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# INTRODUCTION

DEAR BUSINESS PARTNERS AND FRIENDS,

The real estate group Českomoravská Nemovitostní (ČMN) has completed another year – a year which was defining for us. 2018 was a great success, as we managed to close a number of major transactions, which hoisted us among the major players on the Czech real estate market. However, these achievements pale in comparison to 2019, when we

achieved something extraordinary: we've doubled the balance sum, bought top-class real estate for over CZK 3 billion, started a strategic cooperation with a stockbroker and established a real estate fund. The following text will tell you more.

## Year 2019

In 2019, ČMN maintained strong growth momentum, increasing the asset value to CZK 4.9 billion, almost double the value at the end of 2018. ČMN recorded a growth in EBITDA, from CZK 320 million in 2018 to more than CZK 360 million in 2019. These figures are closely tied to new acquisitions. Last year, we successfully closed the long-prepared acquisition of Crystal and BLOX. Both buildings are at the top in terms of location, technologies and standards for tenants. These deals were the largest Czech office building transactions in 2019. ČMN's total leasable area exceeded 50,000 square metres at the end of 2019, which ranks ČMN among the top 10 owners of office space in Prague.

The financing by ČSOB has been a crucial achievement, raising over CZK 2 million in total for our Crystal and BLOX projects. For me, it has been a confirmation that we are on the right track. Dealing with ČSOB has been challenging, and I must admit that the depth of analysis was surprising to me. ČSOB went to great lengths to make sure that our group of companies is financially sound and healthy. I am very pleased to say that after a rigorous evaluation of our business model, based partly on bond financing, ČSOB concluded that our figures, models and assumptions are reasonable. ČSOB has become a very important partner with a perspective of long-term cooperation for us.

Another major achievement last year was the establishment of the NEMO real estate fund. After opening the fund to retail clients in November, it gained hundreds of satisfied investors. I believe the fund will earn a stable and long-term return of 5% per annum. So far, we are on track to achieve this goal.

Proof of this is the 3rd place in a real estate fund ranking compiled by *Hospodářské noviny* at the end of 2019.

This is also connected to strategic cooperation with Colosseum, a.s., a renowned Czech stockbroker, which has served its clients for more than 20 years. Colosseum has become NEMO's exclusive distributor in the Czech Republic. Thanks to thousands of satisfied co-investors, we are becoming more interested in the world of financial products. We are going to be very active in this area, bringing our clients and business partners a whole lot of attractive investment opportunities. That said, our products will not earn our clients dozens of percent a year, because we will stick firmly to stability. Because stability is exactly what we all need in this hectic and dynamically changing world.

## Outlook

Our common success is phenomenal. However, it is unlikely that we will be able to maintain such sky-high growth in the long-term. In the days to come, ČMN cannot grow by multiples of its balance sum any more. This is determined by a small number of projects that meet our rigorous requirements. In 2019, we closed 6 transactions and we do not see any opportunities for considerably more transactions in the years to come.

Our long-term economic goal is to maximize the value of ČMN as a real-estate group. We don't measure success by the magnitude of our balance sum, but rather by the quality of the assets we own. Peace of mind is more important for us than striving for unrealistic numbers of the balance sum. Large numbers may look attractive in promotional leaflets

or in the media, but in this time of a shortage of high-quality projects and excess liquidity, the hunt for such high-rising goals will necessarily lead to a compromise in internal quality standards. And we do not want to compromise on quality, and we will never do so.

### **How does ČMN operate?**

The key to the success of our real estate group consists in adhering to a couple of very simple principles. The first one is to buy only the best available assets. The best real estate is one which grows strongest during growth periods and falls little during slumps. The quality of any real estate is closely related to the location. That is why we always make sure that the building is easily accessible by public transport and, in Prague, is near an underground station. In the long-term, real estate in such locations is attractive for large institutional players, which translates into considerably higher liquidity of the project.

Such building is then leased to prime tenants, with whom we strive to build long-term partnerships. The validity of this statement is confirmed by the fact that our properties are currently occupied by international corporations, such as Amazon and Nestlé. Our tenants also include major Czech institutions, such as the health insurance companies Všeobecná zdravotní pojišťovna and Zdravotní pojišťovna ministerstva vnitra. In practice, this means that the risk of default in payment of rent is very low.

Our simple and sound principles for selecting real estate proved successful during the global Covid-19 pandemic, which is just now culminating. Adhering to these principles consistently has spared us from many sleepless nights and from financial losses.

By carefully selecting high-quality tenants, we were able to weather the current situation virtually without any harm. In fact, quite the opposite happened: we discovered a vast number of investment opportunities that opened for us, and we are probably going to exploit some of them in 2020.

It is no secret that ČMN extensively uses financial leverage in order to achieve the most attractive revenues for the group, as well as for our co-investors. Our model of external financing through bond issues and senior bank financing is not a revolutionary thing. However, in the early stages of a company's growth, it enables it to grow faster than the competition and to build a better position for the future. This approach to multi-source financing is derived from very successful business models, used by managers such as Henry Singleton in Teledyne Inc. or Tom Murphy in Capital Cities / ABC Inc. These managers generated extraordinarily high revenues over a period of several decades, which was reflected in the growth of these companies. This model has been based on a higher proportion of debt. Tom Murphy said his approach was very simple: "I focus on industries with attractive economic characteristics, selectively use leverage to buy occasional large properties, improve operations, pay down debt, and repeat."

However, simple things may not be easy to do. That is why I am so glad that in ČMN, we managed to build a team of excellent professionals who previously held various positions in some of the best companies. The legal department consists of people who worked for Wilsons, BBH or White & Case, in asset management we have people from CBRE, Immofinanz and Cushman & Wakefield. In finance, we have experts with experience from EY or an investment bank in

Frankfurt.

A reliable and efficient team of colleagues and business partners, combined with the trust of our co-investors, is what drives all of us in ČMN. I'd like to devote the success and achievements described on the following pages to them.

With best regards,

**Radek Stacha**

Chairman of the Board of Directors  
Českomoravská Nemovitostní







# SELECTED ECONOMIC INDICATORS OF THE ČMN GROUP

## Assets

**CZK 4.9 billion**

CZK 2.2 billion as of 31 December 2018

## Shareholders' Equity

**CZK 907 million**

CZK 694 million as of 31 December 2018

## EBITDA

**CZK 361 million**

CZK 316 million as of 31 December 2018



# ABOUT THE GROUP AND OUR PARTNERS

The real estate group Českomoravská Nemovitostní (“ČMN” or the “ČMN Group”) was established in 2016. In its business activities, it focuses on the purchase and management of commercial real estate in the Czech Republic.

In the commercial real estate segment, the Group mainly focuses on office buildings, which it perceives as very predictable and consistent in terms of generating rental income. When choosing a property in terms of location, it specializes in buildings in large cities, and aims to create multi-year partnerships with major national and multinational players. The emphasis is on the long-term investment horizon and creditworthiness of tenants in each property.

The Group aims to achieve a stable and long-term return on the capital invested. As part of its realized investments, it relies on the expertise and years of experience of its expert team, and on working with partners who are leaders in their respective fields.

Českomoravská Nemovitostní is a Czech group with Czech capital. In its investment strategy, it relies solely on an analytical approach. It verifies in detail every purchase or sale, and considers all the commercial, legal, accounting, tax and technical indicators. Českomoravská Nemovitostní builds on fundamental values that include stability, professionalism, quality, transparency and integrity.

## OUR PARTNERS

LEGAL ADVISORS



Wilson

KINSTELLAR

TAX ADVISORS



PROPERTY MANAGEMENT



CENTRA

TECHNICAL ADVISORS



BANKS



# BOARD OF DIRECTORS

Ing. et Ing.

## **Radek Stacha**

Chairman of the Board of Directors



Ing. Mgr.

## **Josef Eim**

Member of the Board of Directors



Mgr.

## **Jan Fiala**

Member of the Board of Directors





# SIGNIFICANT MILESTONES OF ČMN

**6/2019**

ČMN SURPASSED 3 BILLION  
IN ASSETS IN 3 YEARS

ČMN became the new owner of one of the landmarks of Vinohrady - the Crystal building.

It bought the property from the holding CFH.

The value of the transaction exceeded  
CZK 1.3 billion.

**9/2019**

ČMN BOUGHT TWO-BILLION BLOX

The eight-story building with timeless architecture in Dejvice just became a part of ČMN. The building houses one of the world's largest e-shops, Amazon.

**11/2019**

STRATEGIC PARTNERSHIP  
WITH STOCKBROKER COLOSSEUM

The ČMN Group has established a long-term and strategic partnership with the company Colosseum, a.s., a renowned Czech stockbroker, which will ensure distribution of the NEMO Fund.

**7/2019**

APPROVAL OF THE ČMN GROUP PROSPECTUS

Approval by the Czech National Bank of another prospectus regarding its bond program, thanks to which it is possible to finance larger, higher quality and thus more stable real estate.

**11/2019**

ČMN OPENED THE NEMO FUND  
TO RETAIL CLIENTS

The strategy of the NEMO Real Estate Fund is long-term investment in premium office buildings in the Czech Republic with highly creditworthy tenants.

**12/2019**

ČMN GROUP WAS THE LARGEST  
CZECH INVESTOR IN 2019

The Českomoravská Nemovitostní Group through its two listed purchases in 2019 became one of the largest local players in terms of transactions implemented in commercial real estate.

# COMMERCIAL PROPERTY INVESTMENTS

The year 2019 confirmed the investment trend in commercial real estate. This is a long-term, stable, strong and profitable segment of investment activities. Mainly the excess liquidity in the market and ever-strong demand for office space support appreciation of commercial buildings.

The trend of investing in commercial property is supported by the extremely lax monetary policy of the European Central Bank, as well as high demand from companies seeking space for rent. This is evidenced by the vacancy rate for office buildings, which reached 5.5% in the fourth quarter. This is indeed higher than in the previous two quarters, but it still remains extremely low.

Finally, the trend is also influenced by the complicated process of acquiring building authorization. A large majority of newly constructed space is also occupied by tenants prior to the completion of construction work. The consequence of this situation is an increase in rent in premium buildings in the very centre of Prague beyond EUR 22 per square meter per month. All these factors confirm that these very investments in the commercial real estate sector represent the right way forward.

## Transactions in 2019

Total investment volume in commercial real estate in 2019 amounted to around EUR3 billion, an increase of more than a quarter over the previous year.

Apart from foreign investors, the buying power of Czech investors has also increased, which is clearly a positive sign. Czech capital brings stability and diversification of foreign capital.

The highest amount of capital invested has, traditionally, been recorded by the administrative buildings segment. In 2019, it represented 52% of total transactions. Office buildings also lead in terms of transaction volume. Moreover, on the domestic commercial real estate market, the volume of large deals is increasing. There was a significant increase in transactions over EUR 50 million (CZK 1.28 billion). Meanwhile, domestic investors were attaining them much more frequently. Czech capital was involved in a quarter of the transactions, while in 2018 the number was only around 10%. The share of Czech investors this year, according to statistics from Cushman & Wakefield, amounted to about 35%, which is the most of any country.

In 2019, Českomoravská Nemovitostní was one of the largest local players in terms of executed transactions. The long-term goal of the Group is investment in commercial real estate mainly in the Czech Republic. CMN Group has bought the project Crystal in the second quarter followed by the office building BLOX in the third quarter of 2019. Both buildings were part of a single transaction, which was also the biggest purchase in the office segment with a domestic investor standing behind. Thanks to



these high-quality investment projects, ČMN enables its clients to invest indirectly in the most stable sector of commercial real estate.

### **Stable and long-term investment**

Investment in commercial real estate brings investors revenue primarily via two basic ways. The first is through the collection of rent, which is generally regular and predictable. The second method of capital appreciation stems from a change in the value of the property itself. The asset manager may increase value of every project by appropriate active management, cost reduction, modernization or negotiating attractive lease agreements.

Administrative buildings are a long-term asset with a life expectancy exceeding 50 years. The real estate market is also specific for its length of leases, which often surpass five years. The property owner thus knows his long-term income in advance, while having enough time to prepare for any changes. As a result, commercial buildings represent a stable and long-term investment.

In comparison with other assets, they are also significantly more resistant to financial crises. This is demonstrated, for example, by the development of Cushman & Wakefield's index of Czech commercial buildings, from which it is apparent that during the economic crisis in Q4 2008, when the Czech stock market fell by almost 60%, commercial buildings

generally held their value, falling by only one-fifth. The number is artificially higher, mainly due to the lack of transactions in the market, because over that crisis, the only ones selling were property owners forced to do so. It is also important to note that the real estate values soon recovered. The Czech stock index is still down at about half of its 2007 value after well over a decade.

There is traditionally high demand for premium office buildings. Transactions take place either on the market, or off-market. In the first case, the property is advertised and basically publicly offered. The advantage is a higher price for the seller and easier access for the buyer. Off-market trades are private and mostly concern a direct agreement between two parties. The advantage for the seller is the speed of negotiations and confidence in the successful completion of the transaction. The positive effect for the buyer is a lower purchase price.

For this reason, the ČMN Group focuses on building and maintaining a wide network of contacts to be able to buy buildings outside the market at a lower price. In ČMN, we place emphasis on quality of the owned real estate over quantity. Our goal is to have a highly diversified portfolio of premium properties occupied by highly creditworthy tenants. We believe that this strategy will allow us to secure long-term growth and stable returns for our clients.



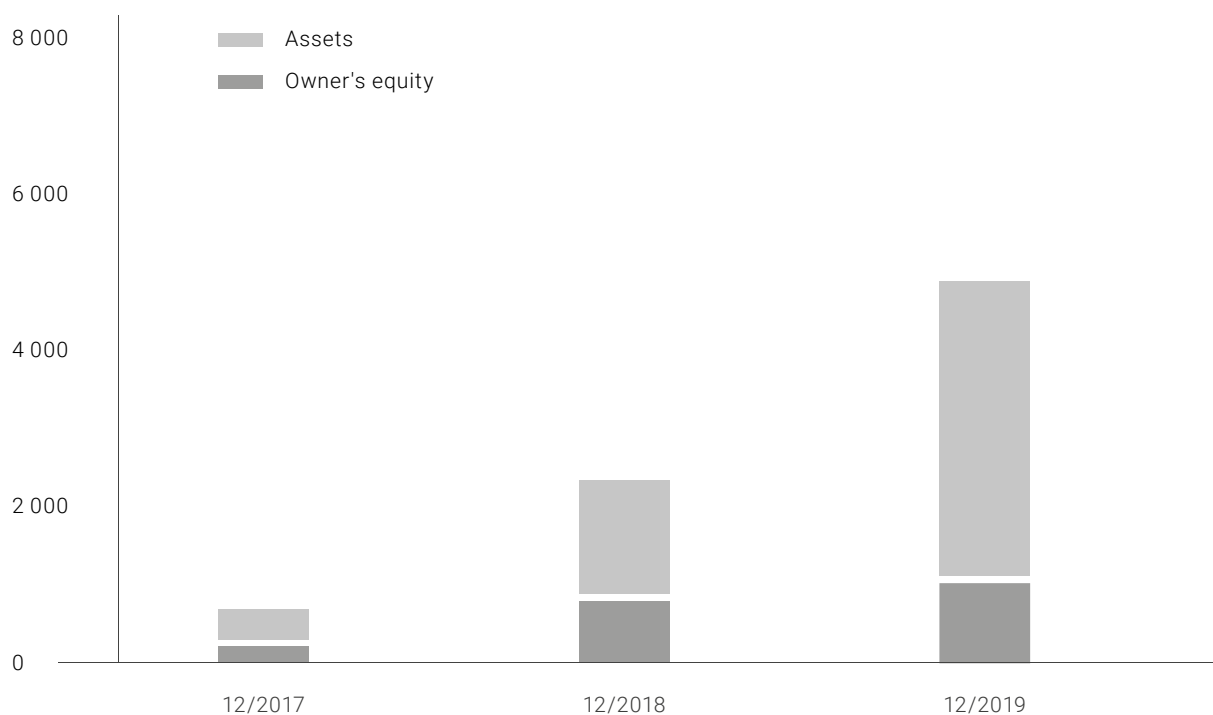
# DEVELOPMENT OF ASSETS IN TIME

The following graph shows the evolution of the amount of assets and owner's equity since 2017. The graph confirms the initial section regarding continuous and significant growth. However, it is important to say that even if the ČMN Group continues to expand, it is not possible to achieve the same percentage increase as in previous years.

At the end of 2019, the ČMN Group had concluded exclusivity on other important properties and transactions were under negotiation, which it plans to complete in 2020. The Group's strategy remains unchanged and it intends to hold the properties that

make up its core - Crystal and Blox - over the long-term. The real estate market is essentially the same as everything else. Acquisitions and growth make sense only in the case of finding a quality product with attractive risk-return trade-off potential.

In the event that the market holds no investment opportunities, this could certainly lead to stagnation of assets. In this case, the Group will focus particularly on reducing its debt burden so that in the event of a market turnaround, it would again be ready to expand.



# REAL ESTATE FUNDS IN THE WORLD AND IN OUR COUNTRY

The popularity of real estate funds among Czech investors continues to grow and its share in total investment in retail funds over the last ten years has doubled. While in 2009, investments in retail real estate funds totalling CZK 8.6 billion accounted for only 3%, by the end of 2019, they rose to a total of CZK 37 billion, i.e. a share of nearly 7% of total investments in retail investment funds totalling CZK 549 billion.

A real estate fund is the ideal tool for investing in real estate without a person needing to have a million crowns to invest. Another indisputable advantage is diversification. This means that investors mediate a partial stake across an entire real estate portfolio, which can be diversified both geographically and across property type - they can be offices, shopping centres, logistics centres or even residential property.

Thanks to low interest rates and the inflow of new capital, the domestic real estate market grows consistently stronger, and real estate prices and rents rise over the long term. Meanwhile, due to high demand, they indicate a low vacancy rate.

## **O investice se stará odborník**

Another substantial positive of investing in real estate funds is to be found in entrusting money to experts regarding the real estate market and real estate investments directly or through real estate agencies. The real estate fund also caters to the obligations arising from the operation of these properties. It sees

to their active management and promotes the growth of their market price.

These funds typically achieve a stable return on investment resulting from income from long-term leases. Thanks to so-called inflation clauses in tenancy agreements, the real estate fund may provide effective protection against inflation because the rent amount adjusts to the annual inflation rate. In fact, the historical returns of real estate funds are well above the inflation rate or ordinary savings.

## **Investments in real estate funds are constantly growing**

According to data of the Czech Capital Market Association (AKAT ČR), there has been a ten-fold increase in the volume of money invested in real estate funds since 2012.

The data reported by AKAT ČR also indicates that over the last three years, investments in real estate funds have doubled, while investments in other domestic and foreign funds (money market funds, bond, equity, mixed and structured funds) increased over the same period by about one-quarter.

This phenomenon points to the trend of increasing popularity in this very investment in real estate funds, which in our country even five years ago represented only 1.5%, whereas by 2021, real estate market funds in the investment fund market should represent

10%. The growing popularity of real estate funds is understandable in light of their performance in recent years - their value is comparable to far more risky investments.

#### **Appreciation of real estate funds over 4%**

If we look at the overview of Top Real Estate Funds published in the financial newspaper *Hospodářské noviny* and drawn up in cooperation with the Institute of Strategic Investments, we see that the average appreciation of retail property funds achieved in the last 3 years is 4.2%. Qualified investors funds (QIF) even reach 11.4%. This difference is due, inter alia, to tighter regulation of retail real estate funds, intended to ensure higher investment security.

One of the major differences is the use of financial leverage, or the permitted limits on so-called LTV (loan-to-value), i.e. the ratio of loan-to-value assets. This ratio was observed with the sample in the aforementioned analysis in the average amount of 58% for QIFs and 38% for retail funds.

In previous years, the annual results of real estate funds thanks to the real estate boom in the Czech Republic achieved valorisation in the low tens of percent. Of course, in markets having a tendency to look for long-term balance, such a state cannot remain forever, and appreciation in this segment will naturally return to the long-term average of healthy, yet not runaway, growth.



# NEMO FUND

The real estate fund called "NEMO" was founded in June 2019. Its strategy is long-term investment in premium office buildings in regional cities in the Czech Republic. This segment is among the most stable.

The Fund seeks already functioning projects that have a consistent and sustainable potential of rental income. In addition, it deliberately focuses on properties in the order of hundreds of millions of crowns occupied by quality tenants that have entered into a long-term lease.

## **Investing in real estate in the Czech Republic**

The NEMO Real Estate Fund focuses exclusively on projects in the Czech Republic. Investors thus know what they are investing in, and they can always examine the projects with their own eyes. In addition, experts from the NEMO Fund have a constant and detailed overview of all the buildings in the fund portfolio. Of course there is the daily care of managed buildings, which is an indisputable advantage of the aforementioned NEMO Fund on the Czech market

- so one can take better care of buildings and create positive relationships with tenants, which ultimately leads to the satisfaction of all parties. Thanks to this, the value of real estate in the portfolio is growing steadily.

## **Real estate in attractive locations**

By the end of 2019, the NEMO Fund owned two properties - one on Wenceslas Square and the other on Pekařská street in Prague, where Volkswagen Financial Services is headquartered.

The long-term objective of the NEMO Fund is a regular, stable yield of 5% per annum. The fund has all the prerequisites for inclusion among the top in the offer of real estate funds in the Czech Republic, thanks to both its performance and especially to the quality of real estate owned.

The renowned Czech securities trader Colosseum, a.s. provides distribution of the fund.

# REAL ESTATE - THE FOUNDATION OF OUR BUSINESS

The business activities of the ČMN Group focused on the purchase and long-term holdings of high-quality buildings in major regional cities in the Czech Republic. The portfolio is expanding particularly to include premium real estate at prestigious addresses that have entered into long-term lease agreements with their tenants, which in turn fosters the stability of the Group.

When choosing a property, the time-proven strategy built on the principles of stability, flexibility and diversification is always crucial. The Group aims to protect investors against high levels of non-systematic risks related to each individual property.

## **The aim of investments is quality, stability, sustainable development and an attractive yield**

Towards the end of 2019, there was a significant increase in the Group's assets, and the aggregate value of the managed portfolio surpassed the boundary of five billion crowns. In early June 2019, the Group grew to include a Prague landmark in the Vinohrady district - the Crystal office building - and in September, the BLOX property located on European street in Dejvice.

The projects of Českomoravská Nemovitostní

are used by customers from major national and multinational companies, which together form a leasable area of more than 50,000 square meters. Currently, the managed portfolio consists of premium buildings (Classes A and B +) with an average age of around 11 years. Their major tenants include Amazon Czech Republic Services s.r.o., CertiCona.s., Nestlé Česko s.r.o., the Health Insurance Company of the Interior Ministry of the Czech Republic and the General Health Insurance Company of the Czech Republic.

## **The basis is a detailed analysis of the queried property**

When selecting properties, the following criteria are particularly decisive: the state of the property, location and accessibility, the creditworthiness of tenants, length of existing lease agreements and, of course, the rate of return of the given property. One important factor is also the resulting synergy with other ČMN projects so that it ultimately contributes to the diversification of the investment activities of the Group. The Group aims to have the most diversified portfolio of premium properties and a diversified mix of tenants by industry, which is an integral part of the strategy of ČMN. Each acquisition is preceded by a rigorous, detailed analysis. After considering all commercial aspects, verification with due diligence



is carried out involving mainly technical, legal, financial and tax matters. Due to the necessity for high specialization, the Group collaborates with many external experts. ČMN takes a proactive approach to its new buildings. Immediately following acquisition, it begins working to increase their value, improve technical facilities, the aesthetic nature of the interior and exterior and the overall comfort of tenants. The key is building and improving relations with tenants and potential extension of leases, and an overall betterment of contractual terms and conditions for the lessor. In the framework of this process, there is a need for capital investment that the Group incurs to achieve significantly higher added value in the future.

Taking care of the property is among the priorities of Českomoravská Nemovitostní, so each building has a team of people who see to that very task. It is important to know the expectations of tenants, their needs and preferences. For this reason, the Group focuses on real estate in the Czech Republic, where it has everything under control and it can also provide premium service in terms of maintenance and ensuring everything its tenants expect.

# MANAGED PORTFOLIO IN NUMBERS

GLA

**53 500 m<sup>2</sup>**

19 615 m<sup>2</sup> as of 31 December 2018

PORTFOLIO VALUE

**CZK 5 billion**

CZK 1.3 billion as of 31 December 2018

WAULT

**4,9 roku**

4,9 years as of 31 December 2018

OCCUPANCY RATE

**98 %**

96 % as of 31 December 2018

## Top 5 tenants

amazon

CERTICON

Nestlé  
Good Food, Good Life

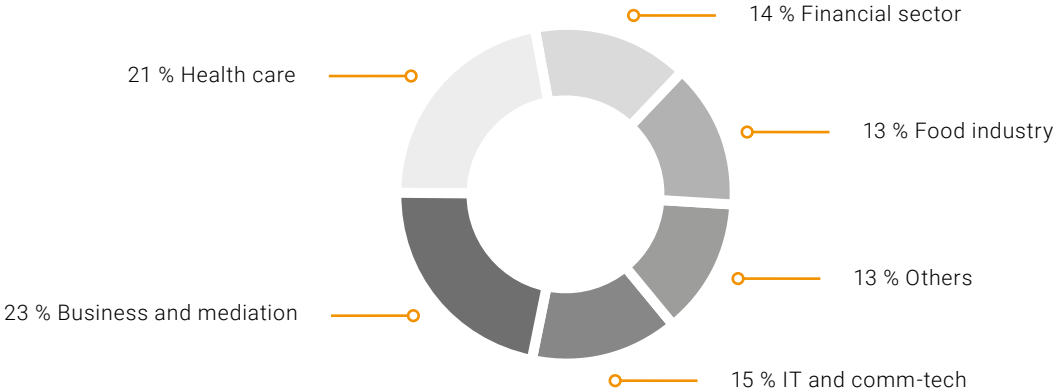
VZP

VOLKSWAGEN  
FINANCIAL SERVICES  
KLÍČ K MOBILITĚ

## Distribution by building quality



## Classification of tenants according to their line of business





# **PORTFOLIO OF REAL ESTATE MANAGED BY ČMN GROUP**

**Eight-floor building  
with a timeless design  
in Dejvice**





## BLOX

Evropská 11, Prague

### URBANISTIC CONCEPT OF PRAGUE DEJVICE

Office building BLOX complies with the fundamental urbanistic concept of the Prague district of Dejvice. It is divided into two wings. Their minimalist architecture, designed by the studio DAM architekti ltd., employs similar architectonic features, but in a different way. The building has 8 above-ground levels with a total of 16,200 sq. m of leasable area. It has been designed to meet all modern requirements and to satisfy all needs of the tenants.



# Crystal

Vinohradská 178, Prague

## VISTA POINT OF VINOHRADY

Its uniqueness is given by the crystal shape and a checkerboard pattern façade where the windows alternate with hanging aluminium panels. Designed by the Atelier 15 architects under the leadership of Libor Hrdoušek and Radek Lampa, it resembles a big and a small crystal. This unique building with the BREEAM certification is to be found in Vinohradská Street in Prague near the Vinohrady Palace. The sixty-meter high administrative building has 14 above-ground and 4 underground levels with a total area of 14,310 sq. m. This building can be seen from every Prague quarter.





**A unique building with a space  
of 14,310 sq. m for more  
than 1,000 employees.**



**Total area of 10,000 sq. m,  
16-meter-high atrium,  
350 employees**





## The Nestlé Headquarters

Mezi Vodami 31, Prague

TRADITION OF MODŘANY  
CHOCOLATE PRODUCTION

This real estate is to be found at Mezi Vodami 31 and is situated in a former industrial district of the Modřany chocolate factory Orion in Prague 4. This U-shaped building, with 5 above-ground levels and 3 underground levels, offers approx. 10,000 sq. m of leasable space. Since 2006, it has been used by Nestlé. Along with office premises for 350 employees, an open and spacious atrium full of greenery, this property also includes a conference and a training centre. Additionally, it offers an extensive outside terrace, canteen, company store and also a technical facility.



## The headquarters of Volkswagen Financial Services

Pekařská 6, Prague

### THE BUILDING WAS CUSTOM BUILT

This office property is situated in the western part of Prague in Pekařská street and has almost 6,500 sq. m in 4 above-ground levels. This property, was made to measure according to the wishes of the tenant, and is conveniently located with great public transport access. There is a direct connection to the motorway to Germany and to Václav Havel Airport Prague, as well as having the underground station, Nové Butovice, within walking distance.



**VOLKSWAGEN  
FINANCIAL SERVICES**

KLÍČ K MOBILITĚ



**6,500 sq. m in 4 above-ground levels  
made to measure according  
to the wishes of the tenant.**



**3,000 sq. m and 8 floors  
at the heart of Prague**





## Václavské náměstí 62

Prague

PEACE AND QUIET IN THE BUSIEST CENTRE  
OF PRAGUE

The building at Václavské náměstí 62 was built in 1998. With 3,000 sq. m. of space on 8 levels. Its façade features unique technical solutions, which make the building perfectly sound-proof even though it is located in one of the noisiest places in the city. The transport accessibility cannot be better. It is in a close vicinity of tram stops and underground stations, and there is also direct access to the Prague arterial road and motorway network.



**WESTERN  
UNION** **WU**™





# SUSTAINABLE BUSINESS

Českomoravská Nemovitostní has always focused on sustainable business, which means a balance between economic success, environmental protection and social aspects..

When selecting an investment project, ČMN emphasizes not only economic criteria, but also quality and cultivation. Present requirements on constructions do not end with energy efficiency, but also include social and environmental aspects. Everything that has an impact on a building user and its surroundings is vital. That is why ČMN has been selecting such real estate that meets contemporary standard requirements, including necessary green certifications, such as e.g. the BREEAM certificate \*. A total of 67 % of the group's portfolio (approximately 53,500 sq. m) is represented by certified buildings – Crystal and BLOX.

BLOX has the highest certification possible: BREEAM Outstanding. It has been designed to meet the strictest criteria of tenants. During the building process, emphasis was put upon the quality and efficiency of office premises and on the minimisation of the running costs of the building. Apart from the office space, the building includes Class A business premises. The building meets the latest standards, such as seven lifts, openable windows, independent control of both air-conditioning and outer blinds, and also an intelligent building control system. Crystal is also equipped with the latest technologies

\*BREEAM – a special certificate assessing the environmental impact of a building. There are 10 categories of assessment, such as energy, health and interior environment, innovation, use of soil, materials used, management, pollution, transport, waste and water.

and has the BREEAM Excellent certification. This award guarantees a comfortable and sustainable environment for each tenant, improving the mental and physical well-being of the people working in it. At the same time, it also protects natural resources.

As part of its social responsibility programme, ČMN focuses not only on sustainability but also on education and helping handicapped people.

And it does not end there: there is also self-cultivation and continuous education. Českomoravská Nemovitostní provides training to its employees and to university students, with the objective of promoting international literature by respected scholars, scientists and economists. The students can have access to up-to-date information and a global overview for his/her field of study.

The activities of the group in the non-profit sector are directed mainly to organizations helping handicapped people. The decision which organizations will be given such help will be always made by the employees of the company. In the past, this help was granted to Adra, Dobrý anděl, Lékaři bez hranic (Medicins sans frontiers) and Sue Ryder.



# **CONSOLIDATED ANNUAL REPORT AS OF 31<sup>ST</sup> DECEMBER 2019**

## 1. INTRODUCTION

Českomoravská Nemovitostní (hereinafter referred to as "Group ČMN" or "the Group") is a group of associates directly or indirectly managed by the company Českomoravská Nemovitostní a. s., based in Prague 1, Václavské náměstí 806/62, 110 00, IN 051 42 202 (further on as "the Group") as a holding company. Basic data of the company were on 31st December 2019, the basic data of the company was as follows:

<b>Firma</b>	<b>Českomoravská Nemovitostní a.s.</b>
Sídlo	Václavské náměstí 806/62, Nové Město, 110 00 Praha 1
Identifikační číslo	051 42 202
Zápis do obchodního rejstříku	7. června 2016
Základní kapitál	2 000 000 Kč
Statutární orgán	Ing. et Ing. Radek Stacha předseda představenstva
	Mgr. Ing. Josef Eim člen představenstva
Kontrolní orgán	Mgr. Jan Fiala člen představenstva
	Mgr. Jiří Hruban člen dozorní rady

## 2. INFORMATION OF THE BOARD ON PERFORMANCE, ACTIVITIES AND ECONOMIC STANDING OF THE GROUP

The information mentioned below is in compliance with Section 436(2) of law no. 90/2012 Coll. Law of the Business Corporations Act, as amended.

The ČMN group is a real estate property holding specializing primarily in purchase, long-term possession and administration of office buildings in Prague, Brno and Ostrava. The group ČMN is primarily interested in premium properties at prestigious addresses with long-term lease contracts and a stable and predictable cash flow.

The portfolio of properties administered by the ČMN group included real estate worth approximately CZK 5 billion as of the end of 2019. For further information on our present portfolio, please visit <https://cm-n.cz/projekty>.

The consolidated economic result of the group ČMN in 2019 reached a total of CZK 182,002,000.

## 3. ČNM PROJECTS

The ČMN group is going to continue its business specialization in premium real estate. The objective of the group will be, first and foremost, a consolidation of its standing and its market renown, the perfection of its service and improvements in the field of competitive advantage. Henceforth, the group ČMN will be particular in following inner control mechanisms and securing careful implementation of its investment projects, and also in management of the company.

## 4. INFORMATION ON R&D ACTIVITIES

The group did not invest in 2019 any money in the field of research. Neither are there any investments planned for the year 2020.

**5. INFORMATION ON THE COMPANY'S OWN STOCK ACQUISITIONS.**

None of the companies of the ČMN Group has acquired its own stocks.

**6. INFORMATION ON ACTIVITIES IN ENVIRONMENTAL PROTECTION AND INDUSTRIAL RELATIONS**

Environmental protection is being provided in compliance with valid legal enactments on environmental protection. There were no fundamental changes made in 2019 regarding industrial relations.

**7. INFORMATION ON AFFILIATED BRANCHES ABROAD**

The group ČMN does not have any business areas abroad.

**8. STATEMENT OF THE BOARD**

The chairman of the board of directors thereby declares that to his best knowledge this annual report brings a true and honest record of the financial situation, entrepreneurial activities and economic results in the preceding financial year, and also on perspectives of a future development of the financial development, entrepreneurial activities and economic results of the group ČMN.

In Prague, 12th June 2020

On behalf of the Českomoravská Nemovitostní



A handwritten signature in blue ink is positioned above a solid horizontal line. The signature is stylized and appears to be 'Ing. et Ing. Radek Stacha'.

Ing. et Ing. Radek Stacha

Chairman of the Board of Directors

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Českomoravská Nemovitostní a.s.

### Auditor's report of consolidated financial statements

#### Opinion

We have audited the accompanying consolidated financial statements of Českomoravská Nemovitostní a.s., with its headquarters at Václavské náměstí 806/62, Nové Město - Praha 1, Česká republika, IC (Registration Number) 051 42 202, and its subsidiaries (hereafter the Group) prepared in accordance with Czech accounting regulations, which comprise the balance sheet as at 31. 12. 2019 and the income statement for the period from 1. 1. 2019 to 31. 12. 2019 and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities of Group as at 31. 12. 2019 and of the costs, revenues and its profit or loss for the period from 1. 1. 2019 to 31. 12. 2019, in accordance with Czech accounting regulations.

#### 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 these regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company 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 regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We emphasize the fact stated in item 6 of the consolidated annual report "Events that occurred after the balance sheet days", where the impact of the current situation of COVID 19 on the Group is stated and described. The Group's activities in connection with COVID-19 are not endangered. Our statement is not modified in connection with this matter.

#### Other information included in the Consolidated Annual Report

In compliance with Section 2 (b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors of Českomoravská Nemovitostní a.s. is responsible for this other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge of the company obtained from 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 the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures 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 consolidated financial statements is, in all material respects, consistent with the consolidated financial statements
- and the other information is prepared in compliance with the applicable laws and regulations.

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

#### **Responsibilities of the Board of Directors and Supervisory Board of Českomoravská Nemovitostní a.s. for the Consolidated Financial Statements**

Board of Directors of Českomoravská Nemovitostní a.s. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Czech accounting regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the financial reporting process of Českomoravská Nemovitostní a.s.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Company'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 of Českomoravská Nemovitostní a.s.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

V Brně dne 12. 6. 2020

Audit firm:



BDO Audit s. r. o.  
Certificate No. 094

Engagement Partner:



Ing. Jiří Kadlec  
Certificate No. 1246

# ASSETS

Consolidated balance sheet		Current accounting period	Last accounting period
<b>Total assets</b>		4,866,594	2,151,564
A.	Subscribed registered capital receivables	0	32
B.	<b>Fixed assets</b>	4,302,741	1,657,159
B.I.	Fixed intangible assets	332	200
B.I.1.	Intangible results of research and development	0	0
B.I.2.	Valuable rights	332	200
B.I.2.1.	Software	332	200
B.I.2.2.	Other royalties	0	0
B.I.3.	Goodwill	0	0
B.I.4.	Other non-current intangible assets	0	0
B.I.5.	Advance payments on unfinished non-current intangible assets	0	0
B.I.5.1.	Advance payments on non-current intangible assets	0	0
B.I.5.2.	Unfinished non-current intangible assets	0	0
B.II.	Fixed tangible assets	2,672,519	1,306,185
B.II.1.	Land and structures	2,651,032	1,300,937
B.II.1.1.	Land	25,290	108,629
B.II.1.2.	Structures	2,625,742	1,192,308
B.II.2.	Tangible movable property and the sets thereof	10,157	4,911

Consolidated balance sheet		Current accounting period	Last accounting period
B.II.3.	Revaluation of acquired assets	0	0
B.II.4	Other non-current tangible assets	759	0
B.II.4.1.	Perennial crops	0	0
B.II.4.2.	Adult animals and their groups	0	0
B.II.4.3.	Other non-current tangible assets	759	0
B.II.5.	Advances provided for non-current TA and unfinished non-current TA	10,571	337
B.II.5.1.	Advances provided for non-current TA	10,000	0
<b>B.II.5.2.</b>	<b>Unfinished non-current assets</b>	<b>571</b>	<b>337</b>
B.III.	Fixed financial assets	1,107,014	53,597
B.III.1.	Shares – controlled or controlling entity	0	0
B.III.2.	Loans and credit - controlled or controlling person, significant influence	0	0
B.III.3.	Shares - significant influence	0	0
B.III.4.	Loans and credit - significant influence	0	0
B.III.5.	Other non-current securities	1,016,029	0
B.III.6.	Loans and credit - other	39,795	53,597
B.III.7.	Other non-current financial assets	51,190	0
B.III.7.1.	Other non-current financial assets	0	0
<b>B.III.7.2.</b>	<b>Advances on non-current financial assets</b>	<b>51,190</b>	<b>0</b>

Consolidated balance sheet		Current accounting period	Last accounting period
B.IV.1.	Goodwill	522,876	296,797
B.IV.2.(-)	(-) Negative goodwill	0	0
B.IV.3.	Securities and shares under equity accounting	0	380
<b>C.</b>	<b>Current assets</b>	<b>348,592</b>	<b>475,562</b>
C.I.	Inventories	0	0
C.I.1.	Material	0	0
C.I.2.	Unfinished manufacture and semi-finished products	0	0
C.I.3.	Products and goods	0	0
C.I.3.1.	Products	0	0
C.I.3.2.	Goods	0	0
C.I.4.	Young and other animals and their groups	0	0
<b>C.I.5.</b>	<b>Advances given on inventory</b>	<b>0</b>	<b>0</b>
C.II.	Receivables	123,889	401,727
C.II.1.	Non-current receivables	0	177,941
C.II.1.1.	Non-current receivables	0	0
C.II.1.2.	Receivables - controlled or controlling entity	0	0
C.II.1.3.	Receivables - significant influence	0	0
C.II.1.4.	Deferred tax receivable	0	0
C.II.1.5.	Receivables – other	0	177,941

Consolidated balance sheet		Current accounting period	Last accounting period
C.II.1.5.1.	Receivables from equity shareholders	0	365
C.II.1.5.2.	Long-term advanced payments	0	0
C.II.1.5.3.	Estimated asset accounts (accrued assets)	0	0
C.II.1.5.4.	Other receivables	0	177,576
C.II.2.	Current receivables	123,889	223,786
C.II.2.1.	Trade receivables	33,278	24,262
C.II.2.2.	Receivables - controlled or controlling entity	0	0
C.II.2.3.	Receivables - significant influence	0	0
C.II.2.4.	Receivables – other	90,611	199,524
C.II.2.4.1.	Receivables from equity shareholders	0	0
C.II.2.4.2.	Social security and health insurance	0	0
C.II.2.4.3.	State - tax receivables	9,928	11,470
C.II.2.4.4.	Short-term advanced payments	18,253	679
C.II.2.4.5.	Estimated asset accounts (accrued assets)	1,292	6,332
C.II.2.4.6.	<b>Other receivables</b>	<b>61,138</b>	<b>181,043</b>
C.III.	Current financial assets	0	0
C.III.1.	Shares – controlled or controlling entity	0	0
C.III.2.	<b>Other current financial assets</b>	<b>0</b>	<b>0</b>
C.IV.	Cash Funds	224,703	73,835

Consolidated balance sheet		Current accounting period	Last accounting period
C.IV.1.	Cash on hand	231	4,753
C.IV.2.	Cash in accounts	224,472	69,082
D.	Accruals	215,261	18,811
D.1.	Prepaid expenses	180,586	17,210
D.2.	Complex prepaid expenses	0	0
D.3.	Unbilled revenue	34,675	1,601

# LIABILITIES

Consolidated balance sheet		Current accounting period	Last accounting period
<b>Total liabilities</b>		<b>4,866,594</b>	<b>2,151,564</b>
A.	<b>Equity</b>	<b>907,036</b>	<b>694,265</b>
A.I.	<b>Registered capital</b>	<b>2,000</b>	<b>2,000</b>
A.I.1.	Registered capital	2,000	2,000
A.I.2.	Own shares (-)	0	0
A.I.3.	Changes in registered capital	0	0
A.II.	<b>Premium and capital funds</b>	<b>460,899</b>	<b>429,535</b>
A.II.1.	Premium	0	0
A.II.2.	<b>Equity accounts</b>	<b>460,899</b>	<b>429,535</b>
A.II.2.1.	Other equity accounts	393,573	0
A.II.2.2.	Valuation differences from revaluation of assets and liabilities (+/-)	67,326	429,535
A.II.2.3.	Valuation differences from valuation upon business corporations transformations (+/-)	0	0
A.II.2.4.	Differences from corporate transformations (+/-)	0	0
A.II.2.5.	Valuation differences upon business corporations transformations (+/-)	0	0
A.II.2.6.	Revaluation gains/losses from modifications	0	0
A.III.	<b>Reserves from profit</b>	<b>0</b>	<b>200</b>
A.III.1.	Other reserve fund	0	200
A.III.2.	Statutory and other reserves	0	0

Consolidated balance sheet		Current accounting period	Last accounting period
A.IV.	Net income in prior years	262,135	2
A.IV.1.	Retained earnings of prior years	262,135	2
A.IV.2.	Retained losses of prior years	0	0
A.IV.3.	Other net income in prior years	0	0
A.V.	Profit/loss of current accounting period (+/-)	182,002	262,133
A.V.1	Decision on advances for payment of profit sharing (-)	0	0
A.VI.	Share of profit/loss under equity accounting	0	395
A.VII.	Consolidation reserve fund	0	0
B+C	Liabilities	3,953,963	1,457,299
B.	Provisions	356	155
B.1..	Provisions for pensions and similar obligations	0	0
B.2.	Income tax reserve	306	0
B.3.	Provision as per special legislation	0	0
B.4.	Other provisions	0	0
B.I.4.	Other provisions	50	155
C.	Liabilities	3,953,607	1,457,144
C.I.	Non-current liabilities	3,713,090	1,318,525
C.I.1.	Issued bonds	1,795,135	261,650
C.I.1.1.	Exchangeable bonds	0	0
C.I.1.2.	Other bonds	1,795,135	261,650



Consolidated balance sheet		Current accounting period	Last accounting period
C.I.2.	Liabilities to credit institutions	1,566,332	422,850
C.I.3.	Non-current advances received	6,934	4,629
C.I.4.	Trade liabilities	0	0
C.I.5.	Non-current notes payable	0	0
C.I.6.	Liabilities - controlled or controlling entity	0	12,686
C.I.7.	Liabilities - significant influence	0	0
C.I.8.	Deferred tax liability	305,187	154,181
C.I.9.	Liabilities other	39,502	462,529
C.I.9.1.	Liabilities to equity shareholders	0	0
C.I.9.2.	Estimated accounts payable	0	0
C.I.9.3.	Other payables	39,502	462,529
<b>C.II</b>	<b>Current liabilities</b>	<b>240,517</b>	<b>138,619</b>
C.II.1.	Issued bonds	26,050	0
C.II.1.1.	Exchangeable bonds	0	0
C.II.1.2.	Other bonds	26,050	0
C.II.2.	Liabilities to credit institutions	44,377	13,366
C.II.3.	Current advances received	6,049	6,380
C.II.4.	Trade liabilities	78,001	37,671
C.II.5.	Current notes payable	0	0
C.II.6.	Liabilities - controlled or controlling entity	0	0

Consolidated balance sheet		Current accounting period	Last accounting period
C.II.7.	Liabilities - significant influence	0	1,977
C.II.8.	Liabilities other	86,040	79,225
C.II.8.1.	Liabilities to equity shareholders	0	0
C.II.8.2.	Current financial assistance	0	0
C.II.8.3.	Payroll payables	832	460
C.II.8.4.	Liabilities from social security and health insurance	476	173
C.II.8.5.	State - tax payables and subsidies	7,416	1,957
C.II.8.6.	Estimated accounts payable	18,894	4,675
C.II.8.7.	Other payables	58,422	71,960
D.	Accrued deferrals of liabilities	5,595	0
D.1.	Accrued expenses	0	0
D. 2.	Unearned revenue	5,595	0
E.	Minority equity	0	0
E.I.	Minority registered capital	0	0
E.II.	Minority capital funds	0	0
E.III.	Minority funds from profits incl. retained earnings	0	0
E.IV.	Minority profit/loss of the current accounting period	0	0

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

Consolidated profit and loss account		Current accounting period	Last accounting period
I.	Sales of products and services	121,562	21,265
II.	Revenue from sale of goods	0	0
A.	Production consumption	87,126	137,811
A.1.	Costs of goods sold	0	0
A.2.	Material and energy consumption	30,011	4,845
A.3.	Services	57,115	132,966
B.	Change in status of inventory from own activity (+/-)	0	0
C.	Capitalization	0	0
D.	Personnel expenses	11,935	2,079
D.1.	Wages and salaries	9,511	1,665
D.2.	Social security and health insurance expenses	2,424	414
D.2.1.	Social security and health insurance expenses	2,419	414
D.2.2.	Other costs	5	0
E.	Adjustment of values in operations area	78,800	-85,004
E.1.	Value adjustments of intangible and tangible assets	78,800	-85,004
E.1.1.	Value adjustments of intangible and tangible assets permanent	78,800	9,360
E.1.2.	Value adjustments of intangible and tangible assets temporary	0	-94,364
E.2.	Value adjustments of inventory	0	0

Consolidated profit and loss account		Current accounting period	Last accounting period
E.3.	Value adjustments of receivables	0	0
<b>III.</b>	<b>Other operating revenue</b>	<b>535,647</b>	<b>81,076</b>
III.1.	Revenue from sale of non-current assets	467,585	0
III.2.	Revenue from sale of material	0	171
III.3.	Other operating revenue	68,062	80,905
<b>F.</b>	<b>Other operating expenses</b>	<b>192,586</b>	<b>1,359</b>
F.1.	Net book value of non-current assets sold	153,918	0
F.2.	Net book value of sold materials	0	0
F.3.	Taxes and fees	322	96
F.4.	Provisions in operations area and complex prepaid expenses	1,921	155
F.5.	Other operating costs	36,425	1,108
	<b>Settlement of positive consolidation difference</b>	<b>12,049</b>	<b>1,753</b>
<b>*</b>	<b>Consolidated operating profit/loss</b>	<b>274,713</b>	<b>44,343</b>
<b>IV.</b>	<b>Revenue from non-current financial assets</b>	<b>183,420</b>	<b>270,000</b>
IV.1.	Revenue from shares - controlled or controlling entity	0	270,000
IV.2.	Other earnings from shares	183,420	0
<b>G.</b>	<b>Costs of shares sold</b>	<b>183,641</b>	<b>1,600</b>
<b>V.</b>	<b>Revenue from other non-current financial assets - controlled or controlling entity</b>	<b>0</b>	<b>0</b>
V.1.	Other revenue from other non-current financial assets	0	0

Consolidated profit and loss account		Current accounting period	Last accounting period
V.2.	Revenue from current financial assets	0	0
H.	Costs related to other non-current financial assets	0	0
VI.	Interest revenue and similar revenue - controlled or controlling entity	65,966	18,120
VI.1.	Interest revenue and similar revenue - controlled or controlling entity	0	0
VI.2.	Other interest revenue and similar revenue	65,966	18,120
I.	Adjustment of values and reserves in the financial sector	0	0
J.	Expense interest	166,426	33,194
J.1.	Expense interest and similar expenses - controlled or controlling entity	0	0
J.2.	Other expense interest and similar expenses	166,426	33,194
VII.	Other financial revenue	92,606	1,140
K	Other financial expenses	84,632	6,981
*	Consolidated financial profit/loss	-92,707	247,485
**	Consolidated profit/loss before taxation	182,006	291,828
L.	Income tax	4	29,680
L.1.	- due	7,627	72
L.2	- deferred	-7,623	29,608
**	Consolidated profit/loss after taxation	182,002	262,148
M.	Transfer of profit/loss share to equity holders (+/-)	0	0
	Consolidated profit/loss excluding equity accounting	182,002	262,148

Consolidated profit and loss account		Current accounting period	Last accounting period
	of which: profit/loss BÚO without minority shares	0	0
	minority profit/loss BÚO	0	0
	Share of profit/loss under equity accounting	0	-15
***	Consolidated profit/loss for the accounting period (+/-)	182,002	262,133
*	Net turnover in the accounting period = I.+ II.+ III.+ IV.+ V.+ VI.+ VII.	999,201	391,601







**ANNEX TO  
THE CONSOLIDATED  
FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2019**

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# 1. DESCRIPTION OF THE GROUP

The parent company of the group Českomoravská Nemovitostní (the "Group") is Českomoravská Nemovitostní a.s. (the "Parent Company"), which is a joint-stock company headquartered in Prague, address Václavské nám. 806/62, The Czech Republic, Corporate number 051 42 202. The parent company was registered in the Commercial Register of the Municipal Court in Prague under file reference B 24261.

The principal activity of the Group is management of its own assets, rental of properties, apartments and office space, as well as bond issuing.

Its main objects are manufacture, trade and services not listed in appendices 1 to 3 of the Trade Licensing Act.

Negotiating on behalf of the Parent Company in all matters are either the Chairman of the Board of Directors separately or two Board members at the same time..

None of the Group companies has a foreign branch.

SUPERVISORY AND MANAGING BODIES OF THE PARENT COMPANY AS OF 31 DECEMBER 2019 WERE AS FOLLOWS:

## **Chairman of the Board of Directors**

Ing. et Ing. Radek Stacha,  
date of birth November 28, 1987  
Mezírka 741/7, Veveří, 602 00 Brno  
Date of office: 27 December 2018  
Registered: 28 December 2018

## **Member of the Board of Directors**

Mgr. Ing. Josef Eim, date of birth 05 April 1984  
Tučkova 418/21, Veveří, 602 00 Brno  
Date of membership: 01 November 2018  
Registered: 01 November 2018

## **Member of the Board of Directors**

Mgr. Jan Fiala, date of birth 27 July 1982  
Erbenova 382/14, Černá Pole, 602 00 Brno  
Date of membership: 27 December 2018  
Registered: 28 December 2018

## **Member of Supervisory Board**

Mgr. Jiří Hruban, date of birth 21 March 1978  
Štefánikova 136/66, Ponava, 612 00 Brno  
Date of membership: 12 September 2016  
Registered: 13 September 2016

**The group Českomoravská Nemovitostní is formed of the following companies:**

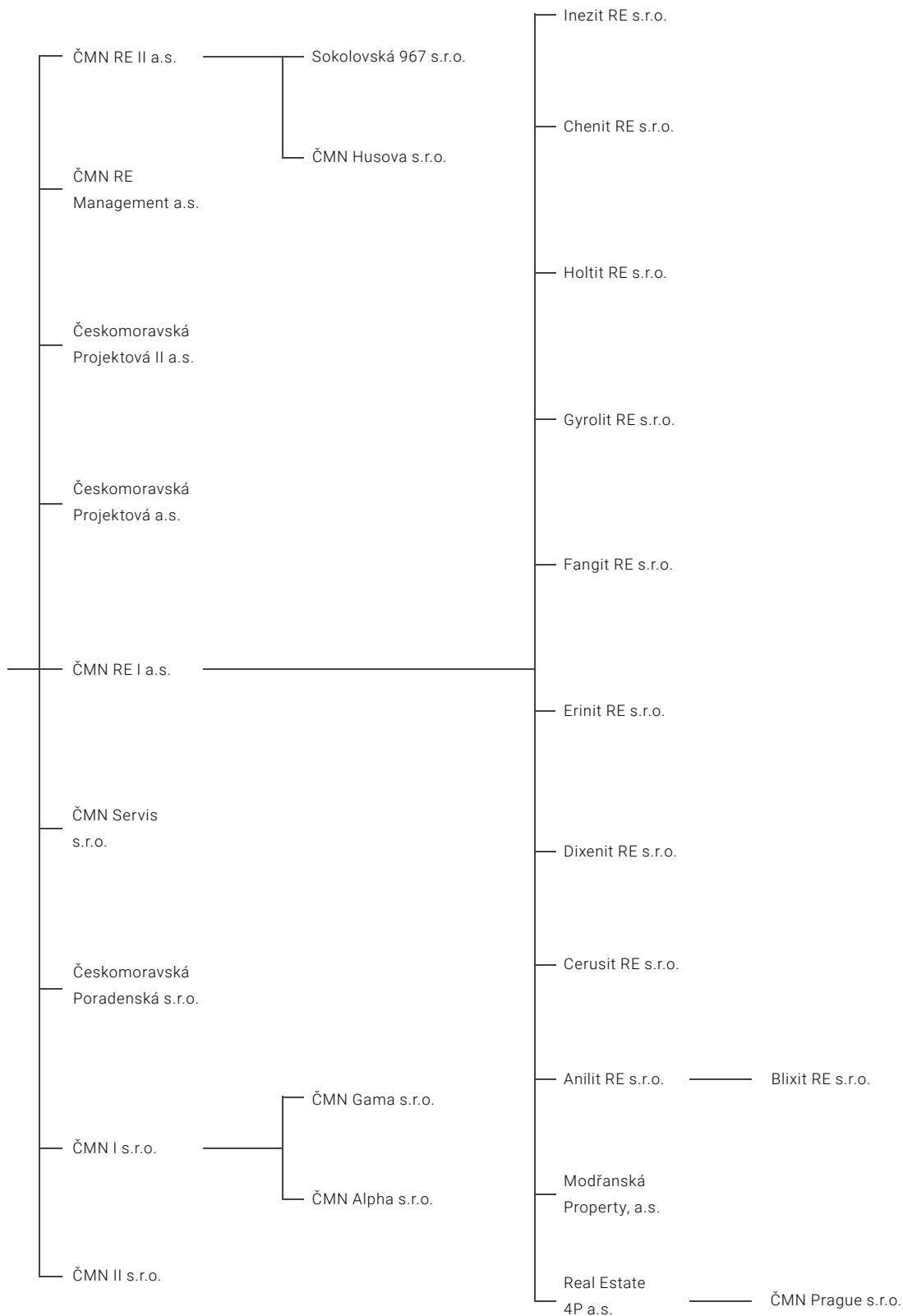
Business Name	Registered office	Registered cap.	Share amount
Českomoravská Nemovitostní a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	
ČMN i s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN II s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Českomoravská Poradenská s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN Alpha s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN Gama s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN RE i a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
ČMN RE II a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
Sokolovská 967 s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	100 000 CZK	100 %
ČMN Husova s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Českomoravská Projektová a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
Českomoravská Projektová II a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
Real Estate 4P a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
ČMN Prague s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Modřanská Property, a.s.	Václavské náměstí 806/62, Prague 1, 110 00	20 000 000 CZK	100 %
ČMN RE Management a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %

Business Name	Registered office	Registered cap.	Share amount
ČMN Servis s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Anilit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Blixit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Cerusit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Dixenit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Erinit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Fangit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Gyrolit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Holtit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Chenit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Inezit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %

The Parent Company holds a 100% stake in all subsidiaries. All subsidiaries have drawn up their respective Financial Statements as of 31 December 2019..

Organizational chart as of 31 December 2019

## Českomoravská Nemovitostní a.s.



## 2. STARTING POINTS FOR ELABORATING THE FINANCIAL STATEMENTS

The accompanying consolidated Financial Statements have been prepared in accordance with Act No. 563/1991 Coll., on accounting, as amended (the "Accounting Act") and Implementation Regulation No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on accounting, as amended, for accounting units that are businesses maintaining double-entry accounting, as amended, and Czech accounting standards for businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going assumption of the Group's ability to continue its activities.

The Group's Financial Statements have been prepared as of the balance sheet date of 31 December 2019 for the calendar year of 2019.

The Group's Financial Statements have been prepared as of the balance sheet date of 31 December 2019 for the calendar year of 2019. The financial information in these Financial Statements is stated in thousands of Czech Crowns (CZK), if not further stated otherwise.



### 3. GENERAL ACCOUNTING PRINCIPLES, ACCOUNTING METHODS AND THEIR CHANGES AND MODIFICATIONS

Valuation methods used by the Group upon elaborating the Financial Statement for 2019 and 2018 are as follows:

#### A) NON-CURRENT INTANGIBLE ASSETS

Non-current intangible assets are mainly understood as intangible results of development, royalties and software, whose useful life exceeds one year. Purchased non-current intangible assets are valued at cost less accumulated depreciation and any recognized impairment loss. Expenses relating to research are charged in the year when they are incurred. Interest and other financial expenses related to the acquisition of non-current intangible assets are not included in their valuation.

Goodwill arises as the difference between the valuation of the business establishment (or part thereof) acquired by transfer or by transfer for consideration, or deposit, or valuation of assets and liabilities within the transformations of business corporations, and the sum of the individually revalued components of assets, less assumed debts. Depreciations of goodwill are carried out in case of a positive value at the expense of costs.

Depreciations of non-current intangible assets are calculated based on the acquisition price and the

expected useful life of the respective assets. The depreciation plan during use of non-current intangible assets is updated according to the expected useful life of assets.

#### B) NON-CURRENT TANGIBLE ASSETS

Non-current tangible assets include land, buildings and tangible assets having an estimated useful life greater than one year and valuation greater than CZK 40 thous. in an individual case. Purchased non-current tangible assets are valued at cost, which includes the acquisition price, transportation costs, customs duty and other acquisition-related costs. Interest and other financial expenses related to the acquisition are not included in their valuation, less accumulated depreciation and any recognized impairment loss.

The costs of technical improvements of non-current tangible assets increase their acquisition price. Repairs and maintenance are expenses as incurred.

Valuation of non-current tangible assets created by own activity includes direct costs, indirect costs causally related to the production of assets by own activity (production overheads) and relating to the period of the given activity. Costs of sales are not included.

Depreciations are calculated based on the acquisition price and the expected useful life of the respective assets. The depreciation plan during use of non-current tangible assets is updated according to the expected useful life of assets. If there is a decrease in the book value of non-current tangible assets, the Group will create an adjustment as the difference between the book value and the price based on expert determination. Gains or losses on the sale or retirement of an asset are determined as the difference between the sales revenues and the book value of the asset at the time of sale and are charged to the Profit and Loss Statement.

The valuation difference on acquired assets includes the positive (active) or negative (passive) difference between the valuation of the business establishment acquired by transfer or transfer for consideration, by deposit or by valuation of assets, and liabilities within the transformation of the business corporation, and the aggregate valuation of the individual components of assets in the accounting of the entity selling, depositing, expiring or splitting off, decreased by assumed debts. The positive valuation difference on acquired assets is depreciated in expenses evenly over 180 months from acquisition of the business establishment, or from the effective transformation date of the business corporation. The negative valuation difference on acquired assets is depreciated in revenues evenly over 180 months from acquisition of the business establishment, or from the effective transformation date of the business corporation.

### **C) NON-CURRENT FINANCIAL ASSETS**

Non-current financial assets are understood as loans with maturity exceeding one year, equity

interests, available-for-sale securities and debt securities with maturity exceeding one year and held to maturity. Held-to-maturity securities are securities with a defined maturity, and the Group intends and is capable of holding them to maturity. In terms of debt securities, interest income is accounted for on a material and temporal basis, and the interest income thus differentiated is part of the valuation of the respective security.

Securities and equity interests are valued at acquisition cost at the time of purchase. The acquisition cost of securities includes direct costs related to the acquisition, e.g. fees and commissions paid to brokers, advisors and stock exchanges.

As of the date of the Financial Statements:

- equity investments valued at cost less adjustments
- equity securities held for trading are valued at their fair value. Any change in the fair value of equity securities held for trading are charged to the profit/loss for the current period
- debt securities held to maturity at cost increased by interest income (including amortization of any premium or discount)
- available-for-sale securities and shares valued at fair value if determinable. Any change in the fair value of available-for-sale securities is charged against valuation differences from revaluation of assets and liabilities within the owner's equity
- provided loans not revalued

The fair value represents the market value as published by a domestic or foreign stock exchange, or valuation by qualified estimate or by expert judgment if no market value is available.

## **D) CURRENT FINANCIAL ASSETS**

Current financial assets consist of trading securities, debt securities with maturity of up to one year held to maturity, own shares, own bonds, warrants purchased and other current securities and shares, for which generally at the moment of purchase, the intent of the accounting entity is unknown. Current financial assets are valued at cost upon acquisition. The acquisition cost includes direct costs related to the acquisition, e.g. fees and commissions paid to brokers, advisors and stock exchanges.

As of the acquisition date of current financial assets, these current financial assets are classified by the Group based on their nature as current financial assets held for trading or ones that are available for sale. Current financial assets held for trading are defined as securities that are held for performing transactions on the public market in order to profit from price fluctuations in the short term, but within no more than one year.

As of the date of the Financial Statements, the Group values current financial assets except for securities held to maturity, at fair value if determinable. A change in fair value in the accounting period is recognized in the profit/loss for the period with the exception of available-for-sale securities, for which the revaluation is charged to the owner's equity. For current financial assets not valued at fair value, adjustments are created in the event of their devaluation.

Debt and equity securities not classified as held-to-maturity or trading securities are classified as available for sale and are reported at fair value. The fair value of current financial assets represents the

market value as published by a domestic or foreign stock exchange, or valuation by qualified estimate or by expert judgment if no market value is available.

Funds are formed of valuables, cash in hand and cash in bank accounts.

## **E) INVENTORIES**

Purchased inventories are valued at cost. The acquisition cost includes the acquisition price and ancillary acquisition costs - in particular customs duties, transport and storage fees, commissions, insurance premiums and discounts. Internally developed inventories are valued at own costs, which include direct costs incurred in production or another activity, or the part of indirect costs relating to production or another activity. Adjustments to inventories are created when the reduction of the inventory valuation is not deemed permanent, e.g. an ageing analysis of inventories, as well as (if applicable) an analysis of selling prices (if relevant), etc.

## **F) RECEIVABLES**

Receivables are initially valued at their nominal value, subsequently reduced by the respective adjustments for doubtful and irrecoverable amounts. Receivables acquired by purchase or deposit are valued at cost less an adjustment for doubtful and irrecoverable amounts. Valuation of doubtful receivables is reduced by adjustments to expenses at their realizable value, based on individual assessment of individual borrowers and age structure of receivables.

Estimated receivables are valued on the basis of

expert estimates and calculations. Receivables and estimated receivables are broken down into current (maturity up to 12 months inclusive) and non-current (maturity over 12 months), whereas current ones are due within one year from the balance sheet date..

#### **G) OWNER'S EQUITY**

The registered capital of individual companies of the Group is reported in the amount registered in the Commercial Register of the municipal court. Any increase or decrease in registered capital based on the decision of the General Meeting, which was not registered by the balance sheet date, is reported as changes to the registered capital. Contributions exceeding the registered capital are reported as share premium.

#### **H) LIABILITIES**

Liabilities are charged at nominal value.

Estimated liability accounts are valued based on expert estimates and calculations, and are broken down into current (maturity up to 12 months inclusive) and non-current (maturity over 12 months), whereas current ones are due within one year from the balance sheet date.

#### **I) PROVISIONS**

Provisions are for covering liabilities or costs, the nature of which is clearly defined and which, as of the balance sheet date, are either likely or certain to be incurred, but their amount or the date on which they will arise is uncertain. Non-current and current liabilities are reported at their nominal values.

#### **J) LEASING**

Finance leasing means the acquisition of non-current tangible assets in such a way that after the expiration or over the agreed period of paid use of the assets by the user, ownership of the assets is transferred from the owner to the user and the user makes acquisition payments within costs by transfer of ownership.

Financial leasing payments are expensed. The increased first instalment of a finance lease is amortized and deferred over the lease term to expenses.

#### **K) FOREIGN EXCHANGE OPERATIONS**

Transactions in foreign currencies made over the year are charged using the respective exchange rates of the Czech National Bank ("CNB") valid as of the transaction date.

As of the date of the Financial Statements, assets and liabilities in foreign currencies are converted at the CNB exchange rate applicable on the preparation date of the Financial Statements. Realized and unrealized exchange gains and losses are charged to financial income or financial expenses for the current year.

#### **L) USE OF ESTIMATES**

The preparation of Financial Statements requires Group management to make estimates and assumptions that affect the reported values of assets and liabilities as of the balance sheet date and the reported amounts of income and expenses during the respective period.

Group management has made these estimates and assumptions based on all relevant information available to it. However, as the nature of the estimate suggests, actual values may differ from these estimates in the future.

#### **M) CHARGING OF REVENUES AND EXPENSES**

Revenues and expenses are charged by accruals and deferrals, i.e. in the period to which they materially and chronologically pertain.

#### **N) DUE INCOME TAX**

Group management charged a tax liability and tax expense based on the tax calculation starting from its understanding of the interpretation of tax laws in force in the Czech Republic as of the date of the Financial Statements, and is convinced of the correctness of the amount of taxes in accordance with the applicable legislation of the Czech Republic. Given the existence of different interpretations of tax laws and regulations by third parties, including public authorities, the income tax liability as reported in the Group's Financial Statements may change based on the final opinion of the tax office.

Income tax expense is calculated using the statutory tax rate from the accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable income (e.g. creation and charging of other provisions and adjustments, entertainment expenses, differences between book and tax depreciation, etc.). Additionally taken into account are items reducing the tax base (donations), deductibles (tax losses, costs of research and development projects) and discounts on income tax.

#### **O) DEFERRED INCOME TAX**

Deferred tax is accounted for using the balance sheet liability method.

The book value of a deferred tax receivable is assessed as of the date of the Financial Statements, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the receivable to be recovered.

Deferred tax is charged to the Profit and Loss Statement, except for cases where it relates to items charged directly to owner's equity, and when such deferred tax is included in the owner's equity.

Deferred tax receivables and liabilities are offset and charged in the Balance Sheet in the total net value, except for cases where some partial tax receivables cannot be offset against partial tax liabilities.

#### **P) SUBSIDIES / INVESTMENT INCENTIVES**

Subsidies to cover costs are charged to other operating and financial income in material and temporal connection with the accounting of costs for the specified purpose. Subsidies for the acquisition of non-current intangible or tangible assets and technical appreciation and subsidies for the payment of interest included in the acquisition price reduce their acquisition price or own costs.

## 4. ADDITIONAL DATA TO THE CONSOLIDATED BALANCE SHEET

### A) CONSOLIDATION

In the Group's consolidated Financial Statements, the following information resulting from the full consolidation of the Group is included:

	2019	2018
Assets	4 866 594	2 151 564
Owner's equity	907 036	694 265
Liabilities	3 953 963	1 457 299
Accrued deferrals of liabilities	5 595	0

The most important asset item is Buildings amounting to CZK 2 625 742 thous. (2018: CZK 1 192 308 thous.). This item includes in particular the book value of the real estate BLOX, the real estate Mezi Vodami 31, where the headquarters for Nestlé Česko s.r.o. and others are located. The second most important item is Other non-current securities, which include in particular the holding of unit certificates of Core Fund, Reg. No. FL-0002.624.683-5, legal form: unit trust, governed by the laws of the Principality of Liechtenstein, for which the administrator of the IFM INDEPENDENT FUND MANAGEMENT AKTIENGESELLSCHAFT ("CORE Fund") is acting, which ultimately holds the real estate Crystal in Vinohrady, Prague.

The most important items of liabilities are issued bonds, liabilities to credit institutions and owner's equity. The ČMN Group has business relations with a wide range of banks, clients, bondholders and other business partners. For this reason, in order to maintain its objective of transparency, it decided to publish the consolidated Financial Statements in their entirety, including the division of items into individual classes, see the consolidated Balance Sheet and consolidated Profit and Loss Statement.

### B) NON-CURRENT INTANGIBLE ASSETS

Non-current intangible assets at their net worth include only Software that is associated with the Information System.

Overview of non-current intangible assets ("N-CIA"):

	2019	2018
Incorporation expenses	0	0
Intangible R&D results	0	0
Software	332	200
Royalties	0	0
Unfinished N-CIA	0	0
Adjustment for N-CIA	0	0
<b>Total</b>	<b>332</b>	<b>200</b>

## C) NON-CURRENT TANGIBLE ASSETS

Non-current tangible assets in the amount of CZK 2 672 519 thous. (2018: CZK 1 306 185 thous.) ultimately make up the absolute majority of the Group's assets and link to its basic goal of earning rental income and real estate sales income. The items Buildings and Land are mainly affiliated with the book value of the real estate BLOX, and the real estate Mezi Vodami 31, where the headquarters for Nestlé Českos.r.o. and others are located. At the same time, the Group is still active in the search for new transactions, whereas as of the balance sheet date, it was in the midst of negotiations for another potential real estate transaction in which an Advance was deposited for non-current tangible assets in the amount of CZK 10 000 thous. (2018: CZK 0 thous.). The purchase and holding of real estate projects is financed, inter alia, through bank loans. In most cases, banks maintain a lien on the real estate during their use. This is also the case with the aforementioned real estate BLOX and the headquarters of Nestlé Česko s.r.o.

Overview of non-current tangible assets:

	2019	2018
Pozemky	25 290	108 629
Stavby	2 625 742	1 192 308
Hmotné movité věci a jejich soubory	10 157	4 911
Oceňovací rozdíl k nabytému majetku	0	0
Jiný dlouhodobý hmotný majetek	759	0
Zálohy na dlouhodobý hmotný majetek	10 000	0
Nedokončený dlouhodobý hmotný majetek	571	337
<b>Celkem</b>	<b>2 672 519</b>	<b>1 306 185</b>

## D) NON-CURRENT FINANCIAL ASSETS

Non-current financial assets consist primarily of Other non-current securities in the amount of CZK 1 016 029 thous. (2018: CZK 0 thous.). As of the balance sheet date, the Group holds all unit certificates of CORE FUND, which owns the real estate Crystal in Vinohrady, Prague. At the same time, the Group still holds part of the unit certificates NEMO Fund, reg. no. FL-0002.608.770-1, legal form: unit trust, governed by the laws of the Principality of Liechtenstein, on behalf of which the administrator of the fund IFM INDEPENDENT FUND MANAGEMENT AKTIENGESELLSCHAFT ("NEMO Fund" or "NEMO") is acting, which, as of the date of the Financial Statements, was the 100% owner of real estate companies owning real estate at the addresses Pekařská 6 and Václavské náměstí 62 in Prague.

Overview of non-current financial assets:

	2019	2018
Shares - controlled or controlling entity	0	0
Loans and credit - controlled or controlling entity	0	0
Shares - material influence	0	0
Loans and credit - material influence	0	0
Other non-current securities	1 016 029	0
Loans and credit - other	39 795	53 597
Other non-current financial assets	0	0
Advances given for non-current financial assets	51 190	0
<b>Total</b>	<b>1 107 014</b>	<b>53 597</b>

Advances given for non-current financial assets amounting to CZK 51 190 thous. (2018: CZK 0 thous.) link to the planned acquisition of shares in the real estate company. These funds serve as an advance to obtain exclusivity for the given transaction, which the Group plans to complete in 2020.

Loans and credit – other amounting to CZK 39 795 thous.(2018: CZK 53 597 thous.) also link, inter alia, to transaction negotiations. The Group has granted a loan to the counterparty with which it is in the midst of negotiations for the acquisition of real estate/a real estate company. Contractually, this loan is secured and interest-bearing.

#### **E) GOODWILL**

Goodwill shows the difference between the book value of the company (its owner's equity) and the acquisition price. In 2019, the ČMN Group reported active goodwill in net value of CZK 522 876 thous. (2018: CZK 296 797 thous.). The source of the Group's goodwill is the purchase of real estate companies for which the owner's equity is typically lower than the acquisition price in relation to accounting depreciations of buildings whose market price does not fall. This goodwill will be depreciated over a period of 240 months, starting from the month following its posting.

#### **F) INVENTORIES**

The object of the activity or business is not the sale of goods or products. The Group owned no inventories for the calendar year 2019.

#### **G) RECEIVABLES**

The ČMN Group reported no non-current receivables

as of the balance sheet date. Receivables from business relationships totalling CZK 33 278 thous. (2018: 24 262 thous.) primarily include rent receivables and are part of the Group's ordinary business dealings. Current provided advances in the amount of CZK 18 253 thous. (2018: CZK 679 thous.) mainly relate to operation of individual real estate projects and concern, for example, advances on media consumption or technical activities such as repairs, etc.

Other receivables are composed of individual other receivables of all companies within the Group. This item includes receivables from term operations that the Group uses to reduce currency and interest rate risk. The instruments that are used include currency forwards, interest rate swaps and other standard derivative products.

Overview of receivables:

	2019	2018
Non-current receivables	0	177 941
Current receivables	123 889	223 786
<b>Total</b>	<b>123 889</b>	<b>401 727</b>

#### **H) CURRENT FINANCIAL ASSETS**

As of the date of the Financial Statements, current financial assets were comprised of funds in cash and bank accounts.

#### **I) ESTIMATED ASSET ACCOUNTS**

Estimated asset accounts consist mainly of Prepaid



expenses amounting to CZK 180 586 thous. (2018: CZK 17 210 thous.) including accruals of costs associated with bond intermediaries and are accrued according to time and material accuracy. This item also includes additional accrued costs associated with the operation of real estate projects.

Accrued revenue of CZK 34 675 thous. (2018: CZK 1 601 thous.) link, inter alia, to rent invoicing, in the situation where rent is invoiced retroactively. This means that the rental income is charged as of the balance sheet date, but receipt is not expected until the next period.

#### J) OWNER'S EQUITY

The Group's registered capital amounts to CZK 2 000 thous. (2018: 2 000 thous.) and has been paid in full.

Based on the decision of the General Meeting of the Parent Company, held on 28 June 2019, transfer was approved of the 2018 profit amounting to CZK 245 562 thous. to the account of retained earnings from previous years. The Parent Company's 2019 profit amounting to CZK 180 842 thous. is expected to be transferred to the account of retained earnings from previous years.

The Parent Company has not paid a dividend for the entire history of its operation. All profits are reinvested, thus increasing the Group's owner's equity, which reached CZK 907 036 thous. in 2019. (2018: 694 265 thous.).

Overview of the status of owner's equity:

	2019	2018
Registered capital	2 000	2 000
Premium and equity funds	460 899	429 535
Funds from profit	0	200
Profit/loss of previous years	262 135	2
Profit/loss for the current accounting period	182 002	262 133
Share of profit/loss in equity	0	395
Consolidation reserve fund	0	0
<b>Total</b>	<b>907 036</b>	<b>694 265</b>

#### K) PROVISIONS

The total amount of provisions as of the date of the Financial Statements reached a value of CZK 356 thous. (2018: 155 thous.). The provisions concerned the Income Tax Provisions of 306 thous. (2018: 0 thous.) and Other provisions CZK 50 thous. (2018: CZK 155 thous.).

The Income tax provision was created because the 2019 corporate income tax return had not yet been completed by the date of the Financial Statements.

#### L) LIABILITIES

Current liabilities consist mainly of trade payables amounting to CZK 78 001 thous. (2018: 37 671 thous.), which comes from standard business

dealings related to operating real estate projects and the Group. Current liabilities also include part of bank loans of CZK 44 377 thous. (2018: CZK 13 366 thous.) and bonds CZK 26 050 (2018: CZK 0 thous.), which are due within one year of the balance sheet date.

The item Estimated liability accounts contains the Group's future liabilities/expenses that are materially and temporally related to 2019, but the Group has not yet received an invoice.

Other liabilities amounting to CZK 58 422 thous. (2018: CZK 71 960 thous.) include, inter alia, fixed term operations, which the Group uses to reduce currency and interest rate risk. The instruments that are used include currency forwards, interest rate swaps and other standard derivative products. At the same time, it concerns a category in which other liabilities of all Group companies are included, such as payments for bonds for which the issuer has not obtained contractual documentation as of the balance sheet date.

Non-current liabilities consist primarily of issued bonds CZK 1 795 135 thous. (2018: CZK 261 650 thous.) and Liabilities to credit institutions CZK 1 566 332 thous. (2018: CZK 422 850 thous.). The group cooperates with most banks on the Czech market. Among the most important partners are the Czechoslovak Commercial Bank (ČSOB) and UniCredit Bank.

#### **M) DEFERRED TAX LIABILITY**

The ČMN Group reported a deferred tax liability of CZK 305 187 thous. (2018: 154 181 thous.). The deferred tax liability relates to a differentiated tax and accounting view of the residual value of assets. For real estate projects, deferred tax liability is entirely

standard due to the decreasing tax value of the real estate over time. However, the book value is often increased to the market value upon transformation of the company, resulting in an increase in its book value, which at that time captures its fair value.

The discrepancy between the tax value and the book value gives rise to the deferred tax liability.

#### **N) TEMPORARY LIABILITY ACCOUNTS**

The only non-zero item of the temporary liabilities accounts was deferred income of CZK 5 595 thous. (2018: CZK 0 thous.) associated with the time lag between rental income and invoice issuance.

## 5. ADDITIONAL INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS STATEMENT

### A) CONSOLIDATION

In the Group's consolidated Financial Statements, the following information resulting from the full consolidation of the Group is included:

	2019	2018
Čistý obrat za účetní období	999 201	391 601
Náklady vč. daně z příjmu	817 199	129 468
Konsolidovaný výsledek hospodaření za účetní období	182 002	262 133

The most important item of income is Sales from the sale of non-current tangible assets, reflecting the sale of real estate companies. Other important items are Income from non-current financial assets and Sales of products and services, which mainly include rental income.

From a cost perspective, the highest item is the Net Book Price of the non-current asset sold, which in terms of accounting captures the costs associated with the asset sold. Interest expenses constitute another significant item in the consolidated Profit and Loss Statement.

The ČMN Group has business relations with a wide

range of banks, clients, bondholders and other business partners. For this reason, in order to maintain its objective of transparency, it decided to publish the consolidated Financial Statements in their entirety, including the division of items into individual classes, see the consolidated Balance Sheet and consolidated Profit and Loss Statement.

### B) REVENUES

The Group's revenues consist mainly of Sales from the sale of non-current assets, Income from non-current financial assets and Sales of products and services.

Other operating revenues amounting to CZK 535 647 thous. (2018: CZK 81 076 thous.) includes revenues from the sale of real estate companies held by the Group for more than 12 months amounting to CZK 467 585 thous. (2018: CZK 0 thous.), and in particular revenues from invoicing contained in other operating income, which amounted to CZK 68 062 thous. (2018: CZK 80 905 thous.). In terms of sales from the sale of non-current assets, this concerned, inter alia, the sale of real estate companies to the NEMO real estate fund. The two real estate companies that were sold to the NEMO real estate fund – ČMN Pekařská and ČMN Beta – were acquired by the Group in 2018. One of the main activities of the ČMN Group is to increase the value of real estate and real estate companies and then sell them. The sale price was

verified by an independent expert who rendered an opinion according to the globally accepted MRICS methodology in order to avoid doubts as to its amount. Income from non-current financial assets amounting to CZK 183 420 thous. (2018: CZK 270 thous.) consists of the sale of a stake in real estate companies held by the Group for less than 12 months. These revenues are linked to Expenses incurred on shares sold in the amount of CZK 183 641 thous. (2018: CZK 1 600 thous.). The most important item in this category was the sale of a company that ultimately owned the real estate Crystal in Vinohrady, Prague. All unit certificates of this fund were owned by the Group as of the balance sheet date. The impact of this transaction on the profit/loss is close to zero after deduction of costs from revenues.

The third significant revenue item is Sales of products and services, which amounted to CZK 121 562 thous. (2018: 21 265 thous.). The main driver is the rental income that the Group has received from the rental of its properties.

Overview of the Company's revenues:

	2019	2018
Sales of products and services	121 562	21 265
Tržby z prodeje zboží	0	0
Other operating revenues	535 647	81 076
Income from non-current financial assets	183 420	270 000
Výnosové úroky	65 966	18 120
Ostatní finanční výnosy	92 606	1 140
<b>Total</b>	<b>999 201</b>	<b>391 601</b>

## C) PRODUCTION CONSUMPTION

The total costs of production consumption amounted to CZK 87 126 thous. (2018: 137 811 thous.).

Material and energy consumption costs amounting to CZK 30 011 thous. (2018: CZK 4 845 thous.) mainly include energy consumption costs of real estate projects, which are ultimately paid by tenants and thus also enter into consolidated revenues. A minority item in this category is Marketing needs and office equipment, including hardware that is not included in non-current tangible assets due to its low unit price.

Service costs of CZK 57 115 thous. (2018: CZK 132 966 thous.) include mainly the costs of brokering the sale of bonds and the costs of legal, accounting, tax, economic, technical and IT consultancy related to real estate projects, acquisitions and the functioning of the whole Group.

## D) PERSONNEL EXPENSES

Personnel expenses in 2019 amounted to CZK 11 935 thous. (2018: CZK 2 079 thous.). The sharp increase in personnel costs was associated with the growth of the Group, whereas the staffing boost affected almost all departments. At the same time, in 2019, the Group made a strategic decision to build most of the key functions within the Group without long-term use of consulting firms. This concerns in particular the Department of Finance and Asset and Property Management. The main reason is to maintain critical know-how in the internal environment and reduce costs.

The Group had 20 employees as of the balance sheet date (excluding supervisory or administrative

bodies). The amount of remuneration of supervisory or administrative bodies has been set according to the market standard. Meanwhile, no extraordinary remuneration has been paid to these bodies in 2019.

#### **E) OTHER OPERATING EXPENSES**

Other operating expenses in the amount of CZK 192 586 thous. (2018: 1 359 thous.) consist mainly of the Net book value of sold non-current assets CZK 153 918 thous. (2018: CZK 0 thous.) and Other operating expenses, which amounted to CZK 36 425 thous. (2018: CZK 1 108 thous.). The latter consisted mainly of invoicing costs.

#### **F) FINANCIAL PROFIT/LOSS**

The financial result of the financial year (profit/loss) is divided into several parts. The income from non-current financial assets described above relates to the Costs incurred in shares sold. Both of these items are linked to the transfer of the real estate company owning the Crystal building to the CORE Fund. This transaction had a marginal impact on the profit or loss.

Other interest income and similar income of the Group consist of two basic sources. The first source is bank interest that the Group has collected for cash held in bank accounts. Due to the length of real estate transactions, the Group is not able to invest funds immediately, and during the year, it held in bank accounts material cash that yielded interest income. The average 2T repo rate of the Czech National Bank reached 1.92% in 2019. All interest income on credit and loans to third parties is also included in this category.

Other cost interest and similar costs represent the Group's most important cost item and include the price of financing – bank interest and bond coupons. During 2019, the ČMN Group issued bonds with a maturity of 3, 5 and 7 years.

Other financial income and Other financial expenses are made up mostly of foreign exchange gains and losses and revaluation of derivative transactions involving a real estate company owning the BLOX office building.

## 6. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The impact of events that occurred between the balance sheet date and the date of preparation of the Financial Statements is recorded in the Financial Statements in case those events provided additional information on the facts that existed as of the balance sheet date.

Where significant events have occurred between the balance sheet date and the date of preparation of the Financial Statements, taking into account facts that occurred after the balance sheet date, the consequences of those events are described in the Annex to the Financial Statements, but are not accounted for (charged) in the Financial Statements.

In late 2019, the first reports emerged from China regarding the spreading virus COVID-19 (coronavirus). In the first months of 2020, the virus spread worldwide and negatively influenced many countries. The Group's management closely monitors the situation and is seeking ways to minimize the impact of this pandemic on the Group's activities. The Group's management has considered the potential impact of COVID-19 on its activities and business and concluded that in the event of a relatively rapid opening up of the economy, the disease would not significantly impact the economic management of the Group. This scenario is also indicated at the time of the preparation of the Financial Statements by what is happening in the financial markets.

At the beginning of January 2020, the company Chenit RE s.r.o., belonging to the ČMN Group, completed the acquisition of REZIDENCE KRÁLOVSKÁ TRÍDA, s.r.o., having its registered office at Václavské náměstí 806/62, Prague, 110 00, Corporate no. 067 67 591; which owns the building located at Strakonická 1165, Prague 5 – Smíchov.

During the month of April 2020, ČMN RE ia.s. transferred its 100% stake in ČMN Blox s.r.o. to ČMN RE Core a.s., whose parent company is CORE Fund. This transaction is in accordance with the strategy of the Group of holding real estate companies through the fund structure, which is protected by several layers of service providers – administrator, depository, auditor, etc.

During the month of May 2020, ČMN transferred RE ia.s. its 100% stake in Modřanská Property, a.s., having its registered office at Václavské náměstí 806/62, Prague, 110 00, Corporate no. 289 87 331 to NEMO Fund. The sale of Modřanská Property a.s. is consistent with the Group strategy of purchasing real estate and real estate companies, increasing their value and selling them to a third party, one of which may also be the NEMO real estate fund. Among other things, the ČMN Group was able to extend the lease agreement with Nestlé Česko s.r.o., which led to an increase in the value of the real estate SPV.

## 7. EXPECTED ENDURANCE

In 2019, the Group reached a profit after taxation amounting to CZK 182,002 thousand. At the same time, the Group's equity as to the day of final accounts amounted to CZK 907,036 thousand.

With regard to the above mentioned as well as with regard to Group's strategic plans, final accounts as to 31 December 2019 were drafted based on an assumption of the endurance of the Group.

Drafted on:

12 June 2020

Name and signature of Company statutory body:

A handwritten signature in blue ink, consisting of a large, stylized 'R' followed by a series of loops and a horizontal line extending to the right. The signature is positioned above a horizontal line.

Mr. Ing. et Ing. Radek Stacha  
Chairman of the Board of Directors





# **INDIVIDUAL FINAL ACCOUNTS AS TO 31 DECEMBER 2019**

# ASSETS

Balance sheet		Current accounting period			Last accounting period
		Brutto	Korekce	Netto	Netto
<b>Total assets</b>		<b>780 774</b>	<b>922</b>	<b>779 852</b>	<b>829 717</b>
A.	Subscribed registered capital receivables	0	0	0	0
B.	Stálá aktiva	724 851	922	723 929	657 670
B.I.	Fixed intangible assets	332	61	271	200
B.I.1.	Intangible results of research and development	0	0	0	0
B.I.2.	Valuable rights	332	61	271	200
B.I.2.1.	Software	332	61	271	200
B.I.2.2.	Other royalties	0	0	0	0
B.I.3.	Goodwill	0	0	0	0
B.I.4.	Other non-current intangible assets	0	0	0	0
B.I.5.	Advance payments on unfinished non-current intangible assets	0	0	0	0
B.I.5.1.	Advance payments on non-current intangible assets	0	0	0	0
B.I.5.2.	Unfinished non-current intangible assets	0	0	0	0
B.II.	Fixed tangible assets	4 527	861	3 666	2 152
B.II.1.	Land and structures	1 918	19	1 899	0
B.II.1.1.	Land	0	0	0	0
B.II.1.2.	Structures	1 918	19	1 899	0

Balance sheet		Current accounting period			Last accounting period
		Brutto	Korekce	Netto	Netto
B.II.2.	Tangible movable property and the sets thereof	2 609	842	1 767	2 152
B.II.3.	Revaluation of acquired assets	0	0	0	0
B.II.4.	Other non-current tangible assets	0	0	0	0
B.II.4.1.	Perennial crops	0	0	0	0
B.II.4.2.	Adult animals and their groups	0	0	0	0
B.II.4.3.	Other non-current tangible assets	0	0	0	0
B.II.5.	Advances provided for non-current TA and unfinished non-current TA	0	0	0	0
B.II.5.1.	Advances provided for non-current TA	0	0	0	0
B.II.5.2.	Unfinished non-current assets	0	0	0	0
<b>B.III.</b>	<b>Fixed financial assets</b>	<b>719 992</b>	<b>0</b>	<b>719 992</b>	<b>655 318</b>
B.III.1.	Shares – controlled or controlling entity	438 680	0	438 680	164 688
B.III.2.	Loans and credit - controlled or controlling person, significant influence	192 486	0	192 486	470 494
B.III.3.	Shares - significant influence	0	0	0	0
B.III.4.	Loans and credit - significant influence	0	0	0	0
B.III.5.	Other non-current securities	0	0	0	0
B.III.6.	Loans and credit - other	37 636	0	37 636	20 136
B.III.7.	Other non-current financial assets	51 190	0	51 190	0

Balance sheet		Current accounting period			Last accounting period
		Brutto	Korekce	Netto	Netto
B.III.7.1.	Other non-current financial assets	0	0	0	0
B.III.7.2.	Advances on non-current financial assets	51 190	0	51 190	0
<b>C.</b>	<b>Current assets</b>	<b>48 428</b>	<b>0</b>	<b>48 428</b>	<b>171 638</b>
<b>C.I.</b>	<b>Inventories</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
C.I.1.	Material	0	0	0	0
C.I.2.	Unfinished manufacture and semi-finished products	0	0	0	0
C.I.3.	Products and goods	0	0	0	0
C.I.3.1.	Products	0	0	0	0
C.I.3.2.	Goods	0	0	0	0
C.I.4.	Young and other animals and their groups	0	0	0	0
C.I.5.	Advances given on inventory	0	0	0	0
<b>C.II.</b>	<b>Receivables</b>	<b>46 416</b>	<b>0</b>	<b>46 416</b>	<b>149 944</b>
C.II.1.	Non-current receivables	34 893	0	34 893	139 813
C.II.1.1.	Non-current receivables	0	0	0	0
C.II.1.2.	Receivables - controlled or controlling entity	0	0	0	0
C.II.1.3.	Receivables - significant influence	0	0	0	0
C.II.1.4.	Deferred tax receivable	0	0	0	0
C.II.1.5.	Receivables – other	34 893	0	34 893	139 813
C.II.1.5.1.	Receivables from equity shareholders	0	0	0	0

Balance sheet	Current accounting period			Last accounting period	
	Brutto	Korekce	Netto	Netto	
C.II.1.5.2.	Long-term advanced payments	0	0	0	0
C.II.1.5.3.	Estimated asset accounts (accrued assets)	0	0	0	0
C.II.1.5.4	Other receivables	34 893	0	34 893	139 813
C.II.2.	Current receivables	11 523	0	11 523	10 131
C.II.2.1.	Trade receivables	6 703	0	6 703	3 175
C.II.2.2.	Receivables - controlled or controlling entity	0	0	0	0
C.II.2.3.	Receivables - significant influence	0	0	0	0
C.II.2.4.	Receivables – other	4 820	0	4 820	6 956
C.II.2.4.1.	Receivables from equity shareholders	0	0	0	0
C.II.2.4.2.	Social security and health insurance	0	0	0	0
C.II.2.4.3.	State - tax receivables	4 790	0	4 790	6 461
C.II.2.4.4.	Short-term advanced payments	30	0	30	277
C.II.2.4.5.	Estimated asset accounts (accrued assets)	0	0	0	218
C.II.2.4.6.	Other receivables	0	0	0	0
<b>C.III.</b>	<b>Current financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
C.III.1.	Shares – controlled or controlling entity	0	0	0	0
C.III.2.	Other current financial assets	0	0	0	0
<b>C.IV.</b>	<b>Cash Funds</b>	<b>2 012</b>	<b>0</b>	<b>2 012</b>	<b>21 694</b>
C.IV.1.	Cash on hand	196	0	196	117

Balance sheet		Current accounting period			Last accounting period
		Brutto	Korekce	Netto	Netto
C.IV.2.	Cash in accounts	1 816	0	1 816	21 577
D.	Accruals	7 495	0	7 495	409
D.1.	Prepaid expenses	7 495	0	7 495	409
D.2.	Complex prepaid expenses	0	0	0	0
D.3.	Unbilled revenue	0	0	0	0

# LIABILITIES

Balance sheet		Current accounting period	Last accounting period
<b>Total liabilities</b>		<b>779 852</b>	<b>829 717</b>
A.	Equity	740 211	289 556
A.I.	Registered capital	2 000	2 000
A.I.1.	Registered capital	2 000	2 000
A.I.2.	Own shares (-)	0	0
A.I.3.	Changes in registered capital	0	0
A.II.	Premium and capital funds	269 813	0
A.II.1.	Premium	0	0
A.II.2.	Equity accounts	269 813	0
A.II.2.1.	Other equity accounts	269 813	0
A.II.2.2.	Valuation differences from revaluation of assets and liabilities (+/-)	0	0
A.II.2.3.	Valuation differences from valuation upon business corporations transformations (+/-)	0	0
A.II.2.4.	Differences from corporate transformations (+/-)	0	0
A.II.2.5.	Valuation differences upon business corporations transformations (+/-)	0	0
A.III.	Reserves from profit	0	0
A.III.1.	Other reserve fund	0	0
A.III.2.	Statutory and other reserves	0	0
A.IV.	Net income in prior years	287 556	41 994
A.IV.1.	Retained earnings of prior years	287 556	41 994

Balance sheet		Current accounting period	Last accounting period
A.IV.2.	Retained losses of prior years	0	0
<b>A.V.</b>	<b>Profit/loss of current accounting period (+/-)</b>	<b>180 842</b>	<b>245 562</b>
A.VI.	Decision on advances for payment of profit sharing (-)	0	0
<b>B + C</b>	<b>Liabilities</b>	<b>39 641</b>	<b>540 161</b>
<b>B.</b>	<b>Provisions</b>	<b>0</b>	<b>0</b>
B.1.	Provisions for pensions and similar obligations	0	0
B.2.	Income tax reserve	0	0
B.3.	Provision as per special legislation	0	0
B.4.	Other provisions	0	0
<b>C.</b>	<b>Liabilities</b>	<b>39 641</b>	<b>540 161</b>
<b>C.I.</b>	<b>Non-current liabilities</b>	<b>30 193</b>	<b>509 385</b>
C.I.1.	Issued bonds	28 600	0
C.I.1.1.	Exchangeable bonds	28 600	0
C.I.1.2.	Other bonds	0	0
C.I.2.	Liabilities to credit institutions	1 591	2 340
C.I.3.	Non-current advances received	0	0
C.I.4.	Trade liabilities	2	1
C.I.5.	Non-current notes payable	0	0
C.I.6.	Liabilities - controlled or controlling entity	0	507 044
C.I.7.	Liabilities - significant influence	0	0



Balance sheet		Current accounting period	Last accounting period
C.I.8.	Deferred tax liability	0	0
C.I.9.	Liabilities other	0	0
C.I.9.1.	Liabilities to equity shareholders	0	0
C.I.9.2.	Estimated accounts payable	0	0
C.I.9.3.	Other payables	0	0
<b>C.II.</b>	<b>Current liabilities</b>	<b>9 448</b>	<b>30 776</b>
C.II.1.	Issued bonds	0	0
C.II.1.1.	Exchangeable bonds	0	0
C.II.1.2.	Other bonds	0	0
C.II.2.	Liabilities to credit institutions	0	0
C.II.3.	Current advances received	0	0
C.II.4.	Trade liabilities	4 315	17 027
C.II.5.	Current notes payable	0	0
C.II.6.	Liabilities - controlled or controlling entity	0	0
C.II.7.	Liabilities - significant influence	0	0
C.II.8.	Liabilities other	5 133	13 749
C.II.8.1.	Liabilities to equity shareholders	3 232	162
C.II.8.2.	Current financial assistance	0	0
C.II.8.3.	Payroll payables	782	216
C.II.8.4.	Liabilities from social security and health insurance	476	130

Balance sheet		Current accounting period	Last accounting period
C.II.8.5.	State - tax payables and subsidies	194	42
C.II.8.6.	Estimated accounts payable	8	10
C.II.8.7.	Other payables	441	13 189
D.	Accrued deferrals of liabilities	0	0
D.1.	Accrued expenses	0	0
D.2.	Unearned revenue	0	0

# PROFIT AND LOSS ACCOUNT

Profit and loss account		Current accounting period	Last accounting period
I.	Sales of products and services	40 965	7 945
II.	Revenue from sale of goods	0	0
A.	Production consumption	30 319	26 526
A.1.	Costs of goods sold	0	0
A.2.	Material and energy consumption	3 164	1 251
A.3.	Services	27 155	25 275
B.	Change in status of inventory from own activity (+/-)	0	0
C.	Capitalization	0	0
D.	Personnel expenses	9 555	590
D.1.	Wages and salaries	7 139	440
D.2.	Social security and health insurance expenses	2 416	150
D.2.1.	Social security and health insurance expenses	2 411	150
D.2.2.	Other costs	5	0
E.	Adjustment of values in operations area	657	266
E.1.	Value adjustments of intangible and tangible assets	657	266
E.1.1.	- Value adjustments of intangible and tangible assets permanent	657	266
E.1.2.	- Value adjustments of intangible and tangible assets temporary	0	0
E.2.	Value adjustments of inventory	0	0

Profit and loss account		Current accounting period	Last accounting period
E.3.	Value adjustments of receivables	0	0
<b>III.</b>	<b>Other operating revenue</b>	<b>15 903</b>	<b>356</b>
III.1.	Revenue from sale of non-current assets	0	0
III.2.	Revenue from sale of material	0	0
III.3.	Other operating revenue	15 903	356
<b>F.</b>	<b>Other operating expenses</b>	<b>16 481</b>	<b>959</b>
F.1.	Net book value of non-current assets sold	0	0
F.2.	Net book value of sold materials	0	0
F.3.	Taxes and fees	14	15
F.4.	Provisions in operations area and complex prepaid expenses	0	0
F.5.	Other operating costs	16 467	944
<b>*</b>	<b>Operating profit/loss</b>	<b>-144</b>	<b>-20 040</b>
<b>IV.</b>	<b>Revenue from non-current financial assets</b>	<b>361 845</b>	<b>270 000</b>
IV.1.	Revenue from shares - controlled or controlling entity	361 845	270 000
IV.2.	Other earnings from shares	0	0
<b>G.</b>	<b>Costs of shares sold</b>	<b>0</b>	<b>0</b>
<b>V.</b>	<b>Výnosy z ostatního dl. finančního majetku</b>	<b>0</b>	<b>0</b>
V.1.	Revenue from other non-current financial assets - controlled or controlling entity	0	0
V.2.	Ostatní výnosy z ostatního dlouhodobého finančního majetku	0	0
<b>H.</b>	<b>Costs related to other non-current financial assets</b>	<b>186 469</b>	<b>1 600</b>

Profit and loss account		Current accounting period	Last accounting period
VI.	Interest revenue and similar revenue	30 978	11 451
VI.1.	Interest revenue and similar revenue - controlled or controlling entity	30 978	11 451
VI.2.	Other interest revenue and similar revenue	0	0
I.	Adjustment of values and reserves in the financial sector	0	0
J.	Expense interest and similar expenses	30 262	14 225
J.1.	Expense interest and similar expenses - controlled or controlling entity	30 262	14 225
J.2.	Other expense interest and similar expenses	0	0
VII.	Other financial revenue	11 946	0
K.	Other financial expenses	7 052	24
*	Financial profit/loss	180 986	265 602
**	Profit/loss before taxation	180 842	245 562
L.	Income tax	0	0
L.1.	- due	0	0
L.2.	- deferred	0	0
**	Profit/loss after taxation	180 842	245 562
M.	Transfer of profit/loss share to equity holders (+/-)	0	0
***	Výsledek hospodaření za účetní období (+/-)	180 842	245 562
*	Net turnover in the accounting period = I.+ II.+ III.+ IV.+ V.+ VI.+ VII.	461 637	289 752



# **ATTACHMENT TO INDIVIDUAL FINAL ACCOUNTS AS TO 31 DECEMBER 2019**

# CONTENT OF ATTACHMENT

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# 1. COMPANY DESCRIPTION

Českomoravská Nemovitostní a.s. (hereinafter referred to as the "Company") is a joint stock company based at Prague, Václavské nám. 806/62, Czech Republic, Company Identification Number 051 42 202. The Company was registered with the Commercial Register held by the Municipal Court in Prague under File No. B 24261.

The main subject of its activity is the management of its own property and the lease of real estate, flats, and non-residential premises.

The scope of the business of the Company is production, trade, and services, not mentioned in Annexes 1 to 3 of the Trade Act.

In all matters, the Company acts through its Chairman of the Board of Directors individually, or two members of the Board of Directors together.

The Company has no organizational unit abroad.

SUPERVISORY AND MANAGEMENT BODIES OF THE COMPANY AS TO 31 DECEMBER 2019 ARE AS FOLLOWS:

## **Chairman of the Board of Directors**

Ing. et Ing. Radek Stacha,  
date of birth 28. November 1987  
Mezírka 741/7, Veveří, 602 00 Brno  
Date of appointment: 27 December 2018  
Registered on: 28 December 2018

## **Member of the Board of Directors**

Mgr. Ing. Josef Eim, date of birth 5 April 1984  
Tučkova 418/21, Veveří, 602 00 Brno  
Date of appointment: 1 November 2018  
Registered on: 1 November 2018

## **Member of the Board of Directors**

Mgr. Jan Fiala, date of birth 27 July 1982  
Erbenova 382/14, Černá Pole, 602 00 Brno  
Date of appointment: 27 December 2018  
Registered on: 28 December 2018

## **Member of the Supervisory Board**

Mgr. Jiří Hruban, date of birth 21 March 1978  
Štefánikova 136/66, Ponava, 612 00 Brno  
Date of appointment: 12 September 2016  
Registered on: 13 September 2016

## 2. BASIC ASSUMPTIONS FOR DRAFTING FINAL ACCOUNTS

The accompanying individual final accounts (non-consolidated) have been drafted in accordance with Act No. 563/1991 Coll., on Accounting, as subsequently amended (hereinafter the "Accounting Act") and Implementing Decree No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as subsequently amended, for accounting entities being entrepreneurs using a double-entry bookkeeping system, as subsequently amended, and pursuant to the Czech Accounting Standards for Entrepreneurs, as subsequently amended.

Books respect general accounting principles, in particular the principle of asset evaluation based on historical prices (unless stated otherwise below), the principle of material and temporal accounting, the principle of prudence, and the assumption of the entity's ability to continue as a going concern.

Final accounts of the Company were drafted as to the balance sheet day, 31 DECEMBER 2019 for the calendar year 2019.

Unless stipulated otherwise, financial data in these final accounts are expressed in thousands of Czech crowns (CZK).

### 3. GENERAL ACCOUNTING PRINCIPLES, ACCOUNTING METHODS, AND THEIR CHANGES AND MODIFICATIONS

Methods of evaluation used by the Company while drafting the final accounts for the years 2019 and 2018 as follows:

#### A) INTANGIBLE FIXED ASSETS

Intangible fixed assets include, in particular, intangible development results, valuable rights and software with a useful life of more than one year. Value of purchased intangible fixed assets is established at cost less accumulated amortization and any impairment losses. Research-related expenses are accounted in the year when they occurred. Interest and other financial expenses related to the acquisition of intangible fixed assets are not included in their evaluation.

Goodwill arises as the difference between the evaluation of a business (or a part of it) acquired by transfer or assignment for consideration or by contribution or by evaluation of assets and liabilities within the business corporation transformation, and the sum of individually re-evaluated assets less assumed debts. In the case of its positive value, goodwill is amortized into costs.

Amortization of intangible fixed assets is calculated on the basis of the acquisition price and the estimated useful life of the respective asset. The amortization plan is updated during the use of intangible fixed

assets based on their expected useful life.

#### B) TANGIBLE FIXED ASSETS

Tangible fixed assets means land, buildings, and tangible assets with a useful life of more than one year and a value of more than CZK 40 thousand in each individual case. Purchased tangible fixed assets are evaluated at acquisition costs, which includes the acquisition price, transport costs, customs duties, and other acquisition-related costs. Interest and other financial expenses related to the acquisition are not included in its evaluation decreased by accumulated amortization and accounted impairment losses.

Costs of technical revaluation of tangible fixed assets increase their acquisition costs. Repairs and maintenances are accounted into costs. Evaluation of tangible fixed assets created by own activities includes direct costs, indirect costs causally related to the creation of assets by own activities (production overheads) and related to the activity period. It does not include sale related costs.

Amortization is calculated on the basis of the acquisition price and the estimated useful life of the respective asset. The amortization plan is updated during the use of tangible fixed assets based on their expected useful life. In the case of a decrease in the book value of tangible fixed assets, the Company

creates an adjustment amounting to the difference between the residual accounting value and the price based on expert opinion.

Profit or loss arising from sale or discharge of an asset are established as the difference between sales proceeds and accounting residual value of the asset as to the date of sale and are entered in the profit and loss statement.

Evaluation difference to the acquired assets includes both positive (active) or negative (passive) differences between evaluation of a business acquired through transfer or assignment for consideration, the contribution or evaluation of assets and liabilities within business corporation transformations and the sum of evaluation of its individual assets in the accounting of the selling, contributing, dissolved, or divided by spin-off less debts assumed. Active evaluation difference to assets acquired is amortized into costs spread evenly over 180 months from the acquisition of the said business, or as of the decisive date of the business corporation transformation. Passive evaluation difference to assets acquired is amortized into proceeds spread evenly over 180 months from the acquisition of **s??** business, or as of the decisive date of the business corporation transformation.

### **C) LONG-TERM FINANCIAL ASSETS**

Long-term financial assets include loans with a maturity of more than one year, holdings in companies with a controlling or significant influence, available-for-sale securities and debt securities with a maturity of more than one year held until maturity.

Securities and ownership interests are evaluated at acquisition costs at the time of purchase. The

acquisition price of a security includes direct acquisition-related costs, such as fees and commissions to brokers, advisors, and stock exchanges. As at the date of acquisition of securities and ownership interests, these long-term financial assets of the Company are classified according to their nature as Shares - controlled entity or Shares in accounting units under significant influence, or debt securities held to maturity or available-for-sale securities and shares.

Shares in companies whose financial flows and operating processes can be controlled by the Company in order to obtain benefits from their activities are classified as Shares - controlled entity. Shares in companies whose financial flows and operating processes can be significantly influenced by the Company in order to obtain benefits from their activities are classified as Shares in accounting units under significant influence.

As to the date of final accounts:

- Ownership interests are evaluated at acquisition cost less adjustments.
- Equity securities held for trading are evaluated at fair value. The change in the fair value of equity securities held for trading is accounted in the profit and loss statement for the current period.
- Debt securities held to maturity are evaluated at purchase price plus interest proceeds (including amortization of any premium or discount).
- Available-for-sale securities and shares are evaluated at fair value, if it can be established. The change in the fair value of available-for-sale securities is accounted against evaluation differences from the revaluation of assets and liabilities within equity.
- Loans granted revalued.

The fair value represents the market value announced on domestic or foreign stock exchange, or, as the case may be, evaluation by a qualified estimate or expert opinion, if the market value is not available.

Long-term financial assets are composed of:

- shares in subsidiaries (see Point 1),
- loans provided within the Group,
- provided loans.

#### **D) SHORT-TERM FINANCIAL ASSETS**

Short-term financial assets consist of securities for trading, debt securities with a maturity of up to 1 year held to maturity, treasury stock, treasury bonds, and other available-for-sale securities. At the moment of acquisition, short-term financial assets are evaluated at acquisition cost. The acquisition price includes direct acquisition-related costs, such as fees and commissions to brokers, advisors, and stock exchanges.

As to the acquisition date of short-term financial assets, these short-term financial assets are classified by the Company based on their nature as short-term financial assets for trading or available-for-sale short-term financial assets. Short-term financial assets held for trading are securities held for the purpose of carrying out transactions on the public market with the aim of making a profit from price differences in the short term, however not more than one year.

As to the balance sheet date, the Company evaluates its short-term financial assets, excluding securities held to maturity, at fair value, if it can be established. The change in fair value in the given accounting period is recorded in the profit and loss statement of the current period, except of available-for-sale

securities, for which the revaluation is accounted into equity.

Adjustments are made for short-term financial assets not evaluated at fair value in the case of their loss of value. Debt and equity securities that are not classified as securities held to maturity or securities for trade are classified as available-for-sale securities and are booked at fair value. The real value of short-term financial assets means fair value as announced on the domestic or a foreign stock exchange, or, as the case may be, evaluation by a qualified estimate or expert opinion, if the market value is not available. Cash consists of stamps, cash, and bank accounts balances.

#### **E) INVENTORY**

Inventories of purchases are evaluated at acquisition prices. The acquisition price includes the acquisition price and incidental acquisition costs - in particular customs duties, transport and storage fees, commissions, insurance premiums, and discounts.

Inventories created by own activities are evaluated at own costs, which include direct costs incurred in production or other activities, or the part of indirect costs that relate to production or other activities. Adjustments for inventories are created in cases where the decrease in evaluation of inventories in the accounting is not of a permanent nature, e.g. on the basis of an inventories age analysis, furthermore (if applicable) based on an analysis of sales prices (if applicable), etc.

#### **F) RECEIVABLES**

At the moment of their occurrence, receivables are evaluated at their nominal value, subsequently

reduced by appropriate adjustments for doubtful and irrecoverable amounts. Receivables acquired for consideration or as a deposit are evaluated at costs less adjustments for doubtful and irrecoverable amounts. The evaluation of doubtful receivables is reduced by adjustments in costs of their sale value, namely based on an individual assessment of individual debtors and the age structure of the receivables.

Estimated receivables are evaluated based on expert opinions and calculations. Receivables and estimated receivables are divided into short-term (maturity up to 12 months, inclusive) and long-term (maturity over 12 months), where short-term receivables shall be due within one year as of the balance sheet date.

#### **G) EQUITY**

The share capital of the Company is reported in the amount registered in the Commercial Register held by the Municipal Court. Any increase or decrease in share capital based on a decision of the General Meeting, which was not registered at the balance sheet date, shall be accounted as changes in share capital. Contributions in excess of share capital are reported as a premium.

#### **H) LIABILITIES**

Liabilities are booked at nominal value. Estimated liabilities are evaluated based on expert opinions and calculations and are divided into short-term (maturity up to 12 months, inclusive) and long-term (maturity over 12 months), where short-term receivables shall be due within one year as of the balance sheet date.

#### **I) PROVISIONS**

Provisions are intended to cover liabilities or expenses that are clearly defined in nature and that are either probable or certain to occur as to the balance sheet date, however their amount or timing is not certain.

#### **J) LEASING**

Financial leasing means acquisition of tangible fixed assets in such a way that after the expiration or during the agreed period of paid use of assets by the user that transfers the ownership of assets from the owner to the user and up to the transfer of ownership, the user pays acquisition costs within costs. Finance leasing instalments are booked into costs. The increased first instalment of financial leasing is deferred and amortized over the lease term into costs.

#### **K) FOREIGN EXCHANGE OPERATIONS**

Accounting operations in foreign currencies performed during the year are booked at the exchange rate of the Czech National Bank applicable as to the date of the accounting case. As to the balance sheet date, foreign currency assets and liabilities are recalculated at the Czech National Bank exchange rate applicable as to the balance sheet date. Achieved and non-achieved foreign exchange profits and losses are booked into financial proceeds or financial expenses of the current year.

#### **L) USE OF ESTIMATES**

Drafting final accounts requires management to make estimates and assumptions having an effect on booked amounts of assets and liabilities as to the

balance sheet date and booked amounts of revenues and expenses for the period. The Company's management has established these estimates and assumptions on the basis of all relevant information available. However, as the nature of the estimate suggests, actual values in the future may differ from these estimates.

#### **M) REVENUES AND EXPENSES ACCOUNTING**

Revenues and expenses are booked on an accrual basis, i.e. into the period to which they are materially and temporally related.

#### **N) INCOME TAX PAYABLE**

The Company's management booked the tax liability and tax expense based on the tax calculation, which is based on its understanding of the interpretation of tax laws in force in the Czech Republic as to the balance sheet date and is convinced that the tax amount is correct in accordance with applicable Czech tax regulations. Due to the existence of different interpretations of tax laws and regulations by third parties, including government bodies, the income tax liability reported in the Company's final accounts may change based on the final opinion of the tax office. Income tax expense is calculated using the applicable tax rate on accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable income (e.g. the creation and settlement of other provisions and adjustments, entertainment expenses, the difference between accounting and tax amortization, etc.). Furthermore, items reducing the tax base (gifts), deductible items (tax loss, costs of implementing research and development projects) and income tax rebates are taken into account.

#### **O) DEFERRED INCOME TAX**

The calculation of deferred tax is based on the liability method arising from the balance sheet approach. The book amount of a deferred tax receivable is reviewed at each balance sheet date and reduced to the extent in which it is no longer probable that sufficient taxable profit will be available to allow application of the whole receivable or part of it.

Deferred tax is booked into the profit and loss statement, except to the extent in which it relates to items booked directly in equity, in which case the related deferred tax is also booked into equity. Deferred tax receivables and liabilities are mutually offset and reported in the balance sheet in the total net value, except in cases where some partial tax receivables cannot be offset against partial tax liabilities.

#### **P) SUBSIDIES / INVESTMENT INCENTIVES**

Subsidies to cover costs are booked into other operating and financial proceeds based on their material and temporal relation to accounting of costs for the respective purpose. Subsidies for the acquisition of long-term intangible or tangible assets and technical improvements, and subsidies for the payment of interest included in the acquisition price reduce their acquisition price or own costs.



## 4. ADDITIONAL INFORMATION ON BALANCE SHEET ITEMS

### A) INTANGIBLE FIXED ASSETS

Intangible fixed assets in their net value include only software connected to the information system.

Overview of the changes of intangible fixed assets:

	Balance at 31 Dec 2019	Increases	Decreases	Balance at 31 Dec 2018	Increases	Decreases	Balance at 31 Dec 2017
Software	271	132	61	200	200	0	0
<b>Total</b>	<b>271</b>	<b>132</b>	<b>61</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>0</b>

### B) TANGIBLE FIXED ASSETS

Overview of changes of tangible fixed assets:

	Balance at 31 Dec 2019	Increases	Decreases	Balance at 31 Dec 2018	Increases	Decreases	Balance at 31 Dec 2017
Buildings	1 899	1 919	20	0	0	0	0
Tangible movable assets and their sets	1 767	192	576	2 152	2 417	266	0
Provided advance payments for TFA and unfinished TFA	0	0	0	0	0	115	115
<b>Total</b>	<b>3 666</b>	<b>2 111</b>	<b>596</b>	<b>2 152</b>	<b>2 417</b>	<b>381</b>	<b>115</b>

## C) LONG-TERM FINANCIAL ASSETS

Overview of changes of long-term financial assets:

	Balance at 31 Dec 2019	Incr.	Decr.	Balance at 31 Dec 2018	Incr.	Decr.	Balance at 31 Dec 2017
Shares – controlled or controlling entity	438 680	460 461	186 469	164 688	159 250	1 600	7 038
Loans and credits – controlled or controlling entity	192 486	452 488	730 496	470 494	552 492	111 519	29 522
Loans and credits - others	37 636	124 749	107 250	20 136	67 008	90 808	43 936
Provided advance payments for long-term financial assets	51 190	51 190	0	0	0	0	0
<b>Total</b>	<b>719 992</b>	<b>1 088 888</b>	<b>1 024 215</b>	<b>655 318</b>	<b>778 750</b>	<b>203 927</b>	<b>80 496</b>

### List of controlled entities as to the date of final accounts:

Business name of the Company	Registered seat of the Company	Registered capital	Amount of share
ČMN I s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN II s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Českomoravská Poradenská s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN Alpha s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN Gama s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
ČMN RE I a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
ČMN RE II a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
Sokolovská 967 s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	100 000 CZK	100 %
ČMN Husova s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Českomoravská Projektová a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %

Business name of the Company	Registered seat of the Company	Registered capital	Amount of share
Českomoravská Projektová II a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
Real Estate 4P a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
ČMN Prague s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Modřanská Property a.s.	Václavské náměstí 806/62, Prague 1, 110 00	20 000 000 CZK	100 %
ČMN RE Management a.s.	Václavské náměstí 806/62, Prague 1, 110 00	2 000 000 CZK	100 %
ČMN Servis s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Anilit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Blixit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Cerusit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Dixenit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Erinit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Fangit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Gyrolit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Holtit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Chenit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %
Inezit RE s.r.o.	Václavské náměstí 806/62, Prague 1, 110 00	200 000 CZK	100 %

#### **D) SHORT-TERM FINANCIAL ASSETS**

Short-term financial assets consist of cash and funds in bank accounts.

#### **E) INVENTORIES**

The subject of activity or business scope do not include the sale of goods or products. The Group owned no inventories for the year 2019.

#### **F) RECEIVABLES**

The Company's receivables consist, among other things, of receivables against controlled entities, which are based on concluded agreements and services provision.

No adjustments were created for receivables in either 2019 or 2018..

#### **G) ACCRUALS**

Deferred expenses mainly included accrued expenses from rent, legal services, and others based on temporal and material accuracy. In the area of liabilities, the Company does not record any accruals as to the balance sheet date.

#### **H) EQUITY**

The Company's registered capital amounts to CZK 2,000,000 and has been fully paid up.

Based on the decision of the General Meeting of the Company held on 28 June 2019, the transfer of profit from 2018 amounting to CZK 245,562 thousand to the account of retained earnings from previous years was approved.

It is also assumed that the profit from 2019 amounting to CZK 180,842 thousand shall be transferred to the account of retained earnings from previous years.

#### **I) PROVISIONS**

In 2019, the Company did not book any provisions.

#### **J) LIABILITIES**

Short-term liabilities consist mainly of trade liabilities arising from standard business relations. At 31 DECEMBER 2019 and 31 DECEMBER 2018 the Company had no short-term liabilities secured by pledge right for the benefit of the creditor.

As to the balance sheet date, the Company records bonds with a nominal value of CZK 28,600,000 under long-term liabilities.

#### **K) LEASING**

The Company concluded a leasing contract, the subject of which is personal vehicle leasing.

#### **L) DERIVATIVES**

The Company uses financial derivatives whose underlying asset is primarily the exchange rate. These tools are mainly used for risk management.

#### **M) ADJUSTMENTS**

The Company does not report any adjustments.

#### **N) SUBSIDIES / INVESTMENT INCENTIVES**

The accounting unit did not receive any subsidies or investment incentives during 2019.

## 5. ADDITIONAL INFORMATION ON THE PROFIT AND LOSS ACCOUNT ITEMS

### A) REVENUES

The Company's revenues consist mainly of revenues from the sale of products and services, revenues from the sale of securities and shares, and from interests.

Overview of Company's revenues:

	2019	2018
Tržby z prodeje výrobků a služeb	40 965	7 945
Ostatní provozní výnosy	15 903	356
Tržby z prodeje cenných papírů a podílů	361 845	270 000
Výnosové úroky	30 978	11 451
Ostatní finanční výnosy	11 946	0
<b>Celkem</b>	<b>461 637</b>	<b>289 752</b>

### B) PERFORMANCE CONSUMPTION

Total costs of performance consumption amounted to CZK 30,319 thousand.

Costs for material and energy consumption amounting to CZK 3,164 thousand mainly include costs of marketing supplies and office equipment, including hardware equipment, which is not included in tangible fixed assets due to its low unit

price. Costs for services amounting to CZK 27,155 thousand mainly include costs of legal, accounting, tax, economic, technical, and IT consultancy.

### C) PERSONNEL COSTS

COSTS In 2019, the personnel costs amounted to a total of CZK 9,555 thousand. At the balance sheet date, the Company had 17 employees (excluding supervisory or management bodies).

The amount of remuneration of supervisory or management bodies was established based on the market standard. At the same time, no extraordinary remuneration was paid to these bodies in 2019.

### D) INFORMATION ON RELATED PARTIES TRANSACTIONS

Loans provided to controlled entities amounted at the final accounts date to CZK 192,486 thousand (at 31 DECEMBER 2018 it amounted to CZK 470,494 thousand). The Company re-invoices its services to related parties. In the 2019, the volume of such re-invoicing amounted to CZK 15,903 thousand.

At the same time, the Company provides services to controlled entities relating to financial and commercial advice, accounting, etc. The Company charges a reasonable fee for these services.

All transactions with related parties were agreed on a market basis under normal business conditions.

#### **E) RESEARCH AND DEVELOPMENT**

Company had no investments in research and development.

## 6. SIGNIFICANT EVENTS OCCURRED AFTER BALANCE SHEET DAY

The effect of events occurred between the balance sheet date and the date of drafting final accounts is recorded in the accounting if these events provided additional information about the facts that existed at the balance sheet date.

If significant events have occurred between the balance sheet date and the date of drafting final accounts, taking into account events that occurred after the balance sheet date, the consequences of these events are described in notes to final accounts, but are not booked in the financial statements.

At the end of 2019, news first appeared from China regarding the rapidly spreading COVID-19 virus (coronavirus). In the first months of 2020, the virus spread worldwide and negatively affected many countries. The Company's management closely monitors the situation and looks for ways to minimize the impact of this pandemic on the Company's operations. The Company's management considered the potential impacts of COVID-19 on its activities and business and concluded that they did not have a significant effect on the assumption of business endurance. With regard to these facts, the final accounts at 31 DECEMBER 2019 were drafted based on the assumption that the Company will be able to continue in its activities without serious issues caused by the above-mentioned coronavirus.

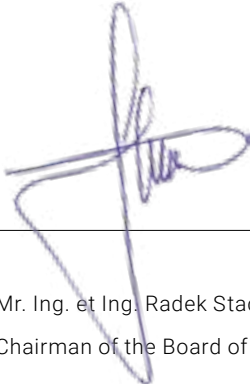
## 7. ASSUMPTION OF COMPANY ENDURANCE

In 2019, the Company made a profit after taxation amounting to CZK 180,842 thousand. At the same time, the Company's equity at the day of final accounts amounted to CZK 740,211 thousand. With regard to the above mentioned as well as with regard to the Company's strategic plans, the final accounts at 31 DECEMBER 2019 were drafted based on the assumption of the endurance of the Group.

Drafted on:

12 June 2020

Name and signature of Company statutory body:



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Mr. Ing. et Ing. Radek Stacha

Chairman of the Board of Directors



# REPORT ON RELATIONS

Report of the statutory body of the company Českomoravská Nemovitostní a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 051 42 202, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24261 (hereinafter referred to as the "Company"), on relations between the controlling entity and the controlled entity and between the controlled entity and the entities controlled by the same controlling entity, drafted in accordance with the provisions of Section 82 ff of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as subsequently amended (hereinafter referred to as "ABCC").

## SECTION I. STRUCTURE OF RELATIONS BETWEEN THE CONTROLLED AND CONTROLLING ENTITY OF THE ENTITY CONTROLLED BY THE COMPANY

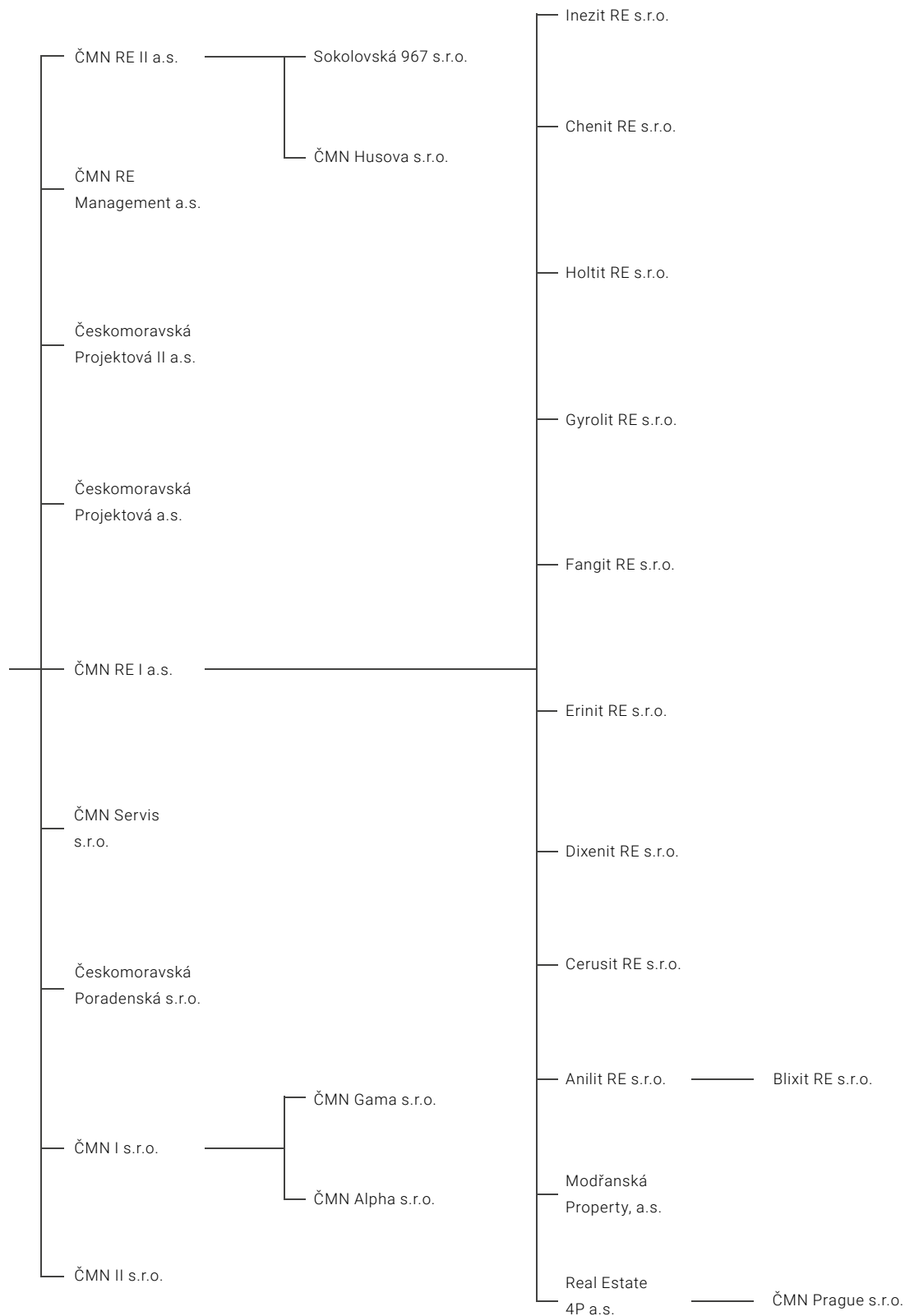
At 31 December 2019, the statutory body of the Company was aware of the following companies controlled by the Company:

- Českomoravská Projektová a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 073 42 202, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24251;
- Českomoravská Projektová II a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 081 42 202, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24412;
- Českomoravská Poradenská s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 055 59 812, registered in the Commercial Register held by the Regional Court in Brno, File No. C 96190;
- ČMN RE I a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 065 94 191, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24177;
- ČMN RE II a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 065 94 484, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24176;
- Real Estate 4P a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 075 37 450, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24769;
- ČMN Prague s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 061 66 318, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 277350;
- Modřanská Property a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00

- Prague 1, Company Identification Number (IČ): 289 87 331, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 15698;
- ČMN i s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 049 38 453, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 309183;
  - ČMN II s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 053 72 321, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 310795;
  - ČMN Alpha s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 062 22 960, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 311004;
  - ČMN Gama s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 063 33 311, registered in the Commercial Register held by the Regional Court in Brno, File No. C 101486;
  - ČMN RE Management a.s., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 079 49 898, registered in the Commercial Register held with the Municipal Court in Prague, File No. B 24244;
  - ČMN Servis s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 085 99 181, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 321738;
  - Sokolovská 967 s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 060 36 163, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 311987;
  - ČMN Husova s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 064 37 885, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 311990;
  - Anilit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 332, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312191;
  - Blixit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 359, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312194;
  - Cerusit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 375, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312196;
  - Dixenit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 421, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312197;
  - Erinit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company

Group's organizational chart as to 31 December 2019

## Českomoravská Nemovitostní a.s.



Identification Number (IČ): 080 53 456, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312199;

- Fangit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 499, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312201;
- Gyrolit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 511, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312202;
- Holtit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 537, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312203;
- Chenit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 533, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312204;
- Inezit RE s.r.o., registered at Václavské náměstí 806/62, Nové Město, 110 00 Prague 1, Company Identification Number (IČ): 080 53 561, registered in the Commercial Register held with the Municipal Court in Prague, File No. C 312205; (dále jen „Ovládané osoby“).  
Statutární orgán Společnosti prohlašuje, že vynaložil péči řádného hospodáře ke zjištění okruhu dalších propojených osob pro účely zpracování této zprávy.

## **SECTION II. ROLE OF THE COMPANY**

Within the Group, the Company is an independent business that intends to develop its activities in the area of the leasing of real estate, apartments, and non-residential premises, as well as in the area of the management of its own assets.

## **SECTION III. METHOD AND MEANS OF CONTROL**

The Company is a holding company controlling directly/indirectly controlled entities through the direct/indirect exercise of voting rights in the controlled entities.

## **SECTION IV. APPLICABLE PERIOD**

This report covers the period from 1 January 2019 to 31 December 2019.

## **SECTION V. OVERVIEW OF ACTIVITIES MADE AT THE INCENTIVE OR IN THE INTEREST OF CONTROLLING ENTITIES OR THEIR CONTROLLED ENTITIES, IF SUCH ACTIVITIES CONCERNED ASSETS WHOSE VALUE EXCEEDS 10% OF THE COMPANY'S EQUITY**

The Company is not aware of any acts done based on an incentive of or in the interest of the controlling entities or their controlled entities.

**SECTION VI. AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND CONTROLLED ENTITIES OR ENTITIES CONTROLLED BY THEM**

Entity	Agreement title	Execution date	Performance provided from the Company	Performance collected by the Company	Damage
Českomoravská Projektová a.s.	Smlouva o úvěru	18.2.2019	Úroky	Zápůjčka	none
ČMN RE i a.s.	Smlouva o úvěru	1.1.2019	Zápůjčka	Úroky	none
ČMN i s.r.o.	Smlouva o úvěru	29.5.2019	Zápůjčka	Úroky	none
Anilit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Blixit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Cerusit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Dixenit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Erinit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Fangit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Gyrolit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Holtit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Chenit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Inezit RE s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN Alpha s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN Gama s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN Husova s.r.o.	Smlouva o poskytování služeb	10.12.2019	Služby	Odměna	none
ČMN i s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN i s.r.o.	Smlouva o poskytování služeb	10.12.2019	Služby	Odměna	none

Entity	Agreement title	Execution date	Performance provided from the Company	Performance collected by the Company	Damage
ČMN II s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Českomoravská Poradenská s.r.o.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN RE i a.s.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN RE II a.s.	Smlouva o poskytování služeb	10.12.2019	Služby	Odměna	none
ČMN RE Management a.s.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
ČMN RE Management a.s.	Dodatek č. 1 ke smlouvě o poskytování služeb	10.12.2019	Služby	Odměna	none
Českomoravská Projektová a.s.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Českomoravská Projektová II a.s.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Českomoravská Projektová II a.s.	Dodatek č. 1 ke smlouvě o poskytování služeb	10.12.2019	Služby	Odměna	none
Real Estate 4P a.s.	Smlouva o poskytování služeb	26.8.2019	Služby	Odměna	none
Sokolovská 967 s.r.o.	Smlouva o poskytování služeb	20.11.2019	Služby	Odměna	none
ČMN RE Management a.s.	Rámcová smlouva o poskytování služeb	5.8.2019	Služby	Odměna	none
Českomoravská Poradenská s.r.o.	Smlouva o poskytnutí podpory	1.11.2019	Pobídka	Služby	none

## SECTION VII. CONCLUSION

Furthermore, the statutory body of the Company declares that in its opinion, all monetary performances, or, as the case may be, considerations provided on the basis of the relationships set out in Sections V to VI. hereto, were established in fair amount, and that the Company did not suffer any damage based on performances stipulated in Sections V. - VI. herein. Subsequently, no disadvantages or potential risks for the Company occur due to relationships between the Company and the controlled entities that, by their nature or extent, exceed risks arising from similar agreements with unrelated parties.

Brno, on 31 March 2020

Českomoravská Nemovitostní a.s.



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Mr. Ing. et Ing. Radek Stacha  
Chairman of the Board of Directors

# CONTACT

## **COMPANY HEADQUARTERS**

Václavské náměstí 62  
110 00 Prague

## **BRNO OFFICE**

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613 00 Brno

## **PRAHA OFFICE**

BB Centrum, building D  
Jemnická 1138/1  
140 00 Prague 4





**ČESKOMORAVSKÁ  
NEMOVITOSTNÍ**

[www.ceskomoravska-nemovitostni.cz](http://www.ceskomoravska-nemovitostni.cz)