

PRAGUE DEVELOPMENT SICAV PLC

Annual Report and Audited Financial Statements

31 December 2019

TG Complex, Suite 2, Level 3, Brewery Street, Central Business District, Birkirkara, CBD 3040, Malta

Contents

	PAGE
Management and administration	2
Description	3
Manager's report.....	4
Report of the directors	7
Statement of directors' responsibilities	8
Independent auditor's report.....	9
Statement of financial position.....	12
Statement of profit or loss and other comprehensive income	13
Statement of changes in net assets attributable to holders of redeemable shares	14
Statement of cash flows	15
Accounting policies and notes to the financial statements	16
Information about the scheme	35

Management and Administration

DIRECTORS & INVESTMENT COMMITTEE MEMBERS

Mr. Michal Kocian
Vlastina 36/850
Prague 6, 161 00
Czech Republic

Mr. Štěpán Havlas
Horný Mecholupy
Drtikolova 156/32
Prague, 10
Czech Republic

DIRECTOR

Ms. Claire Camilleri Gauci
Flat 13, Crystal Towers, 22
Triq ir-Roża
Marsascala
Malta

INVESTMENT COMMITTEE MEMBER

Joseph R Aquilina
77, Good Shepherd Avenue
Balzan
BZN 1623
Malta

ADMINISTRATOR AND COMPANY SECRETARY

BOV Fund Services Limited
58
Zachary Street
Valletta, VLT 1130
Malta
*Recognised to provide Fund Administration
Services by the Malta Financial Services Authority*

AUDITORS

ECOVIS Malta Limited
Level 3, Victoria Centre
Valletta Road
Mosta MST 9012
Malta

LEGAL ADVISORS

Ganado & Associates Advocates
171
Old Bakery Street
Valletta, VLT 1455
Malta

BANKER

Ceskoslovenska obchodni banka, a.s.
FIB Praha - Na Příkopě
Na Příkopě 857/18
Czech Republic

Description

PRAGUE DEVELOPMENT SICAV PLC ("the Company") is organised under the laws of Malta as a professional investor fund with variable share capital (SICAV) pursuant to the Companies Act, 1995. The Company was registered on 3 November 2009 and as at 31 December 2019 consisted of the following funds: Finep Harfa Fund, Finep Prosek Fund and Finep Barrandov Fund.

The Company is licensed by the Malta Financial Services Authority as a non-retail Collective Investment Scheme under the Investment Services Act, 1994. The Company has no employees.

Manager's Report

The Company consist of three sub-Funds:

- FINEP HARFA FUND
- FINEP PROSEK FUND, and
- FINEP BARRANDOV FUND.

As at 31st December 2019 FINEP HARFA FUND holds:

- directly 99% interest as General Partner in the Limited Partnership registered in the Czech Republic called FINEP Harfa k.s. (ID No: 27100626) which is set up specifically to invest in and develop PROJECT HARFA PARK.

As at 31st December 2019 FINEP PROSEK FUND holds:

- directly 98% interest as General Partner in the Limited Partnership FINEP Prosek bytová 10 k.s. (ID No: 29016347), a Limited Partnership registered in Czech Republic under Czech laws. FINEP Prosek bytová 10 k.s. has been set up specifically to invest in and develop PROJECT PROSEK RESIDENTIAL PARK (Phase X – completed),
- directly 99% interest as General Partner in the Limited Partnership FINEP Prosek bytová 12 k.s. (ID No: 29016380), a Limited Partnership registered in Czech Republic under Czech laws. FINEP Prosek bytová 10 k.s. has been set up specifically to invest in and develop PROJECT PROSEK RESIDENTIAL PARK (Phase XIII – completed),
- directly 99% interest as General Partner in the Limited Partnership FINEP Prosek bytová k.s. (ID No: 24716847), a Limited Partnership registered in Czech Republic under Czech laws. FINEP Prosek bytová k.s. has been set up specifically to invest in and develop PROJECT PROSEK RESIDENTIAL PARK (Phase I - completed),
- directly 99% interest as General Partner in the Limited Partnership FINEP Prosek k.s. (ID No: 26762382), a Limited Partnership registered in Czech Republic under Czech laws. FINEP Prosek k.s. has been set up specifically to invest in land to be used to either develop itself or sell the land for development in relation to PROJECT PROSEK RESIDENTIAL PARK,
- directly 99% interest as General Partner in the Limited Partnership FINEP PROSEK bytová 5 k.s. (ID No: 02574527), a Limited Partnership registered in Czech Republic under Czech laws. FINEP PROSEK bytová 5 k.s. has been set up specifically to invest in and develop PROJECT PROSEK RESIDENTIAL PARK (Phase V - completed & Phase IX - completed), and
- directly 99% interest as General Partner in the Limited Partnership FINEP Prosek bytová 2, k.s. (ID No: 24308773), a Limited Partnership registered in Czech Republic under Czech laws. FINEP PROSEK bytová 2, k.s. has been set up specifically to invest in and develop PROJECT PROSEK RESIDENTIAL PARK (Phase III – completed, Phase VII - completed & Phase XII – completed).

As at 31st December 2019 FINEP BARRANDOV FUND holds:

- 99% interest as General Partner in the Limited Partnership FINEP BARRANDOV ZÁPAD k.s. (ID No: 27918041), a Limited Partnership registered in Czech Republic under Czech laws. FINEP BARRANDOV ZÁPAD k.s. has been set up specifically to invest in and develop KASKÁDY BARRANDOV RESIDENTIAL PARK site,
- 99% interest as General Partner in the Limited Partnership FINEP BARRANDOV bytová k.s. (ID No: 05547776), a Limited Partnership registered in Czech Republic under Czech laws. FINEP BARRANDOV bytová k.s. has been set up specifically to invest in and develop KASKÁDY BARRANDOV RESIDENTIAL PARK (Phase VI – in development & Phase IX – in development), and
- 99% interest as General Partner in the Limited Partnership VERANO REAL k.s. (ID No: 04663276), a Limited Partnership registered in Czech Republic under Czech laws, currently no active company.

PROJECT HARFA PARK

PROJECT HARFA PARK is situated in the large development territory of Vysočany / Hloubětín in Prague 9 (Prague, Czech Republic).

FINEP Harfa k.s. acquired plots for the development surrounding the already completed phases of HARFA PARK PROJECT, so it is expected that in upcoming years there will be another development performed by FINEP Harfa k.s. or its specifically set-up sister company(-ies) controlled by FINEP HARFA FUND.

Upcoming business development phases:

- 7th phase (HARFA PARK VII – 62 units) will not be developed by FINEP Harfa k.s. but by the company to which FINEP Harfa k.s. will sell the requested land for its development, expected transaction date in Q3/2020;
- 8th phase (HARFA PARK VIII – 108 units) will be developed by FINEP Harfa k.s. and it represents 108 units (to be built within house X). It is expected that the sale of this phase shall be commenced at the end of 2020;
- 9th phase (HARFA PARK – NOVA ELEKTRA – 97 units) will be developed by FINEP Elektra k.s. (note: dedicated SPV for this phase controlled by FINEP HARFA FUND via its directly held 90% interest as General Partner gained in 03/2020. It is expected that the construction of this phase shall be commenced in Q2/2020.

PROJECT PROSEK RESIDENTIAL PARK

Project PROSEK RESIDENTIAL PARK is situated in the large development territory (suitable for combined multi-functional development) in Prague 8, district of Prosek (Střížkov part) district in the outer border of Prague, the capital of the Czech Republic. The inner block space includes gardens and leisure-time activities, with the garages and parking spaces located in the basements. Green gardens and park are projected between the internal blocks of the buildings and they will be particularly intended for the project inhabitants. The units are intended for sale on primary market as well as for tenement followed by sale on secondary market.

Residential project PROSEK RESIDENTIAL PARK was developed on the area of approximately 65,000 m² of land and will be made up of approximately 1,100 residential units. The property has been split into 13 plots (=> 13 sub-phases).

- 1st phase (PROSEK PARK I) was completed in Q1/2012 (developed by FINEP Prosek bytová k.s.), it included 138 units. All units in the phase are completed and sold,
- 2nd phase (PROSEK PARK II), with 70 units, was completed in Q4/2013 by Bytové družstvo HABR to which FINEP Prosek k.s. sold requested land for development,
- 3rd phase (PROSEK PARK III developed by FINEP PROSEK bytová 2, k.s.) was completed in Q3/2014 and included 93 units. All units in the phase are completed and sold,
- 4th phase (PROSEK PARK IV), with 88 units, was completed in Q4/2014 by Bytové družstvo PARK IV to which FINEP Prosek k.s. sold requested land for development,
- 5th phase (PROSEK PARK V - developed by FINEP PROSEK bytová 5 k.s.) was completed in Q2/2015 and included 104 units. All units in the phase are completed and sold,
- 6th phase (PROSEK PARK VI) with 92 units, was completed in Q3/2015 by Bytové družstvo PARK VI to which FINEP Prosek k.s. sold requested land for development,
- 7th phase (PROSEK PARK VII) was completed in Q2/2016 (developed by FINEP PROSEK bytová 2, k.s. and included 100 units. All units in the phase are completed and sold,
- 8th phase (PROSEK PARK VIII), with 108 units, was completed in Q4/2017 by Bytové družstvo PARK VIII to which FINEP Prosek k.s. sold requested land for development,
- 9th phase (PROSEK PARK IX) was developed by FINEP PROSEK bytová 5, k.s., completed in Q1/2017 and included 102 units. All units in the phase are completed and sold,
- 10th phase (PROSEK PARK X) was developed by FINEP Prosek bytová 10 k.s., completed in 08/2018 and included 181 units (176 flats and 5 commercial/retail spaces). All units in the phase are completed and sold,
- 11th phase (PROSEK PARK XI) was developed by Bytové družstvo PARK XI, to which FINEP Prosek k.s. sold requested land for development, and included 66 units,
- 12th phase (PROSEK PARK XII) was developed by FINEP PROSEK bytová 2, k.s., completed in 06/2018 and included 106 units (all flats). All units in the phase are completed and sold, and
- 13th phase (PROSEK PARK XIII) was developed by FINEP Prosek bytová 12 k.s., completed in 07/2019 and included 107 units (104 flats and 3 commercial/retail spaces). All units in the phase are completed and sold.

PROJECT U SARKY

It is intended that FINEP PROSEK FUND shall attain new location (Prague 6, Ruzyně). Changes in offering memorandum and offering supplement required in this respect. Business plan for the investment is under the preparation and shall be presented to the Committee once available. Currently new company is being set-up called FINEP RUZYŇ bytová k.s., limited partnership, establishment in initial phase (FINEP PROSEK FUND would have direct interest of 49 % as general partner in this new co – with no initial investment, and the company will be set up as joint venture with other investment group call RSJ, FINEP Group will control

50% of the company). It is intended that FINEP RUZYNĚ bytová k.s. shall acquire the land for the development of 75 units within the 1st phase. FINEP PROSEK FUND will not be required to provide any funds neither for the land acquisition nor for the development phase, these will be funded by mother company FINEP HOLDING, SE).

KASKÁDY BARRANDOV RESIDENTIAL PARK

Project KASKÁDY BARRANDOV RESIDENTIAL PARK is located on the edge of Barrandov (in Prague, Czech Republic) near to Prokopské Valley. The second phase of the project was completed in 2003 with the successful delivery of all hundreds of new flats to their owners. The project continued with a third phase offering 394 new flats in 2005. 4th and 5th phase of KASKÁDY BARRANDOV was completed in Q2/2014 with 129 units. All units in the phase are completed and sold.

FINEP BARRANDOV FUND will be investing into the development of future phase (Phase VI+) in KASKÁDY BARRANDOV RESIDENTIAL PARK site.

- 6th phase (KASKÁDY BARRANDOV VI), house E, is being developed by KASKÁDY BARRANDOV bytová k.s., to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV VI includes 66 units (all flats), currently there are 66/66 units sold, the construction of the 6th phase was commenced in 08/2018 and is expected to be completed 05/2020;
- 7th phase (KASKÁDY BARRANDOV VII) is being developed by Bytové družstvo KASKÁDY VII, to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV VII includes 85 units and the construction is expected to be completed 05/2020;
- 8th phase (KASKÁDY BARRANDOV VIII) is being developed by Bytové družstvo KASKÁDY VIII, to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV VIII includes 62 units and the construction is expected to be completed 10/2020;
- 9th phase (KASKÁDY BARRANDOV IX), house C, is being developed by KASKÁDY BARRANDOV bytová k.s., to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV IX includes 76 units (all flats), currently there are 74/76 units sold, construction started in 02/2019 and 08/2020;
- 10th phase (KASKÁDY BARRANDOV X) is being developed by KASKÁDY APARTMENTS a.s., to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV X is being developed as rental living, includes 69 units and the construction started in 04/2019;
- 11th phase (KASKÁDY BARRANDOV XI) is being developed by Bytové družstvo KASKÁDY XI, to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV XI includes 119 units and the construction is expected to be started in 05/2020; and
- 12th phase (KASKÁDY BARRANDOV XII), house I, is being developed by KASKÁDY BARRANDOV bytová k.s., to which FINEP BARRANDOV ZÁPAD k.s. sold requested land for development. Phase KASKÁDY BARRANDOV XII includes 32 units (30 flats and 2 commercial units), currently there are 9/32 units sold (sales commenced in 09/2019) and the construction is expected to be started in 05/2020.

Report of the Directors

The Directors are hereby laying their Annual Report of PRAGUE DEVELOPMENT SICAV PLC for the period 1 January 2019 to 31 December 2019.

In preparing these Annual Audited Financial Statements, the Directors are responsible for ensuring that the Financial Statements are complete and accurate in all material respects and conform to the MFSA's requirements of the Scheme's Licence Conditions.

Principal Activities

PRAGUE DEVELOPMENT SICAV PLC is organised under the laws of Malta as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies' Act, 1995. The Company may constitute segregated Sub-Funds which are segregated patrimonies and are represented by different classes of shares.

Review of Business Development

The Objective of the Company is the collective investment of its funds in securities and other movable or immovable property, or in any of them, with the aim of spreading investment risks and giving members the benefits of the results of the management of its funds.

The net asset value of PRAGUE DEVELOPMENT SICAV PLC as at 31 December 2019 stood at CZK 968,399,958 (2017: CZK 1,330,839,855).

Risk Management

The Company is exposed to a variety of risks and hence operates a risk management strategy with the objective of controlling and minimising the impact on the financial performance and position. A detailed review of the risk management policies employed by the Company with the exposures to credit risk, liquidity risk, market risk and operational risk is included in note 16 of the financial statements.

Listing Authorities

The funds of PRAGUE DEVELOPMENT SICAV PLC were listed on the official list of the Malta Stock Exchange on 26 January 2016.

Going Concern Statement

The directors consider that the financial position of the Company was satisfactory as at the reporting date, with total equity of CZK 968,399,958 relative to total assets of CZK 1,016,965,881. The directors do not foresee any going concern issues in the foreseeable future.

Future Developments

The Company intends to maintain its key objective in the future, with aim to widen the number of projects and locations for development in the Czech Republic.

Results

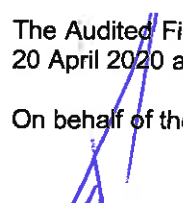
The results for the period under review can be found in the statement of profit or loss and other comprehensive income on page 13.

Statement of Regulatory Breaches

As required by the Investment Services Rules for Invest Service Providers regulated by the MFSA, we report that there were no breaches of the standard licence conditions or other regulatory requirements during the reporting period which were subject to an administrative penalty or other regulatory sanction.

The Audited Financial Statements on pages 12 to 36 were authorised for issue by the Board of Directors on 20 April 2020 and were signed on its behalf by:

On behalf of the Board


Michal Kocián
Director


Štěpán Havlas
Director

Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial period and of the profit or loss for the period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards, as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



Michal Kocián
Director

20 April 2020



Štěpán Havlas
Director

Independent Auditors' Report**To the Members of PRAGUE DEVELOPMENT SICAV PLC****Report on the Financial Statements****Opinion**

We have audited the financial statements of PRAGUE DEVELOPMENT SICAV PLC, set out on pages 12 to 34, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Manager's Report, Description of the Company and its Management and Administration, and the Information about the Scheme. Our opinion on the financial statements does not cover this information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Report of the Directors, we also considered whether the Report of the Directors includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386) and other applicable legal requirements, and is to include a statement that the Company is a going concern with supporting assumptions or qualifications as necessary, as required by Listing Rule 5.62 issued by the Listing Authority of Malta.

ECOVIS Malta Limited, 55 Birbal Road, Balzan, 9017, Malta, phone: +356 213 416 80 fax: +356 213 416 81 e-mail: malta@ecovis.com bank account: HSBC Bank Malta plc acc. no.: 011152915001 VAT Reg. No.: MT 25859806 Directors: Anthony Vella MIA CPA, Karl Bonanno B. Accty (Hons) CPA, Angele Sammut B. Accty (Hons) CPA, Josef Debono ACCA CPA

A member of ECOVIS International • tax advisers • accountants • auditors • lawyers • represented in more than 60 countries on 5 continents.

ECOVIS International is a Swiss association. Each Member Firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity.

Independent Auditors' Report (continued)

Based on the work we have performed, in our opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Report of the Directors has been prepared in accordance with the Maltese Companies Act (Cap.386); and
- we have nothing to report in relation to the statement on going concern.

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

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union and the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Conclude on the appropriateness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditors' Report (continued)

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

We communicate with the directors 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters on which we are required to report by exception

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.



Angele Sammut
(Director) for and on behalf of

ECOVIS Malta Limited
Registered Auditors

20 April 2020

Statement of Financial Position

As at 31 December 2019

2019 Annual Report and Audited Financial Statements

	Notes	Prague Development SICAV p.l.c. 31.12.2019 CZK	Prague Development SICAV p.l.c. 31.12.2018 CZK	Finep Harfa Fund 31.12.2019 CZK	Finep Harfa Fund 31.12.2018 CZK	Finep Prosek Fund 31.12.2019 CZK	Finep Prosek Fund 31.12.2018 CZK	Finep Barrandov Fund 31.12.2019 CZK	Finep Barrandov Fund 31.12.2018 CZK
Assets									
Investment in subsidiary	3	400,000	400,000	-	-	400,000	400,000	-	-
Financial assets at amortised cost	4	873,497,126	1,071,939,024	-	-	223,955,598	353,142,187	649,541,528	718,796,837
Trade and other receivables	5	37,517,435	37,627,385	797,205	6,323,083	9,686,585	8,717,184	27,033,645	22,587,118
Cash and cash equivalents	6	105,551,320	257,597,389	20,819,661	106,962,488	29,509,849	54,328,318	55,191,810	96,276,583
Total assets		1,016,965,881	1,367,563,798	21,616,866	113,285,571	263,552,032	416,587,689	731,766,983	837,660,538
Liabilities									
Deferred tax	7	15,787,029	19,203,667	-	-	-	-	15,787,029	19,203,667
Trade and other payables	8	32,778,894	17,520,276	252,528	330,507	8,166,030	16,770,257	24,360,336	419,512
Total liabilities		48,565,923	36,723,943	252,528	330,507	8,166,030	16,770,257	40,147,365	19,623,179
Net assets attributable to holders of redeemable investor shares		968,399,958	1,330,839,855	21,364,338	112,955,064	255,386,002	399,817,432	691,619,618	818,037,359

The official closing middle rate of exchange applicable between CZK and EUR as at 31 December 2019 was 25.41353 (2018: 25.7373).

The accounting policies and notes to the financial statements on pages 16 to 34 are an integral part of these financial statements.

These financial statements on pages 12 to 34 were authorised for issue by the Board of Directors on 20 April 2020 and were signed on its behalf by:

Michal Kocián
Director


Štěpán Havlas
Director

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

2019 Annual Report and Audited Financial Statements

	Prague Development SICAV p.l.c. 31.12.2019	Prague Development SICAV p.l.c. 31.12.2018	Finep Harfa Fund 31.12.2019	Finep Harfa Fund 31.12.2018	Finep Prosek Fund 31.12.2019	Finep Prosek Fund 31.12.2018	Finep Barrandov Fund 31.12.2019	Finep Barrandov Fund 31.12.2018
Notes	CZK	CZK	CZK	CZK	CZK	CZK	CZK	CZK
Income								
Dividend income	444,783,899	440,674,739	75,739	210,351	444,708,160	304,388,911	-	136,075,477
Interest income	23,880,767	37,220,097	-	7,922,748	2,906,520	4,871,301	-	24,426,048
Other income	-	24	-	24	-	-	-	-
	468,664,666	477,894,860	75,739	8,133,123	447,614,680	309,260,212	20,974,247	160,501,525
Expenses								
Interest expenses	-	3,466,102	-	3,462,123	-	1,478	-	2,501
Auditors' remuneration	344,862	318,885	104,958	106,295	119,952	106,295	119,952	106,295
Loss on exchange differences	29,794	15,168	19,705	6,916	4,048	4,015	6,041	4,237
Administration fees	960,965	943,878	313,121	314,626	334,723	314,626	313,121	314,626
Legal and professional fees	409,110	627,057	101,425	190,693	107,952	170,537	199,733	265,827
Directors' remuneration	243,444	235,645	80,632	78,805	81,393	77,867	81,419	78,973
Investment committee fees	589,530	410,804	184,349	121,294	189,558	127,821	215,623	161,689
Operating loss from investments	24,487,087	5,106,302	-	-	401,888	4,967,394	24,085,199	138,908
Operating loss from disposal of asset	-	73,705,032	-	73,705,032	-	-	-	-
Other operating expenses	811,321	781,657	214,575	183,896	297,887	373,760	298,859	224,001
Movement in impairment - IFRS 9 provision	(1,711,081)	1,907,986	-	-	(2,122,310)	1,570,240	411,229	337,746
	26,165,032	87,518,516	1,018,765	78,169,680	(584,909)	7,714,033	25,731,176	1,634,803
Net income/(loss)	442,499,634	390,376,344	(943,026)	(70,036,557)	448,199,589	301,546,179	(4,756,929)	158,866,722
Distribution to shareholders	(520,000,000)	(410,000,000)	(90,000,000)	-	(310,000,000)	(210,000,000)	(120,000,000)	(200,000,000)
Tax expense	(24,939,531)	(23,426,326)	(647,700)	(222,391)	(22,631,019)	(15,252,923)	(1,660,812)	(7,951,012)
Decrease/increase in net assets attributable to redeemable investor shares	(102,439,897)	(43,049,982)	(91,590,726)	(70,258,948)	115,568,570	76,293,256	(126,417,741)	(49,084,290)

The notes to the financial statements on pages 16 to 34 are an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

for the year ended 31 December 2019

Note	Prague Development SICAV p.l.c. 31.12.2019 CZK	Prague Development SICAV p.l.c. 31.12.2018 CZK	Finep Harfa Fund 31.12.2019 CZK	Finep Harfa Fund 31.12.2018 CZK	Finep Prosek Fund 31.12.2019 CZK	Finep Prosek Fund 31.12.2018 CZK	Finep Barrandov Fund 31.12.2019 CZK	Finep Barrandov Fund 31.12.2018 CZK
2								
Net assets at the beginning of the year	1,330,839,855	1,377,036,386	112,955,064	183,214,012	399,817,432	324,120,648	818,037,359	869,671,726
Change in accounting policies	-	(3,146,549)	-	-	-	(596,472)	-	(2,550,077)
Restated net assets at the beginning of the year	1,330,839,855	1,373,889,837	112,955,064	183,214,012	399,817,432	323,524,176	818,037,359	867,121,649
Redemptions for the year	(260,000,000)	-	-	-	(260,000,000)	-	-	-
Net (decrease)/increase in net assets during the year	(102,439,897)	(43,049,982)	(91,590,726)	(70,258,948)	115,568,570	76,293,256	(126,417,741)	(49,084,290)
Net assets attributable to redeemable shares at the end of the year	968,399,958	1,330,839,855	21,364,338	112,955,064	255,386,002	399,817,432	691,619,618	818,037,359

The notes to the financial statements on pages 16 to 34 are an integral part of these financial statements.

	Prague Development SICAV p.l.c. 31.12.2019 CZK	Prague Development SICAV p.l.c. 31.12.2018 CZK	Finep Harfa Fund 31.12.2019 CZK	Finep Harfa Fund 31.12.2018 CZK	Finep Prosek Fund 31.12.2019 CZK	Finep Prosek Fund 31.12.2018 CZK	Finep Barrandov Fund 31.12.2019 CZK	Finep Barrandov Fund 31.12.2018 CZK
Cash flows from operating activities								
(Acquisitions)/disposals of investments	-	3,294,968	-	2,894,968	-	320,000	-	80,000
Losses on investments paid	(11,107,414)	(4,408,733)	-	(125,042)	(11,014,856)	(4,135,180)	-	(148,511)
Interest received/(paid)	13,652,383	38,100,333	-	5,343,154	2,906,520	7,657,933	10,745,863	25,099,246
Operating expenses paid	(3,619,969)	(3,226,987)	(1,125,025)	(949,152)	(1,204,863)	(1,124,435)	(1,290,081)	(1,153,400)
Dividends received	439,361,432	467,032,544	210,351	-	435,075,604	307,038,613	4,075,477	159,993,931
Other income	-	26	-	26	-	-	-	-
Taxation (paid)/received	(25,332,501)	(53,035,706)	4,722,899	(783,456)	(20,556,400)	(15,337,400)	(9,499,000)	(36,914,850)
Net cash flows from operating activities	412,953,931	447,756,445	3,808,225	6,380,498	405,206,005	294,419,531	3,939,701	146,956,416
Cash flows from financing activities								
Intra-SICAV transfers	-	-	48,948	(38,602)	(24,474)	19,299	(24,474)	19,303
Loans received/(paid)	215,000,000	93,288,971	-	96,000,000	140,000,000	(125,711,029)	75,000,000	123,000,000
Dividends paid	(520,000,000)	(410,000,000)	(90,000,000)	-	(310,000,000)	(210,000,000)	(120,000,000)	(200,000,000)
Net cash flows used in financing activities	(565,000,000)	(316,711,029)	(89,951,052)	95,961,398	(430,024,474)	(335,691,730)	(45,024,474)	(76,980,697)
Net (decrease)/increase in cash and cash equivalents	(152,046,069)	131,045,416	(86,142,827)	102,341,896	(24,818,469)	(41,272,199)	(41,084,773)	69,975,719
Cash and cash equivalents at beginning of the year	257,597,389	126,551,973	106,962,488	4,620,592	54,328,318	95,600,517	96,276,583	26,300,864
Cash and cash equivalents at end of the year (note 6)	105,551,320	257,597,389	20,819,661	106,962,488	29,509,849	54,328,318	55,191,810	96,276,583

The notes to the financial statements on pages 16 to 34 are an integral part of these financial statements.

Accounting Policies

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and comply with the Companies Act, 1995. They have also been prepared in accordance with the requirements of the Malta Financial Services Authority's Investment Services Guidelines.

These financial statements are being prepared from 1 January 2019 to 31 December 2019, whilst the comparative figures relate to the period 1 January 2018 up till 31 December 2018.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires Directors to exercise their judgment in the process of applying its accounting policies. The Statement of Financial Position presents assets and liabilities in increasing order of liquidity and does not distinguish between current and non-current items. Financial assets and liabilities at fair value through income are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Sub-Investment Manager's or the Advisor's recommendations. All other assets and liabilities are expected to be realised within one year.

Consolidated financial statements as required by International Financial Reporting Standard 10 have not been drawn up, since the Company has taken advantage of the exemption from so doing conferred on it by Article 174 of the Companies Act, 1995 (Chapter 386, Laws of Malta). Accordingly, these financial statements present information about the Company and not about its group. The Company forms part of the Group Finep Holding, SE. Finep Holding, SE is a company domiciled in the Czech Republic and the address of its registered office is Havlíčkova 1030/1, Nové Město, 110 00, Prague 1. Finep Holding, SE prepares consolidated financial statements in accordance with International Financial Reporting Standards. A copy of the consolidated financial statements of the group can be obtained from Finep Holding, SE's registered office.

Changes in accounting policies and disclosures

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Standards and amendments to existing standards effective 1 January 2019

The Company has adopted the following new and amended IFRS:

- Amendments to IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements* resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest).
- Amendments to IFRS 9 *Financial Instruments* regarding prepayment features with negative compensation and modifications of financial liabilities.
- IFRS 16 *Leases*.
- Amendments to IAS 12 *Income Taxes* resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends).
- Amendments to IAS 19 *Employee Benefits* regarding plan amendments, curtailments or settlements.
- Amendments to IAS 23 *Borrowing Costs* resulting from Annual Improvements 2015–2017 Cycle (borrowing costs eligible for capitalisation).
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* regarding long-term interests in associates and joint ventures.
- IFRIC 23 *Uncertainty over Income Tax Treatments*

New standards, amendments and interpretations effective after 1 January 2019

At the date of authorisation of these financial statements, the following standards, revisions and interpretations were in issue but not yet effective:

- Amendments to IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments*, and IAS 39 *Financial Instruments: Recognition and Measurement* regarding pre-replacement issues in the context of the IBOR reform (effective for financial years beginning on or after 1 January 2020).

Accounting Policies

1. BASIS OF PREPARATION (continued)

New standards, amendments and interpretations effective after 1 January 2019 (continued)

- IFRS 17 *Insurance Contracts* (effective for financial years beginning on or after 1 January 2021).
- Amendments to IAS 1 *Presentation of Financial Statements* regarding the definition of material (effective for financial years beginning on or after 1 January 2020) and regarding the classification of liabilities (effective for financial years beginning on or after 1 January 2022).
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* regarding the definition of material (effective for financial years beginning on or after 1 January 2020).

Standards, interpretations and amendments to published standards that are not yet endorsed by the European Union

- Amendments to IFRS 3 *Business Combinations* to clarify the definition of a business (effective for financial years beginning on or after 1 January 2020).

The directors are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The directors anticipate that the adoption of other International Financial reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 2 to the financial statements.

Functional and presentation currency

The financial statements are presented in Czech Koruna (CZK), which is the Company's functional currency.

2. FOREIGN EXCHANGE TRANSLATION

Transactions in foreign currencies are translated into Czech Koruna at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date into Czech Koruna at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Czech Koruna at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in the statement of profit or loss and other comprehensive income as net foreign exchange gain or loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as net gain or loss from instruments at fair value through profit or loss.

Accounting Policies

3. INVESTMENT IN SUBSIDIARY

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiary may be carried either under the cost method, that is at cost less any accumulated impairment losses or in accordance to IFRS 9 or using the equity method.

After initial recognition the investment in subsidiary is carried under the cost method.

4. OTHER RECEIVABLES AND PAYABLES

Other receivables and payables represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered by the end of the year. These amounts include bonds subscribed to by the Sub-Funds and loans payable at the year end. Other receivables and payables are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment. A provision for impairment of amounts due is established in accordance with accounting policy 9.

5. REDEEMABLE SHARES

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Company issues redeemable shares and are classified as financial liabilities. The redeemable shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the respective Fund's net assets at the redemption date and also in the event of the Fund's liquidation. The redemption price per share on the relevant redemption day shall be the net asset value calculated to 3 decimal places as at the close of business on the relevant valuation day. In accordance with the offering supplement of the Sub-funds, unless otherwise determined by the directors of the Company, no redemptions will be affected during the first five years of the life of the Sub-Fund. After the lapse of this five year period, Investor Shares may be redeemed on Redemption Days.

6. EXPENSES

Expenses are accounted for on an accrual basis and are expensed as incurred.

7. INCOME RECOGNITION

Interest income

Interest income and expense, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in the statement of comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, when appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable, and interest paid or payable are recognised in the statement of comprehensive income as interest income and interest expense, respectively.

Dividend income

Dividend income is recognised in the statement of profit or loss and other comprehensive income when the right to receive income is established. For quoted equity securities this is usually the ex-dividend date. For unquoted equity securities this is usually the date when the shareholders have approved the payment of a dividend. Dividend income from equity securities designated at fair value through profit or loss is recognised in the statement of comprehensive income as dividend income.

Accounting Policies

7. INCOME RECOGNITION (continued)

Dividend to holders of redeemable shares

Dividends payable to holders of redeemable shares are recognised in the statement of profit or loss and other comprehensive income as finance costs when they are authorised by the board of directors.

Fees and commission expenses

Fees and commission expenses are recognised in the statement of profit or loss and other comprehensive income as the related services are performed.

8. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits with banks with original maturities of less than three months. In the statement of financial position, overdrawn bank balances are included within liabilities.

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

The Company classifies its financial assets as those measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes loans receivables and trade and other receivables.

Accounting Policies

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loan and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings payables, net of directly attributable transaction costs.

The Company's financial liabilities included trade and other payables and loans and borrowings from related parties. Trade and other payables are stated at their nominal value unless the effect of discounting is material. Other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. Amounts due to related parties are carried at cost.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Accounting Policies

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Impairment of financial assets (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

10. OFFSETTING

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

11. TAX EXPENSE

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001, as amended. In general, a prescribed fund is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund.

Investment income as defined in the Income Tax Act received by a prescribed fund is subject to a withholding tax and such income cannot be received by the Sub-Fund gross of tax. The applicable rate of withholding tax is currently 15% on local bank interest and 10% on investment income other than local bank interest. The Company (whether in respect of prescribed or non-prescribed funds) is not entitled to a credit or to a refund of any tax at source deducted from income received by the Company. Other income and capital gains are tax exempt in the hands of prescribed funds.

On the other hand any fund which is classified as a non-prescribed fund for income tax purposes would not be subject to tax on its income or gains (other than any income from immovable property situated in Malta), but resident investors therein may be subject to a 15% final withholding tax on capital gains realised on redemption of units. However, the investor may request the Company not to effect the deduction of the said 15% withholding tax in which case the investor would be required to declare the gains in his income tax return and will be subject to tax at the normal rates of tax. In case of the Company's foreign investments, any capital gains, dividends, interest and other gains or profits may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or by its shareholder.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

1. GENERAL

PRAGUE DEVELOPMENT SICAV PLC ("the Company") is an open-ended investment company and was incorporated as a public company with limited liability in Malta on 3 November 2009. The Company and the Funds are licensed by the Malta Financial Services Authority as Collective Investment Schemes under the Investment Services Act, 1994.

The Funds of Prague Development SICAV plc were listed on the official list of the Malta Stock Exchange on 26 January 2016. The Funds were listed in terms of Chapter 8 of the Listing Rules applicable to open-ended collective investment schemes.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Expected credit losses

The Company uses a provision matrix to calculate ECLs for financial assets at amortised cost, dividend and interest receivable and cash and cash equivalents. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the immovable property sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Under IFRS 9 it is a requirement to consider a range of possible future outcomes, which has resulted in an increase in the provision for applying macroeconomic assumptions. To capture the effect of changes to the economic environment, the ECL model incorporates forward-looking information and assumptions linked to economic variables, including GDP growth, population, unemployment, the residential market in Czech Republic and potential effects of COVID-19. The forward-looking information does not have a significant impact on the calculation of the ECL.

3. INVESTMENT IN SUBSIDIARY

Name	Registered Address	2019	2018
Finep Harfa k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Prosek Bytova k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Prosek k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Prosek Bytova 2 k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Prosek Bytova 5 k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Prosek Bytova 10 k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	98%	98%
Finep Prosek Bytova 12 k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Barrandov Zapad k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Finep Barrandov Bytova k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%
Verano Real k.s.	Prague 1, Havlickova 1030/1,110,00, Prague	99%	99%

Notes to the Financial Statements

3. INVESTMENT IN SUBSIDIARY (continued)

Finep Harfa Fund

On 10 November 2009, the Finep Harfa Fund, acquired 48% as a general partner in the Limited Partnership Finep Harfa k.s., incorporated in the Czech Republic. During the year ended 31 December 2016, following a revision to the agreement between Finep Harfa Fund and Finep Harfa k.s., the former has a 99% ownership of the latter. The audited financial statements of the subsidiary have been prepared in accordance with Czech accounting standards. The distribution of all profits of Finep Harfa k.s. attributable to the general partners has been approved and appropriately accounted for in these financial statements.

On 21 December 2015, the Finep Harfa Fund, acquired 100% in the Limited Liability Company, Eurogiro Finance CZ s.r.o., incorporated in the Czech Republic. The purchase price of CZK 76,600,000 has been fully paid at the date of the agreement by the delivery of five promissory notes, fully repaid by the 30 September 2016. During the prior year, Finep Harfa Fund disposed of its holding in Eurogiro Finance CZ s.r.o..

Finep Prosek Fund

On 1 November 2012, the Finep Prosek Fund, contributed CZK 80,000 (80%) to the capital of the partnership Prosek Bytova Limited Partnership, a Limited Partnership incorporated in Cyprus. This Limited Partnership was specifically set up to gain controlling interest as a general partner in FINEP Prosek Bytova k.s., a limited partnership incorporated in the Czech Republic. The Finep Prosek Fund held 99% of the voting rights of Prosek Bytova Limited Partnership and shares 99% in the distribution of profits and division of losses. On 3 October 2017, the Finep Prosek Fund acquired directly 99% shares in FINEP Prosek Bytova k.s. Prosek Bytova Limited Partnership was dissolved and struck off the Register under the Partnership and Business Names Law Cap. 116, Section 57 (1) on the 31 August 2018. As at the date of dissolution the Partnership did not own any assets and did not have any outstanding liabilities.

On 30 October 2013, the Finep Prosek Fund contributed CZK 80,000 (80%) to the capital of the partnership Finep Prosek Limited Partnership, a Limited Partnership incorporated in Cyprus. This Limited Partnership was specifically set up to gain controlling interest as a general partner in FINEP Prosek k.s., a limited partnership incorporated in the Czech Republic. The Finep Prosek Fund held 99% of the voting rights of Finep Prosek Limited Partnership and shares 99% in the distribution of profits and division of losses. On 2 October 2017, the Finep Prosek Fund acquired directly 99% shares in FINEP Prosek k.s. Finep Prosek Limited Partnership was dissolved and struck off the Register under the Partnership and Business Names Law Cap. 116, Section 57 (1) on the 31 August 2018. As at the date of dissolution the Partnership did not own any assets and did not have any outstanding liabilities.

On 20 November 2013, the Finep Prosek Fund contributed CZK 80,000 (80%) to the capital of the partnership Prosek Park V Ltd Partnership, a Limited Partnership incorporated in Cyprus. This Limited Partnership was specifically set up to gain controlling interest as a general partner in FINEP Prosek Bytova 5 k.s., a limited partnership incorporated in the Czech Republic. The Finep Prosek Fund held 99% of the voting rights of Finep Prosek Limited Partnership and shares 99% in the distribution of profits and division of losses. On 14 August 2017, the Finep Prosek Fund acquired directly 99% shares in FINEP Prosek Bytova 5 k.s. Prosek Park V Ltd Partnership was dissolved and struck off the Register under the Partnership and Business Names Law Cap. 116, Section 57 (1) on the 31 August 2018. As at the date of dissolution the Partnership did not own any assets and did not have any outstanding liabilities.

On 31 March 2014, the Finep Prosek Fund contributed CZK 80,000 (80%) to the capital of the partnership Prosek Park II Limited Partnership, a Limited Partnership incorporated in Cyprus. This Limited Partnership was specifically set up to gain controlling interest as a general partner in FINEP Prosek 2 Bytova k.s., a limited partnership incorporated in the Czech Republic. The Finep Prosek Fund held 99% of the voting rights of Prosek Park II Limited Partnership and shares 99% in the distribution of profits and division of losses. On 14 August 2017, the Finep Prosek Fund acquired directly 99% shares in FINEP Prosek Bytova 2 k.s. Prosek Park II Limited Partnership was dissolved and struck off the Register under the Partnership and Business Names Law Cap. 116, Section 57 (1) on the 31 August 2018. As at the date of dissolution the Partnership did not own any assets and did not have any outstanding liabilities.

Notes to the Financial Statements

3. INVESTMENT IN SUBSIDIARY (continued)

Finep Prosek Fund (continued)

On 19 April 2016, the Finep Prosek Fund contributed CZK 200,000 to the capital of FINEP Prosek Bytova 10 k.s., an entity incorporated in the Czech Republic. The Finep Prosek Fund held 10% of the voting rights of FINEP Prosek Bytova 10 k.s., and shares 10% in the distribution of profits and division of losses. On 16 August 2017, the Finep Prosek Fund increased its shareholding to 98% interest. No additional contribution was made.

On 10 July 2017, the Finep Prosek Fund, contributed CZK 200,000 (10%) to the capital of Office Centre Beta a.s., an entity incorporated in the Czech Republic. The Finep Prosek Fund held 10% of the voting rights of Office Centre Beta a.s., and shares 10% in the distribution of profits and division of losses. On 14 November 2017, Office Centre Prosek Beta a.s. has transformed its legal form into a limited partnership called FINEP Prosek Bytova 12 k.s. On 03 October 2018, the Finep Prosek Fund increased its shareholding to 99% interest. No additional contribution was made.

Finep Barrandov Fund

On 20 June 2014, the Finep Barrandov Fund contributed CZK 80,000 (80%) to the capital of the partnership Kaskady Barrandov Limited Partnership, a Limited Partnership incorporated in Cyprus. This Limited Partnership was specifically set up to gain controlling interest as a general partner in FINEP Barrandov Zapad k.s., a limited partnership incorporated in the Czech Republic. The Finep Barrandov Fund holds 99% of the voting rights of Kaskady Barrandov Limited Partnership and shares 99% in the distribution of profits and division of losses. On 15 June 2016, the interest in Finep Barrandov Zapad k.s. was acquired directly by Finep Barrandov Fund. Kaskady Barrandov Limited Partnership was dissolved and struck off the Register under the Partnership and Business Names Law Cap. 116, Section 57 (1) on the 31 August 2018. As at the date of dissolution the Partnership did not own any assets and did not have any outstanding liabilities.

On 30 September 2016, the Finep Barrandov Fund, acquired 99% as a general partner, in the Limited Liability Partnership, FINEP Barrandov Bytova k.s., incorporated in the Czech Republic. The Finep Barrandov Fund holds 99% of the voting rights of FINEP Barrandov Bytova k.s., and shares 99% in the distribution of profits and division of losses.

On 01 December 2016, the Finep Barrandov Fund, acquired 99% as a general partner, in the Limited Liability Partnership, Verano Real k.s., incorporated in the Czech Republic. The Finep Barrandov Fund holds 99% of the voting rights of Verano Real k.s., and shares 99% in the distribution of profits and division of losses.

4. FINANCIAL ASSETS AT AMORTISED COST

The following table provides the bonds subscribed by Sub-Funds as at 31 December 2019:

Fund	Amount CZK	Interest rate	Maturity
Finep Harfa Fund	-	-	-
Finep Prosek Fund			
Bond 2021	197,000,000	2.5%	31 December 2021
Bond 2020	7,000,000	4%	31 December 2020
Bond 2021	20,000,000	2.5%	31 December 2021
	<u>224,000,000</u>		
Less: loss allowance for debt investments at amortised cost (Note 2)	<u>(44,402)</u>		
	<u>223,955,598</u>		

Notes to the Financial Statements

4. FINANCIAL ASSETS AT AMORTISED COST (continued)

Fund	Amount CZK	Interest rate	Maturity
Finep Barrandov Fund			
Bond 2020	226,666,667	2%	21 December 2020
Bond 2020	56,173,913	2%	31 December 2020
Bond 2021	300,000,000	4%	27 December 2021
Bond 2020	70,000,000	4%	31 December 2020
	<u>652,840,580</u>		
Less: loss allowance for debt investments at amortised cost (Note 2)	<u>(3,299,052)</u>		
	<u>649,541,528</u>		

The following table provides the bonds subscribed by Sub-Funds as at 31 December 2018:

Fund	Amount CZK	Interest rate	Maturity
Finep Harfa Fund	-	-	-
Finep Prosek Fund			
Bond 2020	296,308,899	2%	31 December 2020
Bond 2020	7,000,000	4%	31 December 2020
Bond 2020	52,000,000	4%	31 December 2020
	<u>355,308,899</u>		
Less: loss allowance for debt investments at amortised cost (Note 2)	<u>(2,166,712)</u>		
	<u>353,142,187</u>		
Finep Barrandov Fund			
Bond 2020	55,375,761	2%	31 December 2020
Bond 2020	70,000,000	4%	31 December 2020
Bond 2021	300,000,000	4%	27 December 2021
Bond 2020	72,862,844	2%	31 December 2020
Bond 2020	223,446,055	2%	21 December 2020
	<u>721,684,660</u>		
Less: loss allowance for debt investments at amortised cost (Note 2)	<u>(2,887,823)</u>		
	<u>718,796,837</u>		

The fair values of the bonds are not significantly different to their carrying amounts. The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Notes to the Financial Statements

5. TRADE AND OTHER RECEIVABLES

	PRAGUE DEVELOPMENT SICAV PLC		Finep Harfa Fund		Finep Prosek Fund		Finep Barrandov Fund	
	2019	2018	2019	2018	2019	2018	2019	2018
	CZK	CZK	CZK	CZK	CZK	CZK	CZK	CZK
Dividend income receivable from subsidiary	9,708,295	4,285,828	75,739	210,351	9,632,556	-	-	4,075,477
Taxation refundable	13,138,700	14,087,750	667,000	6,037,600	-	-	12,471,700	8,050,150
Other prepayments	156,609	72,392	54,466	26,185	54,029	26,083	48,114	20,124
Interest receivable	-	126,027	-	-	-	-	-	126,027
Accrued income	14,513,831	19,006,441	-	-	-	8,691,101	14,513,831	10,315,340
Intra-SICAV transactions	-	48,947	-	48,947	-	-	-	-
	37,517,435	37,627,385	797,205	6,323,083	9,686,585	8,717,184	27,033,645	22,587,118

6. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, the year-end cash and cash equivalents comprise bank balances held at call as follows:

	2019 CZK	% of net assets	2018 CZK	% of net assets
Prague Development				
Cash at bank	105,551,320	10.90	257,597,389	19.36
Finep Harfa Fund				
Cash at bank	20,819,661	97.45	106,962,488	94.69
Finep Prosek Fund				
Cash at bank	29,509,849	11.55	54,328,318	13.59
Finep Barrandov Fund				
Cash at bank	55,191,810	7.98	96,276,583	11.77

7. DEFERRED TAX LIABILITY

	Finep Barrandov Fund	
	2019	2018
	CZK	CZK
Revaluation of investment property held by FINEP BARRANDOV ZÁPAD k.s.	15,787,029	19,203,667

Notes to the Financial Statements

8. TRADE AND OTHER PAYABLES

	PRAGUE DEVELOPMENT SICAV PLC		Finep Harfa Fund		Finep Prosek Fund		Finep Barrandov Fund	
	2019 CZK	2018 CZK	2019 CZK	2018 CZK	2019 CZK	2018 CZK	2019 CZK	2018 CZK
Accrued expenses	818,055	964,780	252,528	330,507	290,390	331,793	275,137	302,480
Taxation payable	7,875,640	5,801,021	-	-	7,875,640	5,801,021	-	-
Amounts due to related company	-	6,288,971	-	-	-	6,288,971	-	-
Losses payable to subsidiaries	24,085,199	4,416,556	-	-	-	4,323,998	24,085,199	92,558
Intra-SICAV transactions	-	48,948	-	-	-	24,474	-	24,474
	32,778,894	17,520,276	252,528	330,507	8,166,030	16,770,257	24,360,336	419,512

9. SHARE CAPITAL

The Company may issue up to a maximum of 5,000,000,000 fully paid-up shares without any nominal value assigned to them.

Founder Shares

The issued share capital of the Company is CZK 30,000 divided into 1,000 shares with no nominal value. The Founder shares carry the right to one vote each and rank *pari passu* among themselves in all respects. The Founder shares do not carry a right to participate in any dividends or other distributions of the Company or in the assets of the Company on a winding up (other than the return of the paid up capital after payment of all amounts due to the Investor Shares). Transactions in redeemable shares for the years ended 31 December 2019 and 2018 were as follows:

	Finep Harfa Fund No. of shares	Finep Prosek Fund No. of shares	Finep Barrandov Fund No. of shares
Redeemable shares at 1 January 2019	48,810.8400	62,500.0000	1,000,000.0000
Redemption of redeemable shares	-	(54,117.1495)	-
Redeemable shares at 31 December 2019	48,810.8400	8,382.8505	1,000,000.0000
Redeemable shares at 1 January 2018	48,810.8400	62,500.0000	1,000,000.0000
Redeemable shares at 31 December 2018	48,810.8400	8,382.8505	1,000,000.0000

On 25 November 2019, a board resolution was passed dated 25 November 2019 whereby CZK 260,000,000 was to be redeemed from the Fund. This amounted to 54,117.1495 shares. This was dealt by the price issued as at 31 October 2019 and the amount was paid on 27 December 2019.

The redeemable shares do not carry any voting rights and rank *pari passu* among themselves in all respects. The redeemable shares participate in the assets of the respective Fund and in any dividends, and distributions of the Company relating to the respective Fund, upon liquidation.

10. DIVIDENDS

During the year under review, Finep Harfa Fund distributed dividends amounts to CZK 90,000,000 (2018: Nil), Finep Prosek Fund distributed dividends amounting to CZK 310,000,000 (2018: CZK 210,000,000) and Finep Barrandov Fund distributed dividends amounting to CZK 120,000,000 (2018: CZK 200,000,000). These were considered as a distribution of profits and have been recognised as distributions out of the statement of profit or loss and other comprehensive income.

The total number of redeemable shares as at 31 December 2019 and 2018 can be found in note 9.

Notes to the Financial Statements

10. DIVIDENDS (continued)

	Date	Distribution per share	Distribution paid
Finep Harfa Fund	31 Dec 2019	CZK 1,844	CZK 90,000,000
Finep Harfa Fund	31 Dec 2018	-	-
Finep Prosek Fund	31 Dec 2019	CZK 4,960	CZK 310,000,000
Finep Prosek Fund	31 Dec 2018	CZK 3,360	CZK 210,000,000
Finep Barrandov Fund	31 Dec 2019	CZK 120	CZK 120,000,000
Finep Barrandov Fund	31 Dec 2018	CZK 200	CZK 200,000,000

11. DIVIDEND AND INTEREST INCOME

	PRAGUE DEVELOPMENT SICAV PLC		Finep Harfa Fund		Finep Prosek Fund		Finep Barrandov Fund	
	2019 CZK	2018 CZK	2019 CZK	2018 CZK	2019 CZK	2018 CZK	2019 CZK	2018 CZK
Dividend earned from subsidiary carried at cost	444,783,899	440,674,739	75,739	210,351	444,708,160	304,388,911	-	136,075,477
Interest income	23,880,767	37,220,097	-	7,922,748	2,906,520	4,871,301	20,974,247	24,426,048
	468,664,666	477,894,836	75,739	8,133,099	447,614,680	309,260,212	20,974,247	160,501,525

12. FEES

Auditors' remuneration

Auditors' remuneration amounted to CZK 344,862 (2018: CZK 318,885) (incl. VAT). Charges for other services amounted to CZK 266,244 (2018: CZK 47,038) (incl. VAT).

13. INCOME TAX (EXPENSE) / REFUND

	PRAGUE DEVELOPMENT SICAV PLC		Finep Harfa Fund		Finep Prosek Fund		Finep Barrandov Fund	
	2019 CZK	2018 CZK	2019 CZK	2018 CZK	2019 CZK	2018 CZK	2019 CZK	2018 CZK
Current foreign tax	(28,356,169)	(18,892,353)	(647,700)	(222,391)	(22,631,019)	(15,252,923)	(5,077,450)	(4,417,039)
Deferred tax								
(expense)/refund	3,416,638	(3,533,973)	-	-	-	-	3,416,638	(3,533,973)
(Note 7)	(24,939,531)	(23,426,326)	(647,700)	(222,391)	(22,631,019)	(15,252,923)	(1,660,812)	(7,951,012)

14. RELATED PARTIES

Shareholding

Finep Holding, SE is the ultimate controlling party of PRAGUE DEVELOPMENT SICAV PLC. It holds 60% of the founder shares and 80% of the redeemable shares. Erdex a.s. holds 40% of the founder shares and 20% of the redeemable shares. Erdex a.s. is 100% owned by Finep Holding, SE.

Management and investment committee agreement

PRAGUE DEVELOPMENT SICAV PLC is self-managed by an appointed Investment Committee made up of three members, Štěpán Havlas, Michal Kocian and Joseph R Aquilina. Štěpán Havlas and Michal Kocian also act as directors of PRAGUE DEVELOPMENT SICAV PLC. The directors of the Company are Štěpán Havlas, Michal Kocian and Claire Camilleri Gauci. During the year end 31 December 2019, the directors fees amounted to CZK 80,632 (2018: CZK 78,805) for Finep Harfa Fund, CZK 81,393 (2018: CZK 77,867) for Finep Prosek Fund and CZK 81,419 for Finep Barrandov Fund (2018: CZK 78,973). The investment committee fees amounted to CZK 184,349 (2018: CZK 121,294) for Finep Harfa Fund, CZK 189,558 (2018: CZK 127,821) for Finep Prosek Fund and CZK 215,623 for Finep Barrandov Fund (2018: CZK 161,689). As at 31 December 2019, there were global outstanding investment committee fees and directors' fees amounting to CZK 79,518 at SICAV level (2018: CZK 78,802), CZK 23,545 (2018: CZK 35,180) attributable to Finep Harfa Fund, CZK 24,813 (2018: CZK 36,467) attributable to Finep Prosek Fund and CZK 31,160 (2018: CZK 7,155) attributable to Finep Barrandov Fund.

Notes to the Financial Statements

14. RELATED PARTIES (continued)

Share of profits/losses earned/incurred from subsidiaries

Fund	Subsidiary	Profit/(loss) 2019 CZK	Profit/(loss) 2018 CZK	Outstanding 2019 CZK	Outstanding 2018 CZK
Finep Harfa	Finep Harfa k.s.	75,739	210,351	75,739	210,351
Finep Prosek	Prosek Bytova Ltd. Partnership (dissolved)	-	(33,395)	-	-
Finep Prosek	Finep Prosek Ltd. Partnership (dissolved)	-	(37,207)	-	-
Finep Prosek	Prosek Park V Ltd. Partnership (dissolved)	-	(536,621)	-	-
Finep Prosek	Prosek Park II Ltd. Partnership (dissolved)	-	(36,173)	-	-
Finep Prosek	Finep Prosek Bytova k.s.	3,433,598	(518,282)	3,433,598	(518,282)
Finep Prosek	Finep Prosek k.s.	2,192,794	(3,669,292)	2,192,794	(3,669,292)
Finep Prosek	Finep Prosek Bytova 2 k.s.	218,075,604	1,635,416	-	-
Finep Prosek	Finep Prosek Bytova 5 k.s.	(401,888)	4,042,467	-	-
Finep Prosek	Finep Prosek Bytova 10 k.s.	23,346,311	298,711,028	3,346,311	-
Finep Prosek	Finep Prosek Bytova 12 k.s.	197,649,854	(136,424)	649,854	(136,424)
Finep Barrandov	Kaskady Barrandov Ltd. Partnership	-	(46,350)	-	-
Finep Barrandov	Finep Barrandov Zapad k.s.	(16,692,298)	58,869,199	(16,692,298)	1,869,199
Finep Barrandov	Finep Barrandov Bytova k.s.	(617,796)	(92,558)	(617,796)	(92,558)
Finep Barrandov	Verano Real k.s.	(6,775,105)	77,206,278	(6,775,105)	2,206,278

The outstanding amounts are unsecured, interest free and repayable on demand.

Contracted Loans to/from subsidiaries

The following table shows the loan amounts to/(from) its subsidiaries outstanding as at 31 December 2019 and 2018:

Sub-Fund	Subsidiary	2019 CZK	2018 CZK
Finep Harfa Fund	Finep Harfa k.s.	-	-
Finep Prosek Fund	Finep Prosek Bytova 10 k.s.	-	52,000,000
	Finep Prosek Bytova k.s.	6,993,555	7,000,000
	Finep Prosek Bytova 12 k.s.	197,000,000	-
	Finep Prosek Bytova 10 k.s.	19,962,043	-
	Finep Prosek Bytova 10 k.s.	-	296,308,899
	Finep Prosek Bytova 10 k.s.	-	(6,288,971)
		223,955,598	349,019,928
Finep Barrandov Fund	Finep Barrandov Zapad k.s.	298,290,969	300,000,000
	Finep Barrandov Zapad k.s.	69,688,231	70,000,000
	Finep Barrandov Zapad k.s.	-	223,446,055
	Finep Barrandov Zapad k.s.	55,920,044	55,375,761
	Finep Barrandov Zapad k.s.	225,642,284	-
	Verano Real k.s.	-	72,862,844
		649,541,528	721,684,660

All above loans are unsecured. Further details of the loans are stated in note 4 and 8.

16. FINANCIAL INSTRUMENTS

The funds are exposed to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Notes to the Financial Statements

16. FINANCIAL INSTRUMENTS (continued)

This note presents information about the Funds' exposure to each of the above risks, the Funds' objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Funds' investment portfolios comprise of unlisted equity which have been classified as investment in subsidiary and debt securities. The Funds' investment committees have been given discretionary authority to manage the assets in line with the Funds' investment objectives. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed are discussed below.

Market price risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The performance of the Funds will be affected by a number of market risks relating to the immovable property market in Czech Republic. Immovable property historically has experienced fluctuations and cycles in value and such market conditions may result in reductions in the value of the assets of the Funds. The marketability and value of the immovable property held indirectly by the Funds will depend on many factors beyond the control of the Company, including global economic factors, changes in economic or political conditions in the Czech Republic, changes in interest rates and changes to the laws and regulations that apply to the particular property market. As with all investment assets, commercial property prices can be adversely affected by sharp and unexpected rises in inflation.

Interest rate risk

Interest rates can be expected to rise in such an environment which, other things being equal, would depress property values. A number of property markets have experienced declining yields over recent years, which has contributed to positive investment performance by stimulating capital growth. Future movements in property yields will depend on many factors beyond the control of the Company, including changes within the property markets and changes in interest rates. As at the end of the reporting period, 97.45% (2018 – 94.69%) of Net Asset Value of the Finep Harfa Fund, 99.24% (2018 – 101.92%) of Finep Prosek Fund, and 102.50% (2018 – 99.64%) of Finep Barrandov Fund were interest bearing. As a result, the funds are subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. The funds are exposed to fair value interest rate risk on debt instruments carrying a fixed interest rate and cash flow interest rate risk on assets carrying a floating rate of interest. The funds exposure to interest rate risk is summarised in the table below:

	Finep Harfa Fund % NAV	Finep Prosek Fund % NAV	Finep Barrandov Fund % NAV
2019			
Assets held at fixed rated	-	87.69	93.92
Assets held at variable rates	97.45	11.55	7.98
Total assets	97.45	99.24	101.90
2018			
Assets held at fixed rated	-	88.33	87.87
Assets held at variable rates	94.69	13.59	11.77
Total assets	94.69	101.92	99.64

Currency risk

The Funds invested in financial instruments that are denominated in the same currency as their functional currency. Consequently, the Funds' exposure to risk is minimal or non-existent.

Notes to the Financial Statements

16. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Funds. It arises principally from loans and receivables and cash and cash equivalents. It is the Fund's policy to enter into financial instruments with reputable counterparties. The investment Committee's policy is to closely monitor the creditworthiness of the Fund's counterparties by reviewing their credit rating on a regular basis. The carrying value of receivables from related party, trade and other receivables and cash and cash equivalents, as disclosed in the statement of financial position represents the maximum credit exposure, hence, no separate disclosure is provided.

The investment objective of the Funds is to generate significant total returns over the long term by investing in residential development projects through Special Purpose Vehicles which have been set up specifically for this purpose. The Funds may be exposed to credit risk on its investments indirectly. The underlying assets are not exposed to concentration risk with respect to specific customers, since their revenues are generated from the sale of units on the primary market as well as for tenement followed by sale on secondary market to various customers and tenants.

The Funds' cash and cash equivalents are held mainly with Ceskoslovenska obchodni banka, a.s. which carries an A1 long-term rating by Moody's.

The Company's exposures to credit risk as at the end of the reporting period are analysed in notes 4, 5 and 6. The loss allowance for debt investments is explained in note 2. No financial assets carried at amortised cost were past due or impaired at 31 December 2019 and 31 December 2018.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market, and liquidity risks such as those from legal and regulatory requirements and generally accepted standards of investment management behaviour. The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- Contingency plans;
- Ethical and business standards; and
- Risk mitigation.

The directors have established Investment Committees which shall carry out or procure appropriate and timely assessments of the investment strategies of the Company, and of the investment performance achieved, in the light of market conditions, and the Company's investment objectives, stated policies and restrictions.

Notes to the Financial Statements

16. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations arising from their financial liabilities that are settled by delivering cash or other financial asset, or that such obligations will have to be settled in a manner advantageous to the Funds.

The Fund's policy and the Investment Committees' approach to managing liquidity is to have sufficient liquidity to meet their liabilities, including estimated redemptions of shares, as and when due, without incurring undue losses or risking damage to the Fund's reputation. The Funds' financial assets include unlisted equity investments, which generally are illiquid. In addition, the unlisted equity investments invest directly or indirectly in immoveable property, which are relatively illiquid compared to other financial instruments, and are significantly more difficult to realise.

The investor shares may only be redeemed on any ad hoc redemption day that may be set by the directors from time to time or on the end of the divestment term. The investor shares may therefore only be suitable for those investors who are able to make a long term commitment of capital. The Company may also, in specific circumstances, suspend the determination of the net asset value, in which case the Company may be unable to redeem investor shares.

The following table summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Fund's financial assets (also undiscounted) in order to provide a complete view of the Fund's contractual commitments and liquidity.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

Financial assets

Analysis of equity into maturity groupings is based on the expected date of which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

	Less than 1 month CZK	1 to 3 months CZK	4 to 12 months CZK	1 to 5 years CZK	No fixed maturity CZK	Total CZK
FINEP HARFA FUND as at 31 December 2019						
Investment in subsidiary	-	-	-	-	-	-
Prepayments	54,466	-	-	-	-	54,466
Corporation taxation receivable	-	-	667,000	-	-	667,000
Dividends receivables	-	75,739	-	-	-	75,739
Bank balances	20,819,661	-	-	-	-	20,819,661
Total assets	20,874,127	75,739	667,000	-	-	21,616,866
Accruals	-	252,528	-	-	-	252,528
Total financial liabilities	-	252,528	-	-	-	252,528

Notes to the Financial Statements

16. FINANCIAL INSTRUMENTS (continued)

	Less than 1 month CZK	1 to 3 months CZK	4 to 12 months CZK	1 to 5 years CZK	No fixed maturity CZK	Total CZK
FINEP HARFA FUND as at 31 December 2018						
Investment in subsidiary	-	-	-	-	-	-
Prepayments	26,185	-	-	-	-	26,185
Corporation taxation receivable	-	-	6,037,600	-	-	6,037,600
Other receivables	48,947	210,351	-	-	-	259,298
Bank balances	106,962,488	-	-	-	-	106,962,488
Total assets	107,037,620	210,351	6,037,600	-	-	113,285,571
Accruals	-	330,507	-	-	-	330,507
Total financial liabilities	-	330,507	-	-	-	330,507

	Less than 1 month CZK	1 to 3 months CZK	4 to 12 months CZK	1 to 5 years CZK	No fixed maturity CZK	Total CZK
FINEP PROSEK FUND as at 31 December 2019						
Investment in subsidiary	-	-	-	-	400,000	400,000
Financial assets at amortised cost	-	-	-	223,955,598	-	223,955,598
Dividends receivable	-	9,632,556	-	-	-	9,632,556
Prepayments	54,029	-	-	-	-	54,029
Bank balances	29,509,849	-	-	-	-	29,509,849
Total assets	29,563,878	9,632,556	-	223,955,598	400,000	263,552,032
Corporation tax due	-	-	7,875,640	-	-	7,875,640
Accruals	-	290,390	-	-	-	290,390
Total financial liabilities	-	290,390	7,875,640	-	-	8,166,030

	Less than 1 month CZK	1 to 3 months CZK	4 to 12 months CZK	1 to 5 years CZK	No fixed maturity CZK	Total CZK
FINEP PROSEK FUND as at 31 December 2018						
Investment in subsidiary	-	-	-	-	400,000	400,000
Financial assets at amortised cost	-	-	-	353,142,187	-	353,142,187
Prepayments	26,083	-	-	-	-	26,083
Accrued income	-	-	4,270,811	4,420,290	-	8,691,101
Bank balances	54,328,318	-	-	-	-	54,328,318
Total assets	54,354,401	-	4,270,811	357,562,477	400,000	416,587,689
Corporation tax due	-	-	5,801,021	-	-	5,801,021
Other creditors	24,474	10,612,969	-	-	-	10,637,443
Accruals	-	331,793	-	-	-	331,793
Total financial liabilities	24,474	10,944,762	5,801,021	-	-	16,770,257

	Less than 1 month CZK	1 to 3 months CZK	4 to 12 months CZK	1 to 5 years CZK	No fixed maturity CZK	Total CZK
FINEP BARRANDOV FUND as at 31 December 2019						
Investment in subsidiary	-	-	-	-	-	-
Financial assets at amortised cost	-	-	-	649,541,528	-	649,541,528
Interest receivable	-	10,354,411	4,159,420	-	-	14,513,831
Prepayments	48,114	-	-	-	-	48,114
Corporation tax receivable	-	-	12,471,700	-	-	12,471,700
Bank balances	55,191,810	-	-	-	-	55,191,810
Total assets	55,239,924	10,354,411	16,631,120	649,541,528	-	731,766,983
Deferred tax	-	-	-	15,787,029	-	15,787,029
Accruals	-	275,137	-	-	-	275,137
Other creditors	-	24,085,199	-	-	-	24,085,199
Total financial liabilities	-	24,360,336	-	15,787,029	-	40,147,365

Notes to the Financial Statements

16. FINANCIAL INSTRUMENTS (continued)

	Less than 1 month CZK	1 to 3 months CZK	4 to 12 months CZK	1 to 5 years CZK	No fixed maturity CZK	Total CZK
FINEP BARRANDOV FUND						
as at 31 December 2018						
Investment in subsidiary	-	-	-	-	-	-
Financial assets at amortised cost	-	-	-	718,796,837	-	718,796,837
Dividends receivable	-	4,075,477	-	-	-	4,075,477
Interest receivable	-	-	126,027	-	-	126,027
Prepayments	20,124	-	-	-	-	20,124
Accrued income	-	-	5,068,963	5,246,377	-	10,315,340
Corporation tax receivable	-	-	8,050,150	-	-	8,050,150
Bank balances	96,276,583	-	-	-	-	96,276,583
Total assets	96,296,707	4,075,477	13,245,140	724,043,214	-	837,660,538
Deferred tax	-	-	-	19,203,667	-	19,203,667
Accruals	-	302,480	-	-	-	302,481
Other creditors	24,474	92,558	-	-	-	117,031
Total financial liabilities	24,474	395,038	-	19,203,667	-	19,623,179

17. RECONCILIATION OF NET ASSET VALUE

Net Assets attributable to holders of redeemable shares represent a liability in statement of financial position, carried at the redemption amount that would be payable as at reporting date if the holder had to exercise the right to put the share back to the Company at that time. Differences exist between the measurement of debt instruments as prescribed by the Company's offering memorandum as opposed to that prescribed by IFRS as adopted by the EU. The difference between these policies and the amount expensed, results in a decrease in net assets by CZK 44,402 (2018: CZK 2,166,712) for Finep Prosek Fund, and CZK 3,299,052 (2018: CZK 2,902,771) for Finep Barrandov Fund respectively for the year ended 31 December 2019.

Information about the scheme

1. Authorisation

The Company consists of three Funds and is authorised by the Malta Financial Services Authority as a Collective Investment Scheme pursuant to Section 6 of the Investment Services Act, 1994.

2. Investment policies

The Investment Committee of **Finep Harfa Fund** invests the assets of the Finep Harfa Fund in a residential development project in Prague 9, district of Vysocany. The Fund holds 99% interest in a special purpose vehicle registered in the Czech Republic called Finep Harfa k.s. The units of the project are intended for sale on primary market as well as for tenement followed by sale on secondary market.

The Investment Committee of **Finep Prosek Fund** invests the assets of Finep Prosek Fund in the following entities, as described hereunder:

- 99% interest in Finep Prosek k.s. (ID No: 26762382), registered in Czech Republic.
- 99% interest in Finep Prosek Bytova k.s. (ID No: 24716847), registered in Czech Republic.
- 99% interest in Finep Prosek Bytova 2 k.s. (ID No: 24308773), registered in Czech Republic.
- 99% interest in Finep Prosek Bytova 5 k.s. (ID No: 02574527), registered in Czech Republic.
- 98% interest in Finep Prosek Bytova 10 k.s. (ID No: 29016347), registered in Czech Republic.
- 99% interest in Finep Prosek Bytova 12 k.s (ID No: 29016380), registered in Czech Republic.

The Investment Committee of **Finep Barrandov Fund** invests the assets of Finep Barrandov Fund in three Limited Liability Partnerships in Czech Republic, as described hereunder:

- 99% interest in Finep Barrandov Zapad k.s. (ID No: 27918041, Praha 1, Havlickova 1), registered in Czech Republic.
- 99% interest in Finep Barrandov Bytova k.s. (ID No: 05547776, Praha 1, Havlickova 1) registered in Czech Republic.
- 99% interest in Verano Real k.s. (ID No: 04663276, Praha 1, Havlickova 1) registered in Czech Republic.

Information about the scheme

3. Charges and other fees

- a. a subscription fee of up to CZK 8,000 which may be waived by the Directors.
- b. a redemption fee of up to CZK 8,000 which may be waived by the Directors.
- c. an annual investment committee fee of Euro 5,300 per annum for Finep Harfa Fund
- d. an annual investment committee fee of Euro 5,300 per annum for Finep Prosek Fund
- e. an annual investment committee fee of Euro 5,300 per annum for Finep Barrandov Fund
- f. an administration fee Euro 12,000 per annum per sub fund

4. Risk warnings

Market fluctuations

Investment in the Fund should be regarded as a long-term investment. The Fund's investments are subject to normal market fluctuations and risks inherent in all investments and there are no assurances that capital appreciation will occur. The price of shares and the income derived from them (if any) can, from time to time, go down as well as up and investors may not realise the amount of their initial investment. Past performance is no guarantee of future performance. The value of the Fund may fall as well as rise.

Erosion of Capital

Deduction of the initial charge means that if an investor withdraws from the investment in the short term he/she may not get back the amount he/she invested.

Currency Fluctuations

Currency fluctuations between the functional currency of the Fund, and, the investor's currency of reference, and, the currency of the underlying investments of the Fund, may adversely affect the value of investments and the income (if any) derived therefrom.

Specific risks relevant to Prague Development

PRAGUE DEVELOPMENT SICAV PLC has a degree of indirect exposure to equity markets and carries the risks associated with investments in such markets.

5. Scheme particulars

The above details are extracted from PRAGUE DEVELOPMENT SICAV PLC Prospectus dated 06 November 2009 as revised and updated on 7 May 2012 and further revised and updated on 19 January 2016 and further revised and updated on 28 November 2018 which are available upon request from the Manager and were current at the date of this Annual Report and Audited Financial Statements. Persons wishing to invest in Prague Development should do so on the basis of the full information contained in the Prospectus.

6. Manager's statement

In the opinion of the Manager, this Annual Report and Audited Financial Statements, contains all the information required to enable the investors to make an informed judgement of the results and activities of the Company for the year ended 31 December 2019, and does not omit any matter or development of significance.