32,867	66,966
<b>Total</b>	<b>110,601</b>	<b>144,517</b>

NOTES TO THE FINANCIAL STATEMENTS  
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## 21 FINANCIAL RISKS

### (a) Market Risk

As a consequence of its investment strategy in line with its Statute, the Fund does not take on exposure to market risk. The exception is the volatility on the commercial real property market on which the market factors can cause significant fluctuations in the fair value of real property directly influencing the value of the interests in which the Fund makes investments.

#### Geographical segmentation of assets

##### 31 December 2020

In CZK thousands	Czech Republic	European Union	Total
<b>Assets</b>			
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
<b>Total assets</b>	<b>7,008,953</b>	<b>3,290,945</b>	<b>10,299,898</b>

##### 31 December 2019

In CZK thousands	Czech Republic	European Union	Total
<b>Assets</b>			
Due from banks	58,005	-	58,005
Due from clients	1,159,912	860,129	2,020,041
Interests in subsidiaries	7,232,147	1,779,740	9,011,887
Other assets	6,813	-	6,813
<b>Total assets</b>	<b>8,456,877</b>	<b>2,639,869</b>	<b>11,096,746</b>

### b) Derivative-associated risk

#### Foreign exchange forwards and swaps

In CZK thousands	31 December 2020	31 December 2019
Off balance sheet receivables from foreign exchange derivatives	916,823	998,000
Off balance sheet payables from foreign exchange derivatives	913,326	990,990
Positive fair value of foreign exchange derivatives	3,317	6,732
Negative fair value of foreign exchange derivatives	-	-
<b>Total fair value of financial derivatives</b>	<b>3,317</b>	<b>6,732</b>

**NOTES TO THE FINANCIAL STATEMENTS  
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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 value of outstanding financial derivative instruments. The derivatives are used to hedge risks. As they provide for natural hedge the Fund does not use hedge accounting.

The notional principals summarized also in the Fund's off balance sheet serve for comparison to the tools presented in the balance sheet but they do not represent the Fund's exposure towards the credit risk.

**(c) Currency Risk**

The Fund takes on exposure resulting from fluctuations in the prevailing foreign currency exchange rates to its financial position and cash flows.

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 towards fluctuations of foreign currencies towards CZK.

<b>31 December 2020</b>				
<b>In CZK thousands</b>	<b>CZK</b>	<b>EUR</b>	<b>PLN</b>	<b>Total</b>
<b>Assets</b>				
Due from banks	242,055	5,235	3,820	<b>251,110</b>
Due from clients	1,061,239	1,007,939	-	<b>2,069,178</b>
Interests in subsidiaries	5,553,578	1,867,277	554,827	<b>7,975,682</b>
Other assets	3,928	-	-	<b>3,928</b>
<b>Total financial assets</b>	<b>6,860,800</b>	<b>2,880,451</b>	<b>558,647</b>	<b>10,299,898</b>
<b>Liabilities</b>				
Due to clients	790,000	-	-	<b>790,000</b>
Other liabilities	2,637	3,937	-	<b>6,574</b>
Deferred income and accruals	89	-	-	<b>89</b>
<b>Total financial liabilities</b>	<b>792,726</b>	<b>3,937</b>	<b>-</b>	<b>796,663</b>
Net balance sheet assets	6,068,074	2,876,514	558,647	<b>9,503,235</b>
Off-balance sheet currency positions, net	916,823	(913,326)	-	<b>3,497</b>
<b>Net open currency position</b>	<b>6,984,897</b>	<b>1,963,188</b>	<b>558,647</b>	<b>9,506,732</b>

NOTES TO THE FINANCIAL STATEMENTS  
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**31 December 2019**

In CZK thousands	CZK	EUR	PLN	Total
<b>Assets</b>				
Due from banks	54,557	3,044	404	<b>58,005</b>
Due from clients	1,025,239	994,802	-	<b>2,020,041</b>
Interests in subsidiaries	6,087,451	2,924,436	-	<b>9,011,887</b>
Other assets	6,813	-	-	<b>6,813</b>
<b>Total financial assets</b>	<b>7,174,060</b>	<b>3,922,282</b>	<b>404</b>	<b>11,096,746</b>
<b>Liabilities</b>				
Due to clients	1,910,000	-	-	<b>1,910,000</b>
Other liabilities	2,088	1,192	-	<b>3,280</b>
Deferred income and accruals	22	-	-	<b>22</b>
<b>Total financial liabilities</b>	<b>1,912,110</b>	<b>1,192</b>	<b>-</b>	<b>1,913,302</b>
Net balance sheet assets	5,261,950	3,921,090	404	<b>9,183,444</b>
Off-balance sheet currency positions, net	998,000	(990,990)	-	<b>7,010</b>
<b>Net open currency position</b>	<b>6,259,950</b>	<b>2,930,100</b>	<b>404</b>	<b>9,190,454</b>

**(d) Interest Rate Risk**

The Fund's only interest-bearing items as at 31 December 2020 were amounts due from banks of CZK 251,110 thousand (31 December 2019: CZK 58,005 thousand) and amounts due from clients of CZK 2,069,178 thousand (2019: CZK 2,020,041 thousand). Detail information on interest rate risk on amounts due from clients is disclosed in Note 4. The Fund is not exposed to a significant interest rate risk on grounds of the above exposures.

NOTES TO THE FINANCIAL STATEMENTS  
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(e) Liquidity Risk

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

31 December 2020

In CZK thousands	Within 3 months	3 - 12 months	1 - 5 years	Not specified	Total
<b>Assets</b>					
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
<b>Total financial assets</b>	<b>255,038</b>	<b>717,932</b>	<b>1,351,246</b>	<b>7,975,682</b>	<b>10,299,898</b>
<b>Liabilities</b>					
Due to clients	-	790,000	-	-	790,000
Other liabilities	6,574	-	-	-	6,574
Deferred income and accruals	89	-	-	-	89
<b>Total financial liabilities</b>	<b>6,663</b>	<b>790,000</b>	<b>-</b>	<b>-</b>	<b>796,663</b>
<b>Net assets</b>	<b>248,375</b>	<b>(72,068)</b>	<b>1,351,246</b>	<b>7,975,682</b>	<b>9,503,235</b>

31 December 2019

In CZK thousands	Within 3 months	3 - 12 months	1 - 5 years	Not specified	Total
<b>Assets</b>					
Due from banks	58,005	-	-	-	58,005
Due from clients	-	146,108	1,873,933	-	2,020,041
Interests in subsidiaries	-	-	-	9,011,887	9,011,887
Other assets	6,813	-	-	-	6,813
<b>Total financial assets</b>	<b>64,818</b>	<b>146,108</b>	<b>1,873,933</b>	<b>9,011,887</b>	<b>11,096,746</b>
<b>Liabilities</b>					
Due to clients	-	1,120,000	790,000	-	1,910,000
Other liabilities	3,280	-	-	-	3,280
Deferred income and accruals	22	-	-	-	22
<b>Total financial liabilities</b>	<b>3,302</b>	<b>1,120,000</b>	<b>790,000</b>	<b>-</b>	<b>1,913,302</b>
<b>Net assets</b>	<b>61,516</b>	<b>(973,892)</b>	<b>1,083,933</b>	<b>9,011,887</b>	<b>9,183,444</b>

## 22 SUBSEQUENT EVENTS

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 (for a detailed description of the change see Section 2q).

Date of preparation

Signatures of the statutory representatives

27 April 2021

Ing. Marek Bečička



## 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, depositaries, leverage, transparency and supervision (hereinafter 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 (hereinafter 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.

06/2008 - 01/2015

Generali PPF Asset Management a.s.), Portfolio Manager

## INFORMATION SECTION

FOR THE YEAR ENDED 31 DECEMBER 2020

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

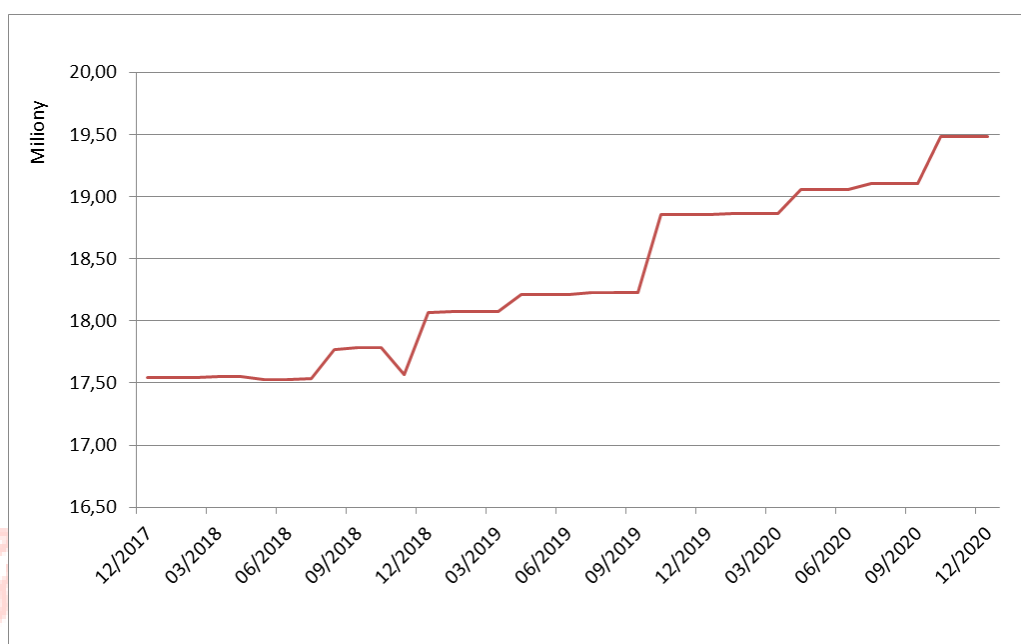
There are no entities performing the activities of a prime broker for the Fund.

- 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

Ownership interests	Total acquisition price (in CZK thousands)	Total fair value (in CZK thousands)	Number of units/shares
Solitaire Real Estate, a.s.	389,520	601,704	64,148
PALAC KRIZIK a.s.	525,891	687,490	101
IDEE s.r.o.	405,651	449,375	
PL INVESTMENT JEROZOLIMSKIE I Sp. Z o.o.	591,462	554,827	200
Náměstí Republiky 3a, s.r.o.	766,000	880,241	
MUSTEK PROPERTIES, s.r.o.	805,851	820,308	
Office Center Purkyňova, a.s.	293,721	302,241	20
Cleha Invest Sp. z o.o.	718,037	862,220	10,110
SIBSEN Invest sp. z o.o..	775,079	1,005,057	167,640
Palác Špork, a.s.	927,816	1,041,514	20
OVOČNÝ TRH 2 s.r.o.	187,706	201,847	
BRITISH CORNER s.r.o.	515,360	568,858	



- 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



[In millions]

Note: Growth in NAV/share as at 31 December 2020 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 2020, the Fund distributed profit for the 2019 reporting period in the amount of CZK 82,776,804.98 as follows: the profit was paid in the form of dividend to the Fund's shareholders, while an advance on dividend of CZK 70,000 thousand was paid to the Fund's shareholders in the course of the year 2019 and the remaining dividend amount to be paid was CZK 12,776,804.98.

- 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 amount 0.1% (0.08% in 2020) 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 the consideration paid or expenses incurred by the Fund are included in the financial statements of the Fund.

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

Date	Fund's equity per share (in CZK thousands)	Fund's total equity (in CZK thousands)	Number of shares
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

- 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.

Information on the remuneration to the members of 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.generali.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 amending Regulation (EU) No 648/2012 (hereinafter 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**

No significant 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 2021**

No changes in the Fund's investment policy are anticipated in 2021. The primary task of the Fund remains to maximize the yield of the invested assets in accordance with the Fund's investment strategy.