

**19 Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

for the Shareholders of Europa Investment Property CZ a.s.

We have audited the accompanying financial statements of Europa Investment Property CZ a.s. (the "Company") prepared in accordance with Czech accounting regulations which comprise the balance sheet as at 31/12/2019, the profit and loss account, report on changes in equity, the cash flow statement for the year ended 31/12/2019 and notes to the financial statements which contain a description of significant accounting methods used and other explanatory information. Information about the Company is provided in the notes to these financial statements.

In our opinion, the financial statements give a true and fair view of the assets and liabilities of the Company as at 31/12/2019, and its expenses, revenues, and cash flows for the year ended 31/12/2019 in accordance with Czech accounting regulations.

### **Basis for the Opinion**

We conducted our audit in accordance with the Act on Auditors and standards of the Chamber of Auditors of the Czech Republic (KAČR) for audit, which are the International Standards on Auditing (ISA) as supplemented and amended by the related application guidance. Our liability under those provisions is discussed in more detail in Section Auditor's Responsibility for the Audit of the Financial Statements. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the Company and we have met other ethical obligations resulting from the above regulations. We believe that the evidence we have obtained is a sufficient and reasonable basis for our opinion.

### **Other facts**

The audit was performed as non-mandatory and the company was not considered of public interest as the issued bonds were delisted on 28 April 2020.

### **Other Information Stated in the Annual Report**

In accordance with Section 2 (b) of the Act on Auditors, other information is information stated in the annual report outside the financial statements and our auditor's report. The Board of Directors of the Company is responsible for other information.

Our opinion on the financial statements does not apply to other information. Nevertheless, it is part of our duties related to auditing the financial statements to become acquainted with other information and consider whether other information is not in material disagreement with the financial statements or our knowledge gained about the accounting entity during the audit of the financial statements or whether such information does not appear to be otherwise materially misstated. We also consider whether other information was prepared in accordance with the relevant legal regulations in all material aspects. This means assessing whether other information meets the requirements of legal regulations for the formalities and procedure for the preparation of other information in the context of the materiality, i.e. whether any non-compliance with the requirements would be likely to affect the judgement made on the basis of other information.

Based on the above procedures and to the extent that we can consider, we conclude that

- Other information describing matters that are also presented in the financial statements are, in all material respects, in accordance with the financial statements and
- Other information was prepared in accordance with legal regulations.

Furthermore, we are required to conclude whether other information contains any material misstatements based on the knowledge and awareness of the Company, which we acquired

during the audit. Within the above procedure, we did not find any such material inaccuracies within other information that we received.

### **Responsibility of the Board of Directors and the Supervisory Board for the Financial Statements**

The Board of Directors of the Company is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting regulations and for such internal controls as they deem necessary for the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In the preparation of the financial statements, the Board of Directors is required to determine whether the Company is able to continue as a going concern, and if relevant, describe in the notes to the financial statements any matters regarding the going concern and the use of the going concern assumption in preparing the financial statements, except where the Board of Directors plans to dissolve the Company or terminate its activities, or where there is no other realistic alternative other than to do so.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objective is to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatement whether due to fraud or error and issue an auditor's report containing our opinion. Reasonable assurance is a high level of certainty, however, it is not a guarantee that an audit conducted in accordance with the above regulations identifies any and all existing material misstatements in the financial statements in all cases. Misstatements can arise from fraud or error and are considered material only if it can be reasonably assumed that, individually or in the aggregate, they could influence economic decisions that may be made by users of the financial statements on the basis of the financial statements.

In performing the audit in accordance with the above regulations, it is our duty to apply professional judgement and maintain professional scepticism throughout the audit. It is also our duty to:

- Identify and assess the risks of material misstatements of the financial statements due to fraud or error, design and perform audit procedures responding to such risks and obtain sufficient and appropriate evidence to be able to express our opinion on the basis of such evidence. The risk that we may not identify a material misstatement due to fraud is higher than the risk of not identifying material misstatement due to error because such a fraud could include secret agreements (collusion), falsification, deliberate omissions, incorrect statements or circumvention of internal controls.
- Become familiar with the Company's internal control system relevant to the audit to such extent to be able to design audit procedures appropriate with regard to the given circumstances, not to be able to express an opinion of the effectiveness of its internal control system.
- Assess the appropriateness of the accounting policies used, reasonableness of accounting estimates and information presented by the Board of Directors in this regard in the notes to the financial statements.
- Assess the appropriateness of using the going concern assumption in the preparation of the financial statements by the Board of Directors and whether there is material uncertainty with regard to the evidence gathered arising from events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that such material uncertainty exists, it is our duty to point out in our report the information provided in this respect in the financial statements, and if such information is not sufficient, express a modified opinion. Our conclusions regarding the Company's ability to continue as a going concern are based on the evidence that we have obtained by the date of our report. However, future events or conditions may result in the Company's loss of its ability to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements present the underlying transactions and events in a way that leads to a fair presentation.

Our duty is to inform the governing body, among other things, about the planned scope and timing of the audit and any major findings that we made during the audit, including identified significant deficiencies in the internal control system.

kratkyaudit s.r.o.  
Registration number 583

Ondřej Krátký  
Registration number 2437

7 May 2020

*Signature illegible*  
*Stamp: kratkyaudit s.r.o.*  
*AUDITOR license no. 583*

## **20 Financial Statements**

Balance sheet according to Annex 1 to Decree No. 500/2002 Sb.

## BALANCE SHEET in details

Company name or another name of the entity

Europa Investment Property CZ a.s.

The accounting entity will deliver the financial statements together with the delivery of the income tax returns

Registered office or address of the accounting entity and place of business if different from the address of residence

1 x to the competent financial authority

**As at 31/12/2019**  
(in whole thousand CZK)

Jindřišská 901/5  
Prague  
110 00

Year	Month	Company ID No.
2019		06600204

Item a	ASSETS b	Row no. c	Current accounting period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
	TOTAL ASSETS Sum of A. to D.	1	293,166	26	293,140	60,555
A.	Capital subscription receivable	2				
B.	Fixed assets Sum of B.I. to B.III.	3	50,757	26	50,731	
B.I.	Intangible fixed assets Sum of I.1. to I.5.	4				
B.I.1.	Intangible results of research and development	5				
B.I.2.	Valuable rights	6				
B.I.2.1.	Software	7				
B.I.2.2.	Other valuable rights	8				
B.I.3.	Goodwill	9				
B.I.4.	Other intangible fixed assets	10				
B.I.5.	Advances paid for intangible fixed assets and intangible fixed assets in progress	11				
B.I.5.1.	Prepayments for intangible fixed assets	12				
B.I.5.2.	Intangible fixed assets in progress	13				
B.II.	Tangible fixed assets Sum of II.1. to II.5.	14	167	26	141	
B.II.1.	Buildings and structures	15				
B.II.1.1.	Land	16				
B.II.1.2.	Structures	17				
B.II.2.	Movable tangible items and groups of movable tangible items	18	167	26	141	
B.II.3.	Revaluation differences on acquired assets	19				
B.II.4.	Other tangible fixed assets	20				
B.II.4.1.	Perennial crops	21				
B.II.4.2.	Adult animals and groups of adult animals	22				
B.II.4.3.	Other tangible fixed assets	23				
B.II.5.	Advances paid for tangible fixed assets and tangible fixed assets in progress	24				
B.II.5.1.	Prepayments for tangible fixed assets	25				
B.II.5.2.	Tangible fixed assets in progress	26				
B.III.	Long-term financial assets Sum III.1. through III.7.	27	50,590		50,590	
B.III.1.	Shares - controlled or controlling entity	28	50,590		50,590	
B.III.2.	Loans and credit - controlled or controlling entity	29				
B.III.3.	Shares - substantial influence	30				

Item a	ASSETS b	Row no. c	Current accounting period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
B.III.4.	Loans and credit - substantial influence	31				
B.III.5.	Other long-term securities and shares	32				
B.III.6.	Loans and credit - other	33				
B.III.7.	Other long-term financial assets	34				
B.III.7.1.	Different long-term financial assets	35				
B.III.7.2.	Prepayments for long-term financial assets	36				
C.	Current assets Sum of C.I. to C.IV.	37	242,409		242,409	60,555
C.I.	Inventory Sum of I.1. to I.5.	38				
C.I.1.	Material	39				
C.I.2.	Production and semi-finished products in progress	40				
C.I.3.	Products and goods	41				
C.I.3.1.	Products	42				
C.I.3.2.	Goods	43				
C.I.4.	Young and other animals and groups of young and other animals	44				
C.I.5.	Advance payments for inventory	45				
C.II.	Receivables Sum of II.1. to II.3.	46	232,836		232,836	46,817
C.II.1.	Long-term receivables	47				
C.II.1.1.	Trade receivables	48				
C.II.1.2.	Receivables - controlled or controlling entity	49				
C.II.1.3.	Receivables - substantial influence	50				
C.II.1.4.	Deferred tax receivable	51				
C.II.1.5.	Receivables - other	52				
C.II.1.5.1.	Receivables from shareholders	53				
C.II.1.5.2.	Long-term advances paid	54				
C.II.1.5.3.	Accrued assets	55				
C.II.1.5.4.	Other receivables	56				
C.II.2.	Short-term receivables	57	232,836		232,836	46,817
C.II.2.1.	Trade receivables	58	13,829		13,829	30
C.II.2.2.	Receivables - controlled or controlling entity	59	2,155		2,155	
C.II.2.3.	Receivables - substantial influence	60	170,544		170,544	46,787
C.II.2.4.	Receivables - other	61	46,308		46,308	
C.II.2.4.1.	Receivables from shareholders	62				
C.II.2.4.2.	Social security and health insurance	63				
C.II.2.4.3.	State - tax receivables	64	276		276	
C.II.2.4.4.	Short-term advances paid	65	36		36	
C.II.2.4.5.	Accrued assets	66				
C.II.2.4.6.	Other receivables	67	45,996		45,996	
C.II.3.	Accruals	144				

Item a	ASSETS b	Row no. c	Current accounting period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
C.II.3.1.	Prepaid expenses	145				
C.II.3.2.	Comprehensive prepaid expenses	146				
C.II.3.3.	Deferred income	147				
C.III.	Short-term financial assets Sum III.1. through III.2.	68				
C.III.1.	Shares - controlled or controlling entity	69				
C.III.2.	Other short-term financial assets	70				
C.IV.	Cash and bank accounts Sum of IV. 1. to IV.2.	71	9,573		9,753	13,738
C.IV.1.	Cash	72	500		500	4
C.IV.2.	Bank accounts	73	9,073		9,073	13,734
D.	Accruals Sum of D.1. to D.3.	74				
D.1.	Prepaid expenses	75				
D.2.	Comprehensive prepaid expenses	76				
D.3.	Accrued revenue	77				



Item	<b>LIABILITIES</b>	Row no.	Current accounting period	Previous accounting period	
a	b	c	5	6	
	TOTAL EQUITY & LIABILITIES	Sum of A. to D.	78	293,140	60,555
A.	Equity	Sum of A.I. to A.VI.	79	75,573	1,004
A.I.	Registered capital	Sum of I.1. to I.3.	80	22,000	2,000
A.I.1.	Registered capital		81	22,000	2,000
A.I.2.	Own shares (-)		82		
A.I.3.	Changes in registered capital		83		
A.II.	Share premium and capital funds	Sum of II.1. to II.2.	84	50,047	
A. II.1.	Share premium		85		
A.II.2.	Capital funds		86	50,047	
A.II.2.1.	Other capital funds		87		
A.II.2.2.	Differences from revaluation of assets and liabilities (+/-)		88	50,047	
A.II.2.3.	Differences from revaluation of company transformations (+/-)		89		
A.II.2.4.	Differences from company transformations (+/-)		90		
A.II.2.5.	Differences from valuation of company transformations (+/-)		91		
A.III.	Funds from profit	Sum of III.1. to III.2.	92		
A.III.1.	Other reserve funds		93		
A.III.2.	Statutory and other funds		94		
A.IV.	Retained earnings from previous years <b>(+/-)</b>	Sum of IV. 1. to IV.2.	95	-996	12
A.IV.1.	Retained earnings and accumulated losses (+/-)		96	-996	12
A.IV.2.	Other retained earnings from previous years <b>(+/-)</b>		98		
A.V.	Profit/loss for the current reporting period <b>(+/-)</b>		99	4,522	-1,088
A.VI.	Decision to make an advance payment of share in profit (-)		100		
B. + C.	External resources	Sum of B. + C.	101	217,341	59,551
B.	Provisions	Sum of B.1. to B.4.	102		
B.1.	Provision for pensions and similar liabilities		103		
B.2.	Provision for income tax		104		
B.3.	Provisions required under special legislation		105		
B.4.	Other provisions		106		

Item	<b>LIABILITIES</b>	Row no.	Current accounting period	Previous accounting period
a	b	c	5	6
C.	Liabilities	Sum of C.I. to C.II.	217,341	59,551
C.I.	Long-term liabilities	Sum of I.1. to I.9.	193,830	58,150
C.I.1.	Bonds issued		193,830	58,150
C.I.1.1.	Convertible bonds			
C.I.1.2.	Other bonds		193,830	58,150
C.I.2.	Payables to credit institutions			
C.I.3.	Long-term advances received			
C.I.4.	Trade payables			
C.I.5.	Long-term notes payable			
C.I.6.	Payables - controlled or controlling entity			
C.I.7.	Payables - substantial influence			
C.I.8.	Deferred tax liability			
C.I.9.	Liabilities - other			
C.I.9.1.	Payables to shareholders			
C.I.9.2.	Accrued liabilities			
C.I.9.3.	Other liabilities			
C.II.	Short-term liabilities	Sum of II.1. to II.8.	23,511	1,401
C.II.1.	Bonds issued			
C.II.1.1.	Convertible bonds			
C.II.1.2.	Other bonds			
C.II.2.	Payables to credit institutions			
C.II.3.	Short-term advances received			
C.II.4.	Trade payables		904	9
C.II.5.	Short-term notes payable			
C.II.6.	Payables - controlled or controlling entity			
C.II.7.	Payables - substantial influence			
C.II.8.	Liabilities – other		22,607	1,392
C.II.8.1.	Payables to shareholders		1,518	34
C.II.8.2.	Short-term financial assistance			
C.II.8.3.	Payroll payable		509	11
C.II.8.4.	Social security and health insurance payable		281	6
C.II.8.5.	State - tax withholdings and subsidies		1,329	63
C.II.8.6.	Accrued liabilities		8	
C.II.8.7.	Other liabilities		18,962	1,278

Item a	<b>LIABILITIES</b> b	Row no. c	Current accounting period 5	Previous accounting period 6
C.III.	Accruals Sum of III.1. to III.2.	148		
C.III.1.	Deferred expenses	149		
C.III.2.	Unearned income	150		
D.	Accruals Sum of D.1. to D.2.	141	226	
D.1.	Deferred expenses	142	226	
D.2.	Unearned income	143		

Prepared on: 07/05/2020		Signature of the statutory body of the accounting entity or specimen signature of the natural person who is the accounting entity	
Legal form of the accounting entity	Scope of business	Note:	

Profit and loss account by type  
under Annex 2 to Decree No.  
500/2002 Sb.

## PROFIT AND LOSS ACCOUNT in details

Company name or another name of the entity

Europa Investment Property CZ a.s.

The accounting entity will deliver  
the financial statements together  
with the delivery of the income tax  
returns

**As at 31/12/2019**  
( in thousand CZK )

Registered office or address of the  
accounting entity and place of  
business if different from the address  
of residence

1 x to the competent financial  
authority

Jindřišská 901/5  
Prague 1  
110 00

Year	Month	Company ID No.
2019		06600204

Item a	TEXT b	Row no. c	Accounting period	
			Current 1	Previous 2
I.	Revenues from sales of products and services	1	13,914	30
II.	Revenues from sales of goods	2		
A.	Product-related consumption <span style="float: right;">Sum of A.1. to A.3.</span>	3	3,552	108
A. 1.	Cost of goods sold	4		
A. 2.	Material and energy consumption	5	707	
A. 3.	Services	6	2,845	108
B.	Change in inventory of own production (+/-)	7		
C.	Capitalisation (-)	8		
D.	Personnel costs <span style="float: right;">Sum of D.1. to D.2.</span>	9	2,656	46
D. 1.	Payroll expenses	10	2,002	34
D. 2.	Social security, health insurance and other expenses	11	654	12
D. 2.1.	Social security and health insurance expenses	12	647	12
D. 2.2.	Other expenses	13	7	
E.	Adjustments to values in operations <span style="float: right;">Sum of E.1. to E.3.</span>	14	26	
E. 1.	Adjustments to values of intangible and tangible fixed assets	15	26	
E. 1.1.	- Adjustments to values of intangible and tangible fixed assets - permanent	16	26	
E. 1.2.	- Adjustments to values of intangible and tangible fixed assets - temporary	17		
E. 2.	Adjustments to values of inventory	18		
E. 3.	Adjustments to values of receivables	19		
III.	Other operating revenues <span style="float: right;">Sum of III.1. to III.3.</span>	20	275	
III. 1.	Revenues from sales of fixed assets and material	21		
III. 2.	Revenues from sales of material	22		
III. 3.	Other operating revenues	23	275	
F.	Other operating expenses <span style="float: right;">Sum of F.1. to F.5.</span>	24	317	4
F. 1.	Net book value of fixed assets sold	25		
F. 2.	Net book value of material sold	26		
F. 3.	Taxes and charges in operations	27	253	4
F. 4.	Reserves in operations and comprehensive prepaid expenses	28		
F. 5.	Other operating expenses	29	64	4
*	Operating profit/loss (+/-) <span style="float: right;">I. + II. - A. - B. - C. - D. - E. + III. - F.</span>	30	7,638	-128

Item a	TEXT b	Row no. c	Accounting period		
			Current 1	Previous 2	
IV.	Revenues from long-term financial assets - shares	Sum of IV. 1. to IV.2.	31		
IV. 1.	Revenues from shares - controlled or controlling entity		32		
IV. 2.	Other revenues from shares		33		
G.	Cost of shares sold		34		
V.	Revenues from other long-term financial assets	Sum of V.1. to V.2.	35		
V. 1.	Revenues from other long-term financial assets - controlled or controlling entity		36		
V. 2.	Other revenues from other long-term financial assets		37		
H.	Expenses associated with other long-term financial assets		38		
VI.	Interest revenues and similar revenues	Sum of VI.1. to VI.2.	39	10,262	593
VI. 1.	Interest revenues and similar revenues - controlled or controlling entity		40	10,262	593
VI. 2.	Other interest revenues and similar revenues		41		
I.	Adjustment to values and provisions in the financial area		42		
J.	Interest expenses and similar expenses	Sum of J.1. to J.2.	43	12,324	1,839
J. 1.	Interest expenses and similar expenses - controlled or controlling entity		44	366	
J. 2.	Other interest expenses and similar expenses		45	11,958	1,83
VII.	Other financial revenues		46	736	430
K.	Other financial expenses		47	713	1
*	Financial profit/loss (+/-) IV. - G. + V. - H. + VI. -1. - J. + VII. - K.		48	-2,039	-817
**	Profit/loss before tax (+/-)	* (row 30) + * (row 48)	49	5,599	-945
L.	Income tax	Sum of L.1. to L.2.	50	1,077	63
L. 1.	Income tax due		51	1,077	63
L. 2.	Income tax deferred (+/-)		52		
**	Profit/loss after tax (+/-)	** (row 49) - L.	53	4,522	-1,008
M.	Transfer of share in profit to shareholders (+/-)		54		
***	Profit/loss for the reporting period (+/-)	** (row 53) - M.	55	4,522	-1,008
*	Net sales for the reporting period	I. + II. + III. + IV. + V. + VI. + VII.	56	25,187	1,053

Prepared on: 07/05/2018		Signature of the statutory body of the accounting entity or specimen signature of the natural person who is the accounting entity	
Legal form of the accounting entity	Scope of business	Note:	

## CASH FLOW STATEMENT

Company name or another name of the entity

Europa Investment Property CZ a.s.

**As at 31/12/2019**

( in whole thousand CZK )

Registered office or address of the accounting entity and place of business if different from the address of residence

Jindřišská 901/5  
Prague 1  
110 00

Year	Month	Company ID No.
2019		06600204

Item	TEXT	Current Period	Previous Period
P.	Cash and cash equivalents at the beginning of the accounting period	13,738	3
	Cash flows from ordinary gainful activities (operating activities)		
Z.	Accounting profit or loss from ordinary activities before tax (this items does not include the relevant accounts in account group 59)	5,599	-945
A.1.	Revaluation differences on non-cash transactions	2,088	1,248
A.1.1.	Depreciation of fixed assets (+) except for the net book value of fixed assets sold and amortization of revaluation differences on acquired assets and goodwill (+/-)	26	
A.1.2.	Change in allowances and provision		
A.1.3.	Gain (loss) on sale of fixed assets (+/-) (accounted for as revenues "-" and expenses "+")		
A.1.4.	Revenue from dividends and profit shares (-)		
A.1.5.	Cost and expense interest (+) with the exception of capital interest and revenue interest charged (-)	2,062	1,248
A.1.6.	Other non-cash transactions		
A.*	Net cash flow from operating activities before tax, changes in working capital and extraordinary items	7,687	303
A.2.	Change in non-cash working capital components	-33,192	45
A.2.1.	Change in receivables from operating activities (+/-), transitional account for assets	-64,261	-30
A.2.2.	Change in current liabilities from operating activities (+/-), transitional account for liabilities	31,069	75
A.2.3.	Change in inventory (+/-)		
A.2.4.	Change in short-term financial assets not included in cash and cash equivalents		
A.**	Net cash flow from operating activities before tax	-25,505	348
A.3.	Interest paid except for capital interest	-9,785	-561
A.4.	Interest received (+)		
A.5.	Income tax paid for ordinary activities and back tax (-)	-88	-3
A.7.	Shares in profit received (+)		
A.***	Net cash flow from operating activities	-35,378	-216

Item	TEXT	Current Period	Previous Period
	Cash flow from investing activities		
B.1.	Expenses associated with the acquisition of fixed assets	-710	
B.2.	Income on sale of fixed assets		
B.3.	Loans and credits to related parties	-123,757	-44,199
B.***	Net cash flow from investing activities	-124,467	-44,199
	Cash flows from financial activities		
C.1.	Impact of changes in long-term and short-term liabilities that are related to financial activities (e.g. some operating loans) on cash and cash equivalents	135,680	58,150
C.2.	Impact of changes from equity to cash and cash equivalents	20,000	
C.2.1.	Increase in cash and cash equivalents resulting from increased registered capital, share premium, and reserve fund, if any, including advances for such increase (+)	20,000	
C.2.2.	Payment of share in equity to partners (+)		
C.2.3.	Other deposits of partners and shareholders to equity (+)		
C.2.4.	Coverage of losses by partners (+)		
C.2.5.	Direct payments from funds (-)		
C.2.6.	Shares in profit paid including withholding tax paid in relation to such claims including the financial settlement with members of a personal unlimited company and unlimited members of a partnership (-)		
C.***	Net cash flow relating to financial activities	155,680	58,150
F.	Net increase. decrease in cash	-4,165	13,735
R.	Cash and cash equivalents at the end of the accounting period	9,573	13,738

Prepared on: 07/05/2020		Signature of the statutory body of the accounting entity or specimen signature of the natural person who is the accounting entity	
Legal form of the accounting entity	Scope of business Lease and management of own or leased properties	Note: <i>signature illegible</i>	

**Europa Investment Property CZ a.s.**  
**Jindřišská 901/5**  
**110 00 Prague 1 - Nové Město**  
**Company ID No. (IČ): 066 00 204**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31/12/2019**



**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 GENERAL INFORMATION**

Europa Investment Property CZ a.s. (hereinafter referred to as the “Company”) was registered in the Commercial Register on 14 November 2017 and has its registered office in Prague, Jindřišská 901/5, 110 00 Prague 1 - Nové Město.

The Company specialises in real estate investment and management.

**Governing body**

Ondřej Spodniak - Member of the Board

**Registered capital**

CZK 22,000,000

- Registered on 26 April 2019

**Shares**

22,000 ordinary registered shares with a nominal value of CZK 1,000 per share

- Registered on 26 April 2019

**Sole shareholder**

Premiot Group, a.s., Company ID No. (IČ): 04405030

- Registered on 26 April 2019

**Date of the financial statements**

The financial statements were prepared on 26 February 2020.

No agreements between the shareholders establishing decision-making rights have been concluded between the shareholders and no controlling agreements have been concluded.

The company did not issue consolidated financial statements because they are issued by the parent company Premiot Group Ltd., Company ID (IČ): 09657646, having its registered office at 7 Whitechapel Road, Office 410, London, United Kingdom, E1 1DU.

**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2 ACCOUNTING PROCEDURES**

**(a) Fundamental Principles of the Financial Statements**

The financial statements were prepared in accordance with accounting regulations applicable in the Czech Republic, including but not limited to Decree No. 500/2002 Sb., as amended, and Czech Accounting Standards. The financial statements include figures at historical cost, adjustments are made for disputed claims and property.

**(b) Tangible fixed assets**

Purchased tangible fixed assets are recorded at acquisition cost which includes the purchase price of the assets and related costs.

Tangible assets with a useful life longer than 1 year and an acquisition cost exceeding CZK 40,000 per item are considered tangible fixed assets.

The depreciation plan for book depreciation of tangible fixed assets was prepared by the accounting entity in an internal regulation by basing it on the methods used to calculate tax depreciation. Book and tax depreciation are identical.

Assets, the purchase price of which does not exceed CZK 40,000 and classified as fixed assets based on the Company's decision, shall be subject to the depreciation period corresponding to the relevant asset group.

The cost of repairs and maintenance of tangible fixed assets are expensed directly.

Capital improvements of tangible fixed assets in excess of CZK 40,000 annually per one inventory number shall be included in the capital improvements for the relevant inventory number.

**(c) Intangible fixed assets**

Intangible assets purchased are recorded at acquisition cost.

Intangible assets with a useful life longer than 1 year and an acquisition cost exceeding CZK 60,000 per item are considered intangible fixed assets.

Intangible fixed assets are depreciated using the straight-line method based on the estimated service life of the assets ranging from 3 to 5 years.

Valuable rights are only subject to book depreciation for 180 months.

**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**(d) Long-term financial assets**

Shares in companies and long-term loans are reported by the Company as long-term financial assets.. As of 31 December, equity interests providing controlling or substantial influence are valued using equity valuation. Revaluation is recognised in equity as valuation differences from revaluation of assets and liabilities.

In foreign companies, equity is revalued at the closing exchange rate and the amount of equity determined under international accounting standards is considered.

The equity method determines the value as the acquisition cost of the participation adjusted to a value corresponding to the company's share in equity.

**(e) Inventory**

The Company does not have any records of inventory.

**(f) Receivables**

Receivables are reported at nominal value, adjustments to receivables are created by the Company in accordance with the Act on Reserves.

**(g) Conversion of foreign currencies**

Transactions in foreign currencies are converted and booked using the CNB exchange rate valid on the transaction date.

All monetary assets and liabilities recorded in foreign currencies were converted using the exchange rate published by the Czech National Bank on the date of the financial statements. All foreign exchange gains and losses arising from the conversion of the receivables and liabilities are reported in the profit and loss statement.

**(h) Revenues**

Revenues are booked on the invoice date and are reported exclusive of discounts and value added tax.

**(i) Provisions**

The company did not generate any provisions in this reporting period.

**(j) Research and development**

The Company does not perform its own research and development.

**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**(k) Deferred tax**

The company does not incur any deferred tax liability or claim.

**(l) Subsequent events**

All the issuer's securities were delisted from trading on the regulated market of the Prague Exchange Market on 28 April 2020.

**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 ASSETS**

**TANGIBLE FIXED ASSETS**

Tangible movables	CZK 167 thousand
Accumulated depreciation	CZK -26 thousand
Value as at 31/12/2019	CZK 141 thousand
Value as at 31/12/2018	CZK 0 thousand

**FINANCIAL ASSETS**

Ownership share - Europa Investment Property HU Kft.	CZK 50,292 thousand
Ownership share - Apartments Harrachov s.r.o.	CZK 99 thousand
Ownership share - Industrial park Velký Osek s.r.o.	CZK 99 thousand
Ownership share - Sobotovice Syrovice Property s.r.o.	CZK 100 thousand
Value as at 31/12/2019	CZK 50,590 thousand
Value as at 31/12/2018	CZK 0 thousand

The financial statements of these companies have not been audited.

**4 RECEIVABLES**

Short-term receivables include trade receivables and loans granted in the total amount of CZK 232,836 thousand (31/12/2018 - CZK 46,817 thousand).

Unpaid trade receivables are not secured. No receivable is due in more than 1 year.

**5 EQUITY**

Equity components:

Registered capital	CZK 22,000 thousand
Capital funds	CZK 50,047 thousand
Profit/loss	CZK 3,526 thousand
Equity as at 31/12/2019	CZK 75,573 thousand
Equity as at 31/12/2018	CZK 1,004 thousand

**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

Summary of changes in equity (in thousand CZK):

	Balance as at 31/12/2018	Increase	Decrease	Balance as at 31/12/2019
Number of shares	2,000	20,000	0	22,000
Registered capital	2,000	20,000	0	22,000
Differences from revaluation of assets and liabilities	0	50,047	0	50,047
Retained earnings / accumulated losses	12	0	1,008	-996
Profit/loss for the current reporting period	-1,008	4,558	-1,008	4,558

## 6 LIABILITIES

### Short-term

Short-term liabilities include trade receivables, advances received and other liabilities totalling CZK 217,341 thousand (31/12/2018 - CZK 59,551 thousand).

Trade liabilities and other liabilities were not secured with any assets of the Company and were not due in longer than 1 year.

The Company does not have any overdue liabilities from social security or health insurance or any overdue liabilities owed to state institutions.

### Long-term

The Company records subscribed bonds in the total amount of CZK 193,830 thousand (CZK 58,150 thousand as at 31/12/2018) as other long-term liabilities.

## 7 CLASSIFICATION OF REVENUES

	<u>2019</u> thousand CZK	<u>2018</u> thousand CZK
Revenues from the sale of services	13,914	30
Financial revenues	10,998	1,023
Other operating revenues	275	0

## 8 LITIGATION

The Company is not aware of any pending litigation against the Company or any other potential obligations.

**EUROPA INVESTMENT PROPERTY A.S.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9 SUBSEQUENT EVENTS**

All the issuer's securities were delisted from trading on the regulated market of the Prague Exchange Market on 28 April 2020.

At the end of 2019, first news started coming from China regarding COVID-19 (coronavirus). In the first months of 2020, the virus spread across the world and adversely affected many countries. Although the situation is constantly changing at the time of publication of the financial statements, it seems that the negative impact of this pandemic on global trade, companies and individuals could be more severe than initially expected. As the situation is still developing, the Company management is currently unable to reliably quantify the potential impact of these events on the Company. The Company will include any negative impacts or losses in its books and the financial statements for 2020.

The Company management has assessed the potential impact of COVID-19 on its activities and business and concluded that it will not significantly affect the going concern assumption. Due to the above, the financial statements as at 31/12/2019 were prepared assuming the Company's continued activity as a going concern.

**Approval of financial statements**

These financial statements were approved for submission to the General Meeting.

Prague, 7 May 2020

*Signature illegible*

Ondrej Spodniak, LL.M., Member of the Board