

# ***PRAGUE DEVELOPMENT SICAV PLC***

## **Annual Report and Audited Financial Statements**

31 December 2020

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

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## Management and Administration

|                                                     |                                                                                                                                                                                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DIRECTORS &amp; INVESTMENT COMMITTEE MEMBERS</b> | <p>Mr. Michal Kocián<br/>Vlastina 36/850<br/>Prague 6, 161 00<br/>Czech Republic</p> <p>Mr. Štěpán Havlas<br/>Horný Mecholupy<br/>Drtikolova 156/32<br/>Prague, 10<br/>Czech Republic</p>           |
| <b>DIRECTOR</b>                                     | <p>Ms. Claire Camilleri Gauci<br/>Flat 13, Crystal Towers, 22<br/>Triq ir-Roża<br/>Marsascala<br/>Malta</p>                                                                                         |
| <b>INVESTMENT COMMITTEE MEMBER</b>                  | <p>Joseph R Aquilina<br/>77, Good Shepherd Avenue<br/>Balzan<br/>BZN 1623<br/>Malta</p>                                                                                                             |
| <b>ADMINISTRATOR AND COMPANY SECRETARY</b>          | <p>BOV Fund Services Limited<br/>58<br/>Zachary Street<br/>Valletta, VLT 1130<br/>Malta<br/><i>Recognised to provide Fund Administration Services by the Malta Financial Services Authority</i></p> |
| <b>AUDITORS</b>                                     | <p>ECOVIS Malta Limited<br/>Level 3, Victoria Centre<br/>Valletta Road<br/>Mosta MST 9012<br/>Malta</p>                                                                                             |
| <b>LEGAL ADVISORS</b>                               | <p>Ganado &amp; Associates Advocates<br/>171<br/>Old Bakery Street<br/>Valletta, VLT 1455<br/>Malta</p>                                                                                             |
| <b>BANKER</b>                                       | <p>Československá obchodní banka, a.s.<br/>FIB Praha - Na Příkopě<br/>Na Příkopě 857/18<br/>Czech Republic</p>                                                                                      |

## 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 2020 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

As at 31 December 2020 FINEP HARFA FUND holds:

- directly 99% interest as General Partner in the Limited Partnership FINEP Harfa k.s. (ID No: 27100626), a Limited Partnership registered in Czech Republic under Czech laws, and
- directly 90% interest as General Partner in the Limited Partnership FINEP Elektra k.s. (ID No: 62065271), a Limited Partnership registered in Czech Republic under Czech laws.

As at 31 December 2020 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,
- 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,
- 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,
- 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,
- 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,
- 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, and
- directly 49% interest as General Partner in the Limited Partnership FINEP RUZYNĚ bytová k.s. (ID No: 09008632), a Limited Partnership registered in Czech Republic under Czech laws.

As at 31 December 2020 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,
- 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, 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.

The Limited Partnership as specified above are set up in order to invests the assets of the three funds in a residential development project in Prague.

### PROJECT HARFA PARK – FINEP HARFA PARK

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

Up-to-date ongoing business (residential) development phases:

- 8<sup>th</sup> phase (HARFA PARK VIII – house Y) is being developed by FINEP Harfa k.s. Phase HARFA PARK VIII includes 62 units, currently there are 24/62 units sold, construction of project is expected to be started in 07-08/2021, and
- 9<sup>th</sup> phase (HARFA PARK – NOVA ELEKTRA – 97 units) is being developed by FINEP Elektra k.s. Phase HARFA PARK – NOVA ELEKTRA I includes 97 units (92 flats & 5 commercial units), currently there are 87/97 units sold, construction of project started in 04/2020 and is expected to be completed Q4/2021.

### PROJECT PROSEK RESIDENTIAL PARK – FINEP PROSEK FUND

The investigation for land investment potential in closed vicinity next to PROSEK PARK (Střížkov / Prosek in Prague 9) is being performed.

Currently there are no ongoing business (residential) development phases.

### PROJECT U ŠÁRKY – FINEP PROSEK FUND

PROJECT U ŠÁRKY is situated in the large development territory of Ruzyně in Prague 6 (Prague, Czech Republic).

Up-to-date ongoing business (residential) development phases:

## Manager's Report

### PROJECT U ŠÁRKY – FINEP PROSEK FUND (continued)

- 2<sup>nd</sup> phase (U ŠÁRKY II – house B1/B2) is being developed by FINEP RUZYNEŽ bytová k.s. and it includes 75 units (all flats), currently there are 53/75 units sold. The construction of phase U ŠÁRKY II is expected to be started in 04/2021.

### KASKÁDY BARRANDOV RESIDENTIAL PARK – FINEP BARRANDOV FUND

Project KASKÁDY BARRANDOV RESIDENTIAL PARK is situated in the large development territory of Hlubočepy in Prague 5 (Prague, Czech Republic).

Up-to-date ongoing business (residential) development phases:

- 12<sup>th</sup> phase (KASKÁDY BARRANDOV XII), house I, is being developed by FINEP BARRANDOV bytová k.s., and it includes 32 units (30 flats and 2 commercial units), currently there are 28/32 units sold and the construction started in 09/2020, and
- 13<sup>th</sup> phase (KASKÁDY BARRANDOV XIII), house X, is being developed by FINEP BARRANDOV bytová k.s., and it includes 79 units (75 flats and 4 commercial units), sale of the phase was commenced in 08/2020 and currently there are 58/79 units sold, the construction is expected to be started in 06/2021.

FINEP BARRANDOV ZÁPAD k.s., as the owner of the land for future development in Hlubočepy in Prague 5 (Prague, Czech Republic), is currently performing the works to develop (stabilize) and to gain: (i) zoning permit for objects in the documentation marked as M, N, O, P and Z (all together approx. 400 units) – zoning permit is expected to be issued in Q1/2022, and (ii) zoning permit for objects in the documentation marked as Q, R, S, T, U, V and W (all together approx. 590 units) – zoning permit is expected to be issued in Q1/2023.

## Report of the Directors

The Directors are hereby laying their Annual Report of PRAGUE DEVELOPMENT SICAV PLC for the period 1 January 2020 to 31 December 2020.

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 2020 stood at CZK 893,145,275 (2019: CZK 968,399,958).

### **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 893,145,275 relative to total assets of CZK 917,626,997. 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**

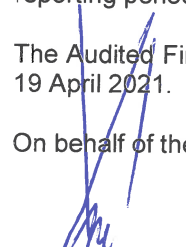
The results for the period under review can be found in the statement of profit or loss and other comprehensive income on page 12.

### **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 11 to 34 were authorised for issue by the Board of Directors on 19 April 2021.

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

19 April 2021



**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 11 to 34, which comprise the statement of financial position as at 31 December 2020, 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 2020, 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.

**Independent Auditors' Report (continued)****To the Members of PRAGUE DEVELOPMENT SICAV PLC**

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.

**Independent Auditors' Report (continued)****To the Members of PRAGUE DEVELOPMENT SICAV PLC****Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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.

- 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.

**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

19 April 2021

## Statement of Financial Position

As at 31 December 2020

2020 Annual Report and Audited Financial Statements

|                                                                         | Notes | Prague<br>Development<br>SICAV p.l.c.<br>31.12.2020<br>CZK | Prague<br>Development<br>SICAV p.l.c.<br>31.12.2019<br>CZK | Finep<br>Harfa<br>Fund<br>31.12.2020<br>CZK | Finep<br>Harfa<br>Fund<br>31.12.2019<br>CZK | Finep<br>Prosek<br>Fund<br>31.12.2020<br>CZK | Finep<br>Prosek<br>Fund<br>31.12.2019<br>CZK | Finep<br>Barrandov<br>Fund<br>31.12.2020<br>CZK | Finep<br>Barrandov<br>Fund<br>31.12.2019<br>CZK |
|-------------------------------------------------------------------------|-------|------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Assets</b>                                                           |       |                                                            |                                                            |                                             |                                             |                                              |                                              |                                                 |                                                 |
| Investment in subsidiary                                                | 3     | 2,552,123                                                  | 400,000                                                    | 2,152,123                                   | -                                           | 400,000                                      | 400,000                                      | -                                               | -                                               |
| Financial assets at amortised cost                                      | 5     | 719,928,322                                                | 873,497,126                                                | -                                           | -                                           | -                                            | 223,955,598                                  | 719,928,322                                     | 649,541,528                                     |
| Taxation refundable                                                     |       | 18,471,900                                                 | -                                                          | 349,700                                     | -                                           | 18,122,200                                   | -                                            | -                                               | -                                               |
| Trade and other receivables                                             | 6     | 421,065                                                    | 37,517,435                                                 | 31,708                                      | 797,205                                     | 32,520                                       | 9,686,585                                    | 356,837                                         | 27,033,645                                      |
| Cash and cash equivalents                                               | 7     | 176,253,587                                                | 105,551,320                                                | 20,358,608                                  | 20,819,661                                  | 54,118,930                                   | 29,509,849                                   | 101,746,049                                     | 55,191,810                                      |
| <b>Total assets</b>                                                     |       | <b>917,626,997</b>                                         | <b>1,016,965,881</b>                                       | <b>22,892,139</b>                           | <b>21,616,866</b>                           | <b>72,673,650</b>                            | <b>263,552,032</b>                           | <b>822,031,208</b>                              | <b>731,766,983</b>                              |
| <b>Liabilities</b>                                                      |       |                                                            |                                                            |                                             |                                             |                                              |                                              |                                                 |                                                 |
| Deferred tax                                                            | 8     | 21,110,312                                                 | 15,787,029                                                 | -                                           | -                                           | -                                            | -                                            | 21,110,312                                      | 15,787,029                                      |
| Taxation payable                                                        |       | 2,128,256                                                  | -                                                          | -                                           | -                                           | -                                            | -                                            | 2,128,256                                       | -                                               |
| Trade and other payables                                                | 9     | 1,243,154                                                  | 32,778,894                                                 | 512,648                                     | 252,528                                     | 339,410                                      | 8,166,030                                    | 391,096                                         | 24,360,336                                      |
| <b>Total liabilities</b>                                                |       | <b>24,481,722</b>                                          | <b>48,565,923</b>                                          | <b>512,648</b>                              | <b>252,528</b>                              | <b>339,410</b>                               | <b>8,166,030</b>                             | <b>23,629,664</b>                               | <b>40,147,365</b>                               |
| <b>Net assets attributable to holders of redeemable investor shares</b> |       | <b>893,145,275</b>                                         | <b>968,399,958</b>                                         | <b>22,379,491</b>                           | <b>21,364,338</b>                           | <b>72,334,240</b>                            | <b>255,386,002</b>                           | <b>798,401,544</b>                              | <b>691,619,618</b>                              |

The official closing middle rate of exchange applicable between CZK and EUR as at 31 December 2020 was 26.262 (2019: 25.41353).

The accounting policies and notes to the financial statements on pages 15 to 34 are an integral part of these financial statements.

These financial statements on pages 11 to 34 were authorised for issue by the Board of Directors on 19 April 2021 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 2020

|                                                                                   | Prague<br>Development<br>SICAV p.l.c. | Prague<br>Development<br>SICAV p.l.c. | Finep<br>Harfa<br>Fund | Finep<br>Harfa<br>Fund | Finep<br>Prosek<br>Fund | Finep<br>Prosek<br>Fund | Finep<br>Barrandov<br>Fund | Finep<br>Barrandov<br>Fund |
|-----------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|------------------------|------------------------|-------------------------|-------------------------|----------------------------|----------------------------|
| Notes                                                                             | CZK                                   | CZK                                   | CZK                    | CZK                    | CZK                     | CZK                     | CZK                        | CZK                        |
| <b>Income</b>                                                                     |                                       |                                       |                        |                        |                         |                         |                            |                            |
| Dividend income                                                                   | 261,495,664                           | 444,783,899                           | 2,687,259              | 75,739                 | 16,828,703              | 444,708,160             | 241,979,702                | -                          |
| Interest income                                                                   | 21,177,185                            | 23,880,767                            | -                      | -                      | 3,307,129               | 2,906,520               | 17,870,056                 | 20,974,247                 |
|                                                                                   | <b>282,672,849</b>                    | <b>468,664,666</b>                    | <b>2,687,259</b>       | <b>75,739</b>          | <b>20,135,832</b>       | <b>447,614,680</b>      | <b>259,849,758</b>         | <b>20,974,247</b>          |
| <b>Expenses</b>                                                                   |                                       |                                       |                        |                        |                         |                         |                            |                            |
| Auditors' remuneration                                                            | 356,376                               | 344,862                               | 108,462                | 104,958                | 123,957                 | 119,952                 | 123,957                    | 119,952                    |
| Loss on exchange differences                                                      | 13,209                                | 29,794                                | 4,128                  | 19,705                 | 4,864                   | 4,048                   | 4,217                      | 6,041                      |
| Administration fees                                                               | 989,392                               | 960,965                               | 329,798                | 313,121                | 329,797                 | 334,723                 | 329,797                    | 313,121                    |
| Legal and professional fees                                                       | 614,124                               | 409,110                               | 145,103                | 101,425                | 145,103                 | 107,952                 | 323,918                    | 199,733                    |
| Directors' remuneration                                                           | 258,482                               | 243,444                               | 86,145                 | 80,632                 | 86,155                  | 81,393                  | 86,182                     | 81,419                     |
| Investment committee fees                                                         | 616,720                               | 589,530                               | 192,830                | 184,349                | 198,289                 | 189,558                 | 225,601                    | 215,623                    |
| Operating loss from investments                                                   | 1,921,339                             | 24,487,087                            | 212,704                | -                      | 989,658                 | 401,888                 | 718,977                    | 24,085,199                 |
| Other operating expenses                                                          | 793,911                               | 811,321                               | 210,880                | 214,575                | 292,963                 | 297,887                 | 290,068                    | 298,859                    |
| Impairment/(reversal) - IFRS 9 provision                                          | 1,728,224                             | (1,711,081)                           | -                      | -                      | (44,402)                | (2,122,310)             | 1,772,626                  | 411,229                    |
|                                                                                   | <b>7,291,777</b>                      | <b>26,165,032</b>                     | <b>1,290,050</b>       | <b>1,018,765</b>       | <b>2,126,384</b>        | <b>(584,909)</b>        | <b>3,875,343</b>           | <b>25,731,176</b>          |
| <b>Net income/(loss) before tax</b>                                               | <b>275,381,072</b>                    | <b>442,499,634</b>                    | <b>1,397,209</b>       | <b>(943,026)</b>       | <b>18,009,448</b>       | <b>448,199,589</b>      | <b>255,974,415</b>         | <b>(4,756,929)</b>         |
| Distribution to shareholders                                                      | (335,000,000)                         | (520,000,000)                         | -                      | (90,000,000)           | (200,000,000)           | (310,000,000)           | (135,000,000)              | (120,000,000)              |
| Tax expense                                                                       | (15,635,755)                          | (24,939,531)                          | (382,056)              | (647,700)              | (1,061,210)             | (22,631,019)            | (14,192,489)               | (1,660,812)                |
| <b>Decrease/increase in net assets attributable to redeemable investor shares</b> | <b>(75,254,683)</b>                   | <b>(102,439,897)</b>                  | <b>1,015,153</b>       | <b>(91,590,726)</b>    | <b>(183,051,762)</b>    | <b>115,568,570</b>      | <b>106,781,926</b>         | <b>(126,417,741)</b>       |

The notes to the financial statements on pages 15 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 2020

| Note                                                                | Prague<br>Development<br>SICAV p.l.c.<br>31.12.2020<br>CZK | Prague<br>Development<br>SICAV p.l.c.<br>31.12.2019<br>CZK | Finep<br>Harfa<br>Fund<br>31.12.2020<br>CZK | Finep<br>Harfa<br>Fund<br>31.12.2019<br>CZK | Finep<br>Prosek<br>Fund<br>31.12.2020<br>CZK | Finep<br>Prosek<br>Fund<br>31.12.2019<br>CZK | Finep<br>Barrandov<br>Fund<br>31.12.2020<br>CZK | Finep<br>Barrandov<br>Fund<br>31.12.2019<br>CZK |
|---------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Net assets at the beginning 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                                     |
| Redemptions for the year                                            | -                                                          | (260,000,000)                                              | -                                           | -                                           | -                                            | (260,000,000)                                | -                                               | -                                               |
| Net (decrease)/increase in net assets during the year               | (75,254,683)                                               | (102,439,897)                                              | 1,015,153                                   | (91,590,726)                                | (183,051,762)                                | 115,568,570                                  | 106,781,926                                     | (126,417,741)                                   |
| Net assets attributable to redeemable shares at the end of the year | 893,145,275                                                | 968,399,958                                                | 22,379,491                                  | 21,364,338                                  | 72,334,240                                   | 255,386,002                                  | 798,401,544                                     | 691,619,618                                     |

The notes to the financial statements on pages 15 to 34 are an integral part of these financial statements.

|                                                              | Prague<br>Development<br>SICAV p.l.c.<br>31.12.2020<br>CZK | Prague<br>Development<br>SICAV p.l.c.<br>31.12.2019<br>CZK | Finep<br>Harfa<br>Fund<br>31.12.2020<br>CZK | Finep<br>Harfa<br>Fund<br>31.12.2019<br>CZK | Finep<br>Prosek<br>Fund<br>31.12.2020<br>CZK | Finep<br>Prosek<br>Fund<br>31.12.2019<br>CZK | Finep<br>Barrandov<br>Fund<br>31.12.2020<br>CZK | Finep<br>Barrandov<br>Fund<br>31.12.2019<br>CZK |
|--------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Cash flows from operating activities</b>                  |                                                            |                                                            |                                             |                                             |                                              |                                              |                                                 |                                                 |
| (Acquisitions)/disposals of investments                      | (2,152,123)                                                | -                                                          | (2,152,123)                                 | -                                           | -                                            | -                                            | -                                               | -                                               |
| Losses on investments paid                                   | (25,778,200)                                               | (11,107,414)                                               | -                                           | -                                           | (974,024)                                    | (11,014,856)                                 | (24,804,176)                                    | (92,558)                                        |
| Interest received/(paid)                                     | 35,365,879                                                 | 13,652,383                                                 | -                                           | -                                           | 3,307,129                                    | 2,906,520                                    | 32,058,750                                      | 10,745,863                                      |
| Operating expenses paid                                      | (3,690,070)                                                | (3,619,969)                                                | (1,356,872)                                 | (1,125,025)                                 | (1,081,831)                                  | (1,204,863)                                  | (1,251,367)                                     | (1,290,081)                                     |
| Dividends received                                           | 271,203,959                                                | 439,361,432                                                | 2,762,998                                   | 210,351                                     | 26,461,259                                   | 435,075,604                                  | 241,979,702                                     | 4,075,477                                       |
| Taxation (paid)/received                                     | (21,043,356)                                               | (25,332,501)                                               | 284,944                                     | 4,722,899                                   | (27,059,050)                                 | (20,556,400)                                 | 5,730,750                                       | (9,499,000)                                     |
| <b>Net cash flows from operating activities</b>              | <b>253,906,089</b>                                         | <b>412,953,931</b>                                         | <b>(461,053)</b>                            | <b>3,808,225</b>                            | <b>653,483</b>                               | <b>405,206,005</b>                           | <b>253,713,659</b>                              | <b>3,939,701</b>                                |
| <b>Cash flows from financing activities</b>                  |                                                            |                                                            |                                             |                                             |                                              |                                              |                                                 |                                                 |
| Payments on redemptions of redeemable shares                 | -                                                          | (260,000,000)                                              | -                                           | -                                           | -                                            | (260,000,000)                                | -                                               | -                                               |
| Intra-SICAV transfers                                        | -                                                          | -                                                          | -                                           | 48,948                                      | -                                            | (24,474)                                     | -                                               | (24,474)                                        |
| Loans received/(paid)                                        | 151,796,178                                                | 215,000,000                                                | -                                           | -                                           | 223,955,598                                  | 140,000,000                                  | (72,159,420)                                    | 75,000,000                                      |
| Dividends paid                                               | (335,000,000)                                              | (520,000,000)                                              | -                                           | (90,000,000)                                | (200,000,000)                                | (310,000,000)                                | (135,000,000)                                   | (120,000,000)                                   |
| <b>Net cash flows used in financing activities</b>           | <b>(183,203,822)</b>                                       | <b>(565,000,000)</b>                                       | <b>-</b>                                    | <b>(89,951,052)</b>                         | <b>23,955,598</b>                            | <b>(430,024,474)</b>                         | <b>(207,159,420)</b>                            | <b>(45,024,474)</b>                             |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | <b>70,702,267</b>                                          | <b>(152,046,069)</b>                                       | <b>(461,053)</b>                            | <b>(86,142,827)</b>                         | <b>24,609,081</b>                            | <b>(24,818,469)</b>                          | <b>46,554,239</b>                               | <b>(41,084,773)</b>                             |
| Cash and cash equivalents at beginning of the year           | 105,551,320                                                | 257,597,389                                                | 20,819,661                                  | 106,962,488                                 | 29,509,849                                   | 54,328,318                                   | 55,191,810                                      | 96,276,583                                      |
| <b>Cash and cash equivalents at end of the year (note 6)</b> | <b>176,253,587</b>                                         | <b>105,551,320</b>                                         | <b>20,358,608</b>                           | <b>20,819,661</b>                           | <b>54,118,930</b>                            | <b>29,509,849</b>                            | <b>101,746,049</b>                              | <b>55,191,810</b>                               |

The notes to the financial statements on pages 15 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 2020 to 31 December 2020, whilst the comparative figures relate to the period 1 January 2019 up till 31 December 2019.

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 2020*

The Company has adopted the following new and amended IFRS and IFRIC interpretations:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective for financial years beginning on or after 1 January 2020)
- Definition of a Business (Amendments to IFRS 3) (effective for financial years beginning on or after 1 January 2020)
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective for financial years beginning on or after 1 January 2020)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7 (effective for financial years beginning on or after 1 January 2020)

#### *New standards, amendments and interpretations effective after 1 January 2020*

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

- Covid-19 Related Rent Concessions (Amendment to IFRS 16) (effective for financial years beginning on or after 1 June 2020)
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective for financial years beginning on or after 1 January 2021)

# Accounting Policies

## 1. BASIS OF PREPARATION (continued)

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

- Amendments to IFRS 17 Insurance Contracts (effective for financial years beginning on or after 1 January 2023)
- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective for financial years beginning on or after 1 January 2022)
- Property, Plant and equipment – Proceeds before Intended Use (Amendments to IAS 16) (effective for financial years beginning on or after 1 January 2022)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective for financial years beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (effective for financial years beginning on or after 1 January 2022)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (effective for financial years beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting Policies (effective for financial years beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for financial years beginning on or after 1 January 2023)

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.

# Accounting Policies

## 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.

## 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. INVESTMENT IN JOINTLY CONTROLLED ENTITY

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. Jointly controlled entities are accounted for by the Company under the cost method.

## 5. 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.

## 6. 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.

# Accounting Policies

## 7. EXPENSES

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

### *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. 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.

## 9. 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.

## 10. 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.

# Accounting Policies

## 10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### 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.

### 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.

# Accounting Policies

## 10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### 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.

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.

## 11. 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.

## 12. 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.

## Accounting Policies

### 12. TAX EXPENSE (CONTINUED)

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.

### 13. DIVIDENDS

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.

# 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                         | 2020 | 2019 |
|-----------------------------|--------------------------------------------|------|------|
| Finep Harfa k.s.            | Prague 1, Havlickova 1030/1,110,00, Prague | 99%  | 99%  |
| Finep Elektra k.s.          | Prague 1, Havlíčkova 1030/1,110 00, Prague | 90%  | -    |
| 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 5 February 2020, the Finep Harfa Fund, acquired 90% of the shares in FINEP Elektra s.r.o., incorporated in the Czech Republic, for CZK 2,152,123. FINEP Elektra s.r.o. was subsequently converted into a Limited Partnership Finep Elektra k.s. The Finep Harfa Fund holds 90% of the voting rights of FINEP Elektra k.s., and shares 90% in the distribution of profits and division of losses.

#### *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. INVESTMENT IN JOINTLY CONTROLLED ENTITY

| Name                    | Registered Address                          | 2020 | 2019 |
|-------------------------|---------------------------------------------|------|------|
| Finep RUZYŇ bytová k.s. | Prague 1, Havlickova 1030/1, 110,00, Prague | 49%  | -    |

On 5 February 2020, FINEP RUZYŇ bytová k.s, a Limited Partnership, was incorporated in the Czech Republic. The Finep Prosek Fund held 49% of the voting rights of FINEP RUZYŇ bytová k.s and shares 49% in the distribution of profits and division of losses.

## Notes to the Financial Statements

### 5. FINANCIAL ASSETS AT AMORTISED COST

The following table provides the bonds subscribed by Sub-Funds as at 31 December 2020:

| Fund                                                                    | Amount<br>CZK      | Interest<br>rate | Maturity         |
|-------------------------------------------------------------------------|--------------------|------------------|------------------|
| <b>Finep Harfa Fund</b>                                                 | -                  | -                | -                |
| <b>Finep Prosek Fund</b>                                                | -                  | -                | -                |
| <b>Finep Barrandov Fund</b>                                             |                    |                  |                  |
| Bond 2021                                                               | 300,000,000        | 4%               | 27 December 2021 |
| Bond 2023                                                               | 425,000,000        | 2%               | 17 December 2023 |
|                                                                         | <u>725,000,000</u> |                  |                  |
| Less: loss allowance for debt investments at<br>amortised cost (Note 2) | <u>(5,071,678)</u> |                  |                  |
|                                                                         | <u>719,928,322</u> |                  |                  |

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

| Fund                                                                    | Amount<br>CZK      | Interest<br>rate | Maturity         |
|-------------------------------------------------------------------------|--------------------|------------------|------------------|
| <b>Finep Harfa Fund</b>                                                 | -                  | -                | -                |
| <b>Finep Prosek Fund</b>                                                |                    |                  |                  |
| 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<br>amortised cost (Note 2) | <u>(44,402)</u>    |                  |                  |
|                                                                         | <u>223,955,598</u> |                  |                  |
| <b>Finep Barrandov Fund</b>                                             |                    |                  |                  |
| 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<br>amortised cost (Note 2) | <u>(3,299,052)</u> |                  |                  |
|                                                                         | <u>649,541,528</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

### 6. TRADE AND OTHER RECEIVABLES

|                                                  | PRAGUE<br>DEVELOPMENT<br>SICAV PLC |                   | Finep Harfa Fund |                | Finep Prosek Fund |                  | Finep Barrandov Fund |                   |
|--------------------------------------------------|------------------------------------|-------------------|------------------|----------------|-------------------|------------------|----------------------|-------------------|
|                                                  | 2020                               | 2019              | 2020             | 2019           | 2020              | 2019             | 2020                 | 2019              |
|                                                  | CZK                                | CZK               | CZK              | CZK            | CZK               | CZK              | CZK                  | CZK               |
| Dividend income<br>receivable from<br>subsidiary | -                                  | 9,708,295         | -                | 75,739         | -                 | 9,632,556        | -                    | -                 |
| Other prepayments                                | 95,928                             | 156,609           | 31,708           | 54,466         | 32,520            | 54,029           | 31,700               | 48,114            |
| Interest receivable                              | 325,137                            | 14,513,831        | -                | -              | -                 | -                | 325,137              | 14,513,831        |
|                                                  | <b>421,065</b>                     | <b>37,517,435</b> | <b>31,708</b>    | <b>797,205</b> | <b>32,520</b>     | <b>9,686,585</b> | <b>356,837</b>       | <b>27,033,645</b> |

### 7. 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:

|                             | 2020<br>CZK | % of<br>net assets | 2019<br>CZK | % of<br>net assets |
|-----------------------------|-------------|--------------------|-------------|--------------------|
| <b>Prague Development</b>   |             |                    |             |                    |
| Cash at bank                | 176,253,587 | 19.73              | 105,551,320 | 10.90              |
| <b>Finep Harfa Fund</b>     |             |                    |             |                    |
| Cash at bank                | 20,358,608  | 90.97              | 20,819,661  | 97.45              |
| <b>Finep Prosek Fund</b>    |             |                    |             |                    |
| Cash at bank                | 54,118,930  | 74.82              | 29,509,849  | 11.55              |
| <b>Finep Barrandov Fund</b> |             |                    |             |                    |
| Cash at bank                | 101,746,049 | 12.74              | 55,191,810  | 7.98               |

### 8. DEFERRED TAX LIABILITY

|                                                                       | Finep Barrandov Fund |             |
|-----------------------------------------------------------------------|----------------------|-------------|
|                                                                       | 2020<br>CZK          | 2019<br>CZK |
| Revaluation of investment property held by FINEP BARRANDOV ZÁPAD k.s. | 21,110,312           | 15,787,029  |

### 9. TRADE AND OTHER PAYABLES

|                                   | PRAGUE<br>DEVELOPMENT SICAV<br>PLC |                   | Finep<br>Harfa Fund |                | Finep<br>Prosek Fund |                  | Finep<br>Barrandov Fund |                   |
|-----------------------------------|------------------------------------|-------------------|---------------------|----------------|----------------------|------------------|-------------------------|-------------------|
|                                   | 2020                               | 2019              | 2020                | 2019           | 2020                 | 2019             | 2020                    | 2019              |
|                                   | CZK                                | CZK               | CZK                 | CZK            | CZK                  | CZK              | CZK                     | CZK               |
| Accrued expenses                  | 1,014,816                          | 818,055           | 299,944             | 252,528        | 323,776              | 290,390          | 391,096                 | 275,137           |
| Losses payable to<br>subsidiaries | 228,338                            | 24,085,199        | 212,704             | -              | 15,634               | -                | -                       | 24,085,199        |
|                                   | <b>1,243,154</b>                   | <b>32,778,894</b> | <b>512,648</b>      | <b>252,528</b> | <b>339,410</b>       | <b>8,166,030</b> | <b>391,096</b>          | <b>24,360,336</b> |

# Notes to the Financial Statements

## 10. 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 2020 and 2019 were:

|                                       | Finep Harfa<br>Fund<br>No. of shares | Finep Prosek<br>Fund<br>No. of shares | Finep Barrandov<br>Fund<br>No. of shares |
|---------------------------------------|--------------------------------------|---------------------------------------|------------------------------------------|
| Redeemable shares at 1 January 2020   | 48,810.8400                          | 8,382.8505                            | 1,000,000.0000                           |
| Redeemable shares at 31 December 2020 | 48,810.8400                          | 8,382.8505                            | 1,000,000.0000                           |
| 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                           |

On 25 November 2019, a board resolution was passed dated 25 November 2019 whereby CZK 260,000,000 was to be redeemed from Finep Prosek 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.

## 11. DIVIDENDS

During the year under review, no dividends were distributed by Finep Harfa Fund (2019: CZK 90,000,000), Finep Prosek Fund distributed dividends amounting to CZK 200,000,000 (2019: CZK 310,000,000) and Finep Barrandov Fund distributed dividends amounting to CZK 135,000,000 (2019: CZK 120,000,000). 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 2020 and 2019 can be found in note 9.

|                             | Date               | Distribution per share | Distribution paid      |
|-----------------------------|--------------------|------------------------|------------------------|
| <b>Finep Harfa Fund</b>     | <b>31 Dec 2020</b> | -                      | -                      |
| Finep Harfa Fund            | 31 Dec 2019        | CZK 1,844              | CZK 90,000,000         |
| <b>Finep Prosek Fund</b>    | <b>31 Dec 2020</b> | <b>CZK 23,858</b>      | <b>CZK 200,000,000</b> |
| Finep Prosek Fund           | 31 Dec 2019        | CZK 4,960              | CZK 310,000,000        |
| <b>Finep Barrandov Fund</b> | <b>31 Dec 2020</b> | <b>CZK 135</b>         | <b>CZK 135,000,000</b> |
| Finep Barrandov Fund        | 31 Dec 2019        | CZK 120                | CZK 120,000,000        |

## Notes to the Financial Statements

### 12. DIVIDEND AND INTEREST INCOME

|                                                 | PRAGUE DEVELOPMENT<br>SICAV PLC |                    | Finep Harfa Fund |               | Finep Prosek Fund |                    | Finep Barrandov Fund |                   |
|-------------------------------------------------|---------------------------------|--------------------|------------------|---------------|-------------------|--------------------|----------------------|-------------------|
|                                                 | 2020<br>CZK                     | 2019<br>CZK        | 2020<br>CZK      | 2019<br>CZK   | 2020<br>CZK       | 2019<br>CZK        | 2020<br>CZK          | 2019<br>CZK       |
| Dividend earned from subsidiary carried at cost | 261,495,664                     | 444,783,899        | 2,687,259        | 75,739        | 16,828,703        | 444,708,160        | 241,979,702          | -                 |
| Interest income                                 | 21,177,185                      | 23,880,767         | -                | -             | 3,307,129         | 2,906,520          | 17,870,056           | 20,974,247        |
|                                                 | <b>282,672,849</b>              | <b>468,664,666</b> | <b>2,687,259</b> | <b>75,739</b> | <b>20,135,832</b> | <b>447,614,680</b> | <b>259,849,758</b>   | <b>20,974,247</b> |

### 13. FEES

#### Auditors' remuneration

Auditors' remuneration amounted to CZK 356,376 (2019: CZK 344,862) (incl. VAT). Charges for other services amounted to CZK 235,338 (2019: CZK 266,244) (incl. VAT).

### 14. INCOME TAX (EXPENSE) / REFUND

|                                        | PRAGUE DEVELOPMENT<br>SICAV PLC |                     | Finep Harfa Fund |                  | Finep Prosek Fund  |                     | Finep Barrandov Fund |                    |
|----------------------------------------|---------------------------------|---------------------|------------------|------------------|--------------------|---------------------|----------------------|--------------------|
|                                        | 2020<br>CZK                     | 2019<br>CZK         | 2020<br>CZK      | 2019<br>CZK      | 2020<br>CZK        | 2019<br>CZK         | 2020<br>CZK          | 2019<br>CZK        |
| Current foreign tax                    | (10,312,472)                    | (28,356,169)        | (382,056)        | (647,700)        | (1,061,210)        | (22,631,019)        | (8,869,206)          | (5,077,450)        |
| Deferred tax (expense)/refund (Note 7) | (5,323,283)                     | 3,416,638           | -                | -                | -                  | -                   | (5,323,283)          | 3,416,638          |
|                                        | <b>(15,635,755)</b>             | <b>(24,939,531)</b> | <b>(382,056)</b> | <b>(647,700)</b> | <b>(1,061,210)</b> | <b>(22,631,019)</b> | <b>(14,192,489)</b>  | <b>(1,660,812)</b> |

### 15. 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 2020, the directors fees amounted to CZK 86,145 (2019: CZK 80,632) for Finep Harfa Fund, CZK 86,155 (2019: CZK 81,393) for Finep Prosek Fund and CZK 86,182 for Finep Barrandov Fund (2019: CZK 81,419). The investment committee fees amounted to CZK 192,830 (2019: CZK 184,349) for Finep Harfa Fund, CZK 198,289 (2019: CZK 189,558) for Finep Prosek Fund and CZK 225,601 for Finep Barrandov Fund (2019: CZK 215,623). As at 31 December 2020, there were global outstanding investment committee fees and directors' fees amounting to CZK 150,017 at SICAV level (2019: CZK 79,518), CZK 46,946 (2019: CZK 23,545) attributable to Finep Harfa Fund, CZK 48,256 (2019: CZK 24,813) attributable to Finep Prosek Fund and CZK 54,815 (2019: CZK 31,160) attributable to Finep Barrandov Fund.

## Notes to the Financial Statements

### 15. RELATED PARTIES (continued)

*Share of profits/losses earned/incurred from subsidiaries*

| Fund            | Subsidiary                         | Profit/(loss)<br>2020<br>CZK | Profit/(loss)<br>2019<br>CZK | Outstanding<br>2020<br>CZK | Outstanding<br>2019<br>CZK |
|-----------------|------------------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| Finep Harfa     | Finep Harfa k.s.                   | 568,549                      | 75,739                       | -                          | 75,739                     |
| Finep Harfa     | Finep Elektra k.s. (April 2020)    | 1,800,904                    | -                            | -                          | -                          |
| Finep Harfa     | Finep Elektra k.s. (December 2020) | (212,704)                    | -                            | (212,704)                  | -                          |
| Finep Prosek    | Finep Prosek Bytova k.s.           | 109,092                      | 3,433,598                    | -                          | 3,433,598                  |
| Finep Prosek    | Finep Prosek k.s.                  | (974,023)                    | 2,192,794                    | -                          | 2,192,794                  |
| Finep Prosek    | Finep Prosek Bytova 2 k.s.         | 7,023,190                    | 218,075,604                  | -                          | -                          |
| Finep Prosek    | Finep Prosek Bytova 5 k.s.         | 3,988,456                    | (401,888)                    | -                          | -                          |
| Finep Prosek    | Finep Prosek Bytova 10 k.s.        | 34,033                       | 23,346,311                   | -                          | 3,346,311                  |
| Finep Prosek    | Finep Prosek Bytova 12 k.s.        | 5,673,931                    | 197,649,854                  | -                          | 649,854                    |
| Finep Prosek    | Finep Ruzyne bytova k.s.           | (15,634)                     | -                            | (15,634)                   | -                          |
| Finep Barrandov | Finep Barrandov Zapad k.s.         | 87,122,594                   | (16,692,298)                 | -                          | (16,692,298)               |
| Finep Barrandov | Finep Barrandov Bytova k.s.        | 154,857,108                  | (617,796)                    | -                          | (617,796)                  |
| Finep Barrandov | Verano Real k.s.                   | (718,977)                    | (6,775,105)                  | -                          | (6,775,105)                |

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 2020 and 2019:

| Sub-Fund             | Subsidiary                  | 2020<br>CZK | 2019<br>CZK |
|----------------------|-----------------------------|-------------|-------------|
| Finep Harfa Fund     |                             | -           | -           |
| Finep Prosek Fund    | Finep Prosek Bytova k.s.    | -           | 6,993,555   |
|                      | Finep Prosek Bytova 12 k.s. | -           | 197,000,000 |
|                      | Finep Prosek Bytova 10 k.s. | -           | 19,962,043  |
|                      |                             | -           | 223,955,598 |
| Finep Barrandov Fund | Finep Barrandov Zapad k.s.  | 300,000,000 | 298,290,969 |
|                      | Finep Barrandov Zapad k.s.  | -           | 69,688,231  |
|                      | Finep Barrandov Zapad k.s.  | -           | 55,920,044  |
|                      | Finep Barrandov Zapad k.s.  | -           | 225,642,284 |
|                      | Finep Barrandov Zapad k.s.  | 425,000,000 | -           |
|                      |                             | 725,000,000 | 649,541,528 |

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

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.

## Notes to the Financial Statements

### 16. FINANCIAL INSTRUMENTS (continued)

#### *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, 90.97% (2019 – 97.45%) of Net Asset Value of the Finep Harfa Fund, 74.82% (2019 – 99.24%) of Finep Prosek Fund, and 102.91% (2019 – 101.90%) 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<br>Fund<br>% NAV | Finep Prosek<br>Fund<br>% NAV | Finep Barrandov<br>Fund<br>% NAV |
|-------------------------------|------------------------------|-------------------------------|----------------------------------|
| <b>2020</b>                   |                              |                               |                                  |
| Assets held at fixed rated    | -                            | -                             | 90.17                            |
| Assets held at variable rates | 90.97                        | 74.82                         | 12.74                            |
| <b>Total assets</b>           | <b>90.97</b>                 | <b>74.82</b>                  | <b>102.91</b>                    |
| <b>2019</b>                   |                              |                               |                                  |
| Assets held at fixed rated    | -                            | 87.69                         | 93.92                            |
| Assets held at variable rates | 97.45                        | 11.55                         | 7.98                             |
| <b>Total assets</b>           | <b>97.45</b>                 | <b>99.24</b>                  | <b>101.90</b>                    |

#### *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 2020 and 31 December 2019.

### *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 immovable 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<br>month<br>CZK | 1 to 3<br>months<br>CZK | 4 to 12<br>months<br>CZK | 1 to 5<br>years<br>CZK | No fixed<br>maturity<br>CZK | Total<br>CZK      |
|------------------------------------|-----------------------------|-------------------------|--------------------------|------------------------|-----------------------------|-------------------|
| <b>FINEP HARFA FUND</b>            |                             |                         |                          |                        |                             |                   |
| <b>as at 31 December 2020</b>      |                             |                         |                          |                        |                             |                   |
| Investment in subsidiary           | -                           | -                       | -                        | -                      | 2,152,123                   | 2,152,123         |
| Prepayments                        | 31,708                      | -                       | -                        | -                      | -                           | 31,708            |
| Corporation taxation receivable    | -                           | -                       | 349,700                  | -                      | -                           | 349,700           |
| Bank balances                      | 20,358,608                  | -                       | -                        | -                      | -                           | 20,358,608        |
| <b>Total assets</b>                | <b>20,390,316</b>           | <b>-</b>                | <b>349,700</b>           | <b>-</b>               | <b>2,152,123</b>            | <b>22,892,139</b> |
| Accruals                           | -                           | 299,944                 | -                        | -                      | -                           | 299,944           |
| Other payables                     | -                           | 212,704                 | -                        | -                      | -                           | 212,704           |
| <b>Total financial liabilities</b> | <b>-</b>                    | <b>512,648</b>          | <b>-</b>                 | <b>-</b>               | <b>-</b>                    | <b>512,648</b>    |
| <b>as at 31 December 2019</b>      |                             |                         |                          |                        |                             |                   |
| Investment in subsidiary           | -                           | -                       | -                        | -                      | -                           | -                 |
| Prepayments                        | 54,466                      | -                       | -                        | -                      | -                           | 54,466            |
| Corporation taxation receivable    | -                           | -                       | 667,000                  | -                      | -                           | 667,000           |
| Other receivables                  | -                           | 75,739                  | -                        | -                      | -                           | 75,739            |
| Bank balances                      | 20,819,661                  | -                       | -                        | -                      | -                           | 20,819,661        |
| <b>Total assets</b>                | <b>20,874,127</b>           | <b>75,739</b>           | <b>667,000</b>           | <b>-</b>               | <b>-</b>                    | <b>21,616,866</b> |
| Accruals                           | -                           | 252,528                 | -                        | -                      | -                           | 252,528           |
| <b>Total financial liabilities</b> | <b>-</b>                    | <b>252,528</b>          | <b>-</b>                 | <b>-</b>               | <b>-</b>                    | <b>252,528</b>    |

# Notes to the Financial Statements

## 16. FINANCIAL INSTRUMENTS (continued)

|                                    | Less than 1<br>month<br>CZK | 1 to 3<br>months<br>CZK | 4 to 12<br>months<br>CZK | 1 to 5<br>years<br>CZK | No fixed<br>maturity<br>CZK | Total<br>CZK      |
|------------------------------------|-----------------------------|-------------------------|--------------------------|------------------------|-----------------------------|-------------------|
| <b>FINEP PROSEK FUND</b>           |                             |                         |                          |                        |                             |                   |
| <b>as at 31 December 2020</b>      |                             |                         |                          |                        |                             |                   |
| Investment in subsidiary           | -                           | -                       | -                        | -                      | 400,000                     | 400,000           |
| Prepayments                        | 32,520                      | -                       | -                        | -                      | -                           | 32,520            |
| Corporation tax receivable         | -                           | -                       | 18,122,200               | -                      | -                           | 18,122,200        |
| Bank balances                      | 54,118,930                  | -                       | -                        | -                      | -                           | 54,118,930        |
| <b>Total assets</b>                | <b>54,151,450</b>           | <b>-</b>                | <b>18,122,200</b>        | <b>-</b>               | <b>400,000</b>              | <b>72,673,650</b> |
| Accruals                           | -                           | 323,776                 | -                        | -                      | -                           | 323,776           |
| Other payables                     | -                           | 15,634                  | -                        | -                      | -                           | 15,634            |
| <b>Total financial liabilities</b> | <b>-</b>                    | <b>339,410</b>          | <b>-</b>                 | <b>-</b>               | <b>-</b>                    | <b>339,410</b>    |

as at 31 December 2019

|                                    |                   |                  |                  |                    |                |                    |
|------------------------------------|-------------------|------------------|------------------|--------------------|----------------|--------------------|
| Investment in subsidiary           | -                 | -                | -                | -                  | 400,000        | 400,000            |
| Financial assets at amortised cost | -                 | -                | -                | 223,955,598        | -              | 223,955,598        |
| Dividends receivables              | -                 | 9,632,556        | -                | -                  | -              | 9,632,556          |
| Prepayments                        | 54,029            | -                | -                | -                  | -              | 54,029             |
| Bank balances                      | 29,509,849        | -                | -                | -                  | -              | 29,509,849         |
| <b>Total assets</b>                | <b>29,563,878</b> | <b>9,632,556</b> | <b>-</b>         | <b>223,955,598</b> | <b>400,000</b> | <b>263,552,032</b> |
| Accruals                           | -                 | 290,390          | -                | -                  | -              | 290,390            |
| Corporation tax due                | -                 | -                | 7,875,640        | -                  | -              | 7,875,640          |
| <b>Total financial liabilities</b> | <b>-</b>          | <b>290,390</b>   | <b>7,875,640</b> | <b>-</b>           | <b>-</b>       | <b>8,166,030</b>   |

|                                    | Less than 1<br>month<br>CZK | 1 to 3<br>months<br>CZK | 4 to 12<br>months<br>CZK | 1 to 5<br>years<br>CZK | No fixed<br>maturity<br>CZK | Total<br>CZK       |
|------------------------------------|-----------------------------|-------------------------|--------------------------|------------------------|-----------------------------|--------------------|
| <b>FINEP BARRANDOV FUND</b>        |                             |                         |                          |                        |                             |                    |
| <b>as at 31 December 2020</b>      |                             |                         |                          |                        |                             |                    |
| Investment in subsidiary           | -                           | -                       | -                        | -                      | -                           | -                  |
| Financial assets at amortised cost | -                           | -                       | 299,254,481              | 420,673,841            | -                           | 719,928,322        |
| Interest receivable                | -                           | -                       | 325,137                  | -                      | -                           | 325,137            |
| Prepayments                        | 31,700                      | -                       | -                        | -                      | -                           | 31,700             |
| Bank balances                      | 101,746,049                 | -                       | -                        | -                      | -                           | 101,746,049        |
| <b>Total assets</b>                | <b>101,777,749</b>          | <b>-</b>                | <b>299,579,618</b>       | <b>420,673,841</b>     | <b>-</b>                    | <b>822,031,208</b> |
| Deferred tax                       | -                           | -                       | -                        | 21,110,312             | -                           | 21,110,312         |
| Accruals                           | -                           | 391,096                 | -                        | -                      | -                           | 391,096            |
| Corporation tax payable            | -                           | 2,128,256               | -                        | -                      | -                           | 2,128,256          |
| <b>Total financial liabilities</b> | <b>-</b>                    | <b>2,519,352</b>        | <b>-</b>                 | <b>21,110,312</b>      | <b>-</b>                    | <b>23,629,664</b>  |

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         |
| <b>Total assets</b>                | <b>55,239,924</b> | <b>10,354,411</b> | <b>16,631,120</b> | <b>649,541,528</b> | <b>-</b> | <b>731,766,983</b> |
| Deferred tax                       | -                 | -                 | -                 | 15,787,029         | -        | 15,787,029         |
| Accruals                           | -                 | 275,137           | -                 | -                  | -        | 275,137            |
| Other creditors                    | -                 | 24,085,199        | -                 | -                  | -        | 24,085,199         |
| <b>Total financial liabilities</b> | <b>-</b>          | <b>24,360,336</b> | <b>-</b>          | <b>15,787,029</b>  | <b>-</b> | <b>40,147,365</b>  |

## Notes to the Financial Statements

### 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 Nil (2019: CZK 44,402) for Finep Prosek Fund, and CZK 5,071,678 (2019: CZK 3,299,052) for Finep Barrandov Fund respectively for the year ended 31 December 2020.

## 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 Vysočany. The Fund holds:

- 99% interest in FINEP Harfa k.s. (ID No: 27100626), registered in Czech Republic.
- 90% interest in FINEP Elektra k.s. (ID No: 62065271), registered in Czech Republic.

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 bytová k.s. (ID No: 24716847), registered in Czech Republic.
- 99% interest in FINEP Prosek bytová 2 k.s. (ID No: 24308773), registered in Czech Republic.
- 99% interest in FINEP PROSEK bytová 5 k.s. (ID No: 02574527), registered in Czech Republic.
- 98% interest in FINEP Prosek Bytová 10 k.s. (ID No: 29016347), registered in Czech Republic.
- 99% interest in FINEP Prosek bytová 12 k.s. (ID No: 29016380), registered in Czech Republic.
- 49% interest in FINEP RUZYNĚ bytová k.s. (ID No: 27100626), 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 ZÁPAD k.s. (ID No: 27918041), registered in Czech Republic.
- 99% interest in FINEP BARRANDOV bytová k.s. (ID No: 05547776) registered in Czech Republic.
- 99% interest in VERANO REAL k.s. (ID No: 04663276) registered in Czech Republic.

### 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

## Information about the scheme

### 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 and further revised and updated on 24 March 2021 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 2020, and does not omit any matter or development of significance.