

# ANNUAL REPORT FOR YEAR 2020

**NUPEH CZ s.r.o.**

Identification number 077 57 662

Antala Staška 1859/34, Krč, 140 00 Prague 4

## Amendments to the Annual Report

On the basis of a request from the Czech National Bank and in accordance with Act No. 256/2004 Coll., on Business on the Capital Market, as amended (hereinafter referred to as "CMA"), NUPEH CZ, s.r.o. submits a supplemented Annual Report of the Issuer for the year 2020.

The supplemented Annual Report of the Issuer is submitted in accordance with the provisions of Section 17 in conjunction with Section 20(5) of Decree No. 234/2009 Coll., on protection against market abuse and transparency and has the character of a corrected Annual Report of the Issuer NUPEH CZ, s.r.o. for the year 2020.

The following information has been added to the corrected Issuer Report:

- (1) **General information** – part 1 „*General information*” has been supplemented by declaration of executive director under Section 118(4)(i) of the CMA;
- (2) **About the bonds** – part 1a has been changed to „*Date of admission of the Bonds to trading on the Regulated Market of the Prague Stock Exchange.*”
- (3) **Implication of COVID-19** – part 1b was supplemented by a detailed description of the impact of the pandemic COVID-19 on the Issuer and its parent company;
- (4) **History and Development of the Parent Company and the Group**– last paragraph of the part 1d has been supplemented by „*On 23 June 2020...*”
- (5) **Ownership and Control** – a description of the nature of control by the directly and indirectly controlling person has been added to the part 1c;
- (6) **Principal Markets and Business Overview** – the item has been changed to „*Principal Markets and Business Overview of the company*” and supplemented by detailed description of the business activity of the Company and the Group;
- (7) **Legal and Arbitration Proceedings**– part 1j has been supplemented in order to comply with legal requirements;
- (8) **Corporate Governance**– a separate section has been created in which the Issuer inserts the information set out Section 118(4)(j) of the CMA in chapter 2;
- (9) **Parent Company** – a reference to the decisions taken by the Parent Company in its capacity as the sole shareholder of the issuer has been added to part 2a;
- (10) An item „*Risks the Company may be exposed in relation to the financial reporting process and risk management procedures*” has been added to the Annual report in accordance to Section 118(4)(b) of the CMA;
- (11) **Audit fees** – part 4c has been supplemented by fees invoiced for non-audit services;

- (12) **Ultimate Beneficial Owner** – part 4 has been supplemented by information about the structure of relations between the controlling and controlled person and information about ultimate beneficial owner;

NUPEH CZ, s.r.o. discussed the relevant amendments to the Annual Report with the auditor (KPMG Česká republika Audit, s.r.o.) who concluded that these do not have impact on his auditor's report dated 30 April 2021.

## General information

To the best of my knowledge, this annual report gives a true and accurate picture of the financial situation, business activity, and financial results of the Company for the previous accounting period and of the outlook for the future development of the financial position, business activities and financial results.

This report is published according to Section 118(1) of the CMA

In Prague on 13.10.2021

(signature)



Natalia Zolotarova  
(Managing director)

### a. Corporate Information

#### About the Issuer

**Business name:** NUPEH CZ s.r.o. (the "Company")

**Registration:** Commercial Register maintained by the Municipal Court in Prague, File No. C 307124

**Registered office:** Antala Staška 1859/34, Krč, 140 00 Prague 4

**Jurisdiction:** Czech Republic

**Governing law:** Law of Czech Republic. Mainly, the Civil Code, Act No. 90/2012 Coll., on Companies and Cooperatives (Act on Business Corporations), as amended (the Act on Business Corporations), Act No. 455/1991 Coll., the Trade Licensing Act, as amended (the Trade Licensing Act) and Czech Bonds Act.

**LEI:** 3157002FXYZ444Q6BD33

**Tax ID No:** 077 57 662

**Incorporation date:** 1 January 2019

**Legal form:** Limited Liability Company

**Internet address:** [www.nupeh-cz.com](http://www.nupeh-cz.com)

**E-mail:** [info@nupeh-cz.com](mailto:info@nupeh-cz.com)

**Phone:** +420 221 710 383

#### About the Bonds

**Name of the Bonds:** NUPEH CZ 5,90/25

**Key Info:** Issued as book-entered securities due in 2025 and will bear a fixed interest rate of 5.9 % p.a.

**ISIN:** CZ0003524795

**Number of bonds:** 70,000

**Nominal value:** The nominal amount of each Bond is CZK 10,000 (ten thousand Czech Koruna). The total nominal value of the Issue is CZK 700,000,000

**Issue date of the Bonds:** 30 October 2020

**Date of admission of the Bonds to trading on the Regulated Market of the Prague Stock Exchange:** 30 October 2020

## **b. Financial Performance**

### **Year ended 31 December 2020**

The Company's financial results for the year ended 31 December 2020 are set out below in the Exhibit I. The Company's total assets at the end of the reporting period is USD 32,377 thousand (2019: USD 120 thousand), total liabilities equals to USD 32,087 thousand (2019: USD 18 thousand), net loss for the reporting year amounted to USD 1,212 thousand. (2019: reported loss USD 17 thousand). The Company increased the contribution from the Parent Company outside of the registered capital by the amount of USD 1,400 thousand.

### **Future performance**

In respect to expectations of the Company's financial performance for the year ended 31 December 2021, no significant changes are envisaged as the Company's activity is restricted to the repayment of the bonds which is expected to be conducted according to the schedule via repayment of the existing intragroup loan between the Company and the Parent Company.

### **Implication of COVID-19**

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Most governments around the world took increasingly stringent steps to stem the spread of the virus, including: requiring self-isolation/ quarantine, social distancing and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures are gradually being lifted in many jurisdictions but the uncertainties remain as the pandemic still evolves.

Although these developments so far suggest that global economic growth is expected to be negatively affected by the spread of the disease and the resulting disruption to the economic activity, the financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The COVID-19 pandemic impact on the business activities of the Company and its Parent Company during the year ended 31 December 2020 is described below.

Based on assessment of the Company's management as at the date of preparation of the financial statements, the above situation has no impact on the Company's ability to continue as a going concern.

The Parent Company has investments into five objects of investment property, located in Ukraine, being two logistics centres, two business centres and one shopping centre. As the properties operate in different segments of the CRE market, it is more accurate to describe the influence of COVID-19 on asset level.

### Piramida

During 2020, two lockdowns were imposed: a “strict lockdown” in Mar-May and a “weekend quarantine” in November. During the first lockdown, the vast majority of retail was closed, except for the first-necessity goods, resulting in the sharp drop in footfall (-57% year-on-year) and turnover (-35% year-on-year). The latter lasted shorter, captured only two days in a week and thus caused a slighter downturn in footfall (-31% year-on-year) and turnover (-5% year-on-year). An additional adverse impact was caused by general lower customer activity resulting in full-year drop in footfall (-29% year-on-year) and turnover (-7% year-on-year)<sup>1</sup>.

Notwithstanding a severe impact of the COVID-19 outbreak on retail sector in terms of the turnover and footfall dynamics, Piramida managed to maintain zero vacancy in 2020. Management team of Piramida aimed to minimize vacancy risks, temporarily renegotiating terms with retailers who were the most impacted by the lockdown measures. NOI generated by Piramida in 2020 decreased by 29.1% year-on-year in comparison to 2019<sup>2</sup>.

### Eurasia and Prime

Office real estate market is more rigid and reacts to unexpected events with a delay of 3 to 6 months. Office occupiers started to reconsider their office space requirements, halting expansions or considering space contraction. The vacancy risk in office properties is expected to stay higher with more tenants sticking to cost-cutting strategy, until the COVID-19 situation improves.

Eurasia's vacancy increased from 4.8% as of end-2019 to 20.9% as of 31 December 2020<sup>3</sup> mainly due to end of lease agreement with EPAM, one of the anchor tenants, which was not prolonged. Loss of income due to exit of EPAM and provision of discounts during lockdowns resulted in decrease of NOI generated by Eurasia in 2020 by 7.3% year-on-year in comparison to 2019<sup>2</sup>.

Prime's vacancy increased from 4.1% as of end-2019 to 7.3% as of 31 December 2020<sup>3</sup> mainly due to termination of lease agreement for 8<sup>th</sup> floor with Deloitte, one of the anchor tenants. Loss of income due to vacated 8<sup>th</sup> floor premises and provision of discounts during lockdowns resulted in decrease of NOI generated by Prime in 2020 by 3.8% year-on-year in comparison to 2019<sup>2</sup>.

### West Gate Logistics and East Gate Logistics

The impact of COVID-19-associated lockdowns on the operations of warehouse real estate market was very limited.

Strong tenant mix allowed West Gate Logistic and East Gate Logistics to maintain stable low vacancy, standing at 0.3% for West Gate Logistics and at 6.3% for East Gate Logistics as of 31 December 2020<sup>1</sup>.

NOI generated by West Gate Logistic in FY 2020 increased by 11.1% year-on-year<sup>2</sup> comparing to FY 2019, while NOI generated by East Gate Logistic in FY 2020 decreased by 4.4% year-on-year<sup>2</sup> in comparison to FY 2019 mainly due to adverse FX influence.

Total NOI generated by the assets in FY 2020 decreased by 9.7% year-on-year comparing to FY 2019.

## **c. Ownership and Control**

NUPEH CZ s.r.o. is a financial arm of NEW UKRAINE PE HOLDING LIMITED (“NUPEH”, or the “Parent Company”) with its registered office at 16 June 1943 Street, Building No. 9, Office 202 area A, 3022, Limassol, Cyprus. The Parent Company does not own any debt securities issued by the Company.

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<sup>1</sup> Based on unaudited data of the Issuer

<sup>2</sup> Based on the audited Financial Statements for the year ended 31 December 2019 and 31 December 2020

<sup>3</sup> Based on Valuation Reports of the Property for the year ended 31 December 2019 and 2020 performed by CBRE

The main activity of the Company includes providing financial means acquired through the issue to the affiliates in NUPEH Group by means of a loan, credit facility or other forms of financing. The Company does not currently perform any other activities.

NUPEH CZ s.r.o. is owned by NUPEH, which holds shares representing 100% of the Company's registered capital and voting rights. The Company is therefore directly controlled by the NUPEH, which is a part of the group consisting of the NUPEH and its subsidiaries ("Group"), as illustrated below at the Scheme 1. The Company does not have a foreign branch. The Company does not follow special policies, which would prevent the abuse of the control of the Company by the Parent Company. The Company follows the rules and measures placed by the applicable regulation and believes that this is sufficient. The Company is not aware of any arrangements, which may at a subsequent date result in a change of control of the Issuer. Mr. Tomáš Fiala, a citizen of the Czech Republic, born on 13 May 1974 (hereinafter referred to as the "UBO") acts as a Ultimate Beneficial Owner of the Company as stated in the Article 4 of Report on Relations.

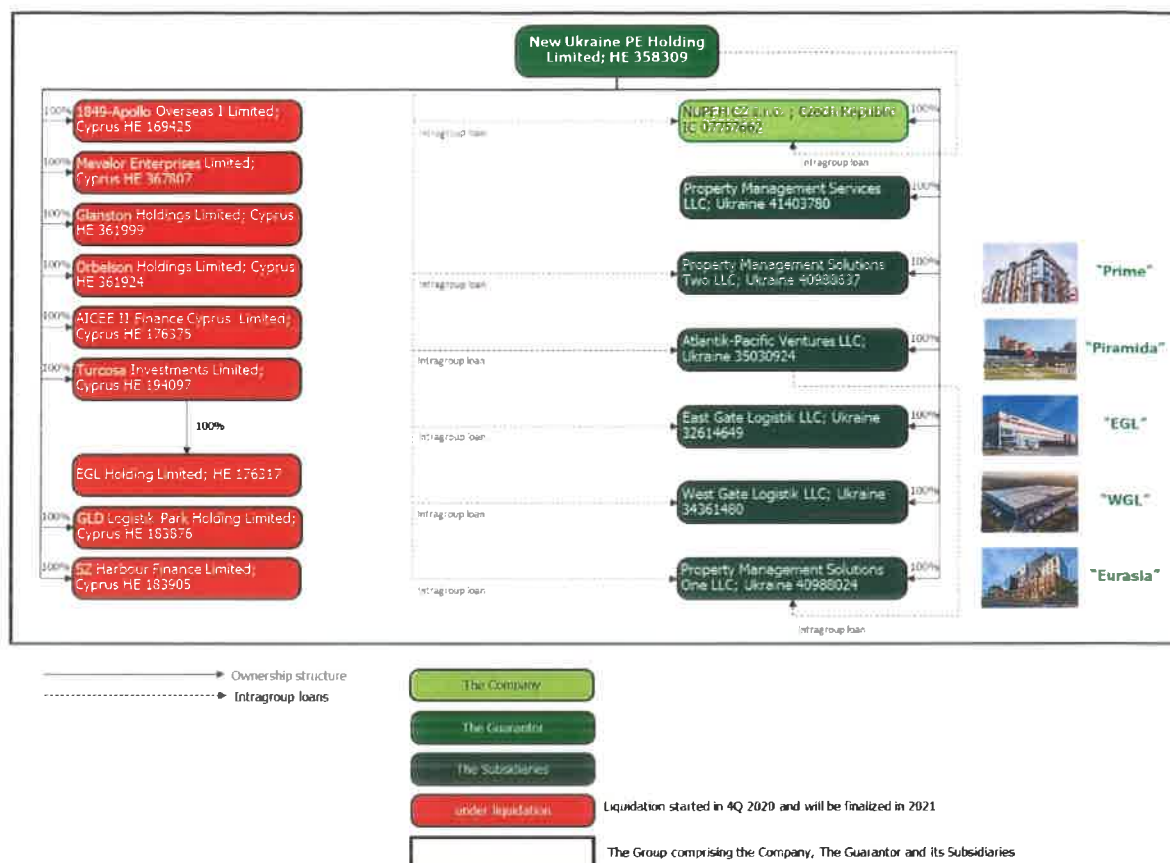
NUPEH is a holding company, established to manage a portfolio of 5 commercial real estate assets, which are located in Kyiv region. As at the date of the publication of the 2020 Annual Report of NUPEH CZ s.r.o. (the "Annual Report"), the NUPEH's investments were represented by the following projects<sup>1</sup>:

- Piramida: shopping center with the gross leasing area equal to 12,630 square meters (effectively 19,500, following the reconstruction is finished);
- East Gate Logistic: A-class warehouse with the gross leasing area equal to 49,027 square meters;
- West Gate Logistic: A-class warehouse with the gross leasing area equal to 96,221 square meters and associated land plot of 15 ha.;
- Property Management Solutions One: A-class business center Eurasia with the gross leasing area equal to 27,855 square meters; and
- Property Management Solutions Two: A-class business center Prime with the gross leasing area equal to 8,854 square meters and associated land plot of 0.15 ha.

#### **Scheme 1. Group structure.**

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<sup>1</sup> GLA of the projects as per third-party valuation report prepared by CBRE as of 31/12/2020



#### d. Significant events in 2020 and History and Development of the Company, the Parent Company and the Group

##### Significant events in 2020

The Company issued the Bonds (the "Issue") of CZK 700 million (converted into approx. USD 32.7 million) on 30 September 2020 (the "Issue date").

Subsequently the Parent Company received proceeds through the intra-group financing provided by the Company in the amount of approx. USD 29.4 million and used these proceeds from the intra-group loan for dividend pay-out.

On 22 October 2020, the Parent Company also refinanced all its outstanding facilities through a banking loan in the amount of USD 40 million provided by J&T BANKA on or about the Issue Date, which were subordinated to the Issue and secured by, inter alia, security assets.

Other than that, the Parent Company does not expect any other material external financing to support its own and the Group's activities.

##### History and Development of the Company

The Company was established on 10 December 2018 according to Czech law as a limited liability company with the business name MAMELUCK, s.r.o. The Company was registered in the Commercial Register maintained by the Municipal Court in Prague under File No. C 307124 on 1 January 2019.



During 2019, the NUPEH acquired the Company under its initial business name, MAMELUCK, s.r.o. The business name of the Company was changed to its current business name by decision of the sole shareholder on 2 December 2019.

### **History and Development of the Parent Company and the Group**

On 1 November 2016, NUPEH purchased 100% interest in East Gate project through acquiring 100% corporate rights in Turcosa Investments Limited and by acquisition of non-performing debt payable by AICEE II Finance Cyprus Limited.

On 12 December 2016, NUPEH purchased 100% interest in Piramida project through acquiring 100% corporate rights in 1849-Apollo Overseas I.

On 19 December 2016, NUPEH purchased 60% interest in the West Gate project through acquiring 60% corporate rights in GLD Logistic Park Holding Limited and SZ Harbour Finance Limited and by acquisition of non-performing debt payable by SZ Harbour Finance Limited. During 2018, the remaining 40% of the participatory interest GLD Logistic Park Holding Limited was purchased by NUPEH. Thus NUPEH is the sole owner of GLD Logistic Park Holding Limited.

On 8 June 2017 NUPEH purchased two Cyprus entities, Orbelson Holdings Limited and Glanston Holdings Limited, owning two Ukrainian entities, Property Management Solutions One LLC (PMS One) and Property Management Solutions Two LLC (PMS Two).

On 27 September 2017, PMS One and PMS Two acquired from a third party two business centres, Eurasia and Prime, respectively. As part of the transaction, NUPEH has also purchased from the same third party 100% interest in Mevalor Holdings Limited (Cyprus), which, in its turn, is the majority owner of Property Management Services LLC (PMS) that is involved in provision of maintenance services to the Group.

On 23 January and on 14 June 2018, NUPEH increased the share capital of Turcosa Investments Limited by USD 7,443,000 and by USD 12,749,000 respectively.

On 5 June 2018, 100% of shares of AICEE II Finance Cyprus Limited were transferred from Turcosa Investments Limited to New Ukraine PE Holding Limited.

On 27 June 2018, NUPEH purchased from a third party additional 40% interest in West Gate Logistic through acquiring 40% corporate rights in GLD Logistic Park Holding Limited and SZ Harbour Finance Limited and by acquisition of debt payable by SZ Harbour Finance Limited.

On 16 April 2019, 100% of shares of East Gate Logistic LLC were transferred from Borlog LLC to AICEE II Finance Cyprus Limited. Further, AICEE II Finance Cyprus Limited disposed of Borlog LLC to a third party for insignificant consideration.

During 2019 NUPEH increased the share capital of 1849-Apollo Overseas I Limited with the amount of USD 150,000, the share capital of Orbelson Holdings Limited and Glanston Holdings Limited both with the amount of USD 15,000 and share capital of GLD Logistik Park Holding Limited in amount of USD 14,000.

During 2019, NUPEH acquired the Company (then under the business name MAMELUCK, s.r.o.).

On 23 June 2020, the Group's Cypriot Subsidiaries, such as 1849-Apollo Overseas I Limited, Mevalor Enterprises Limited, Glanston Holdings Limited, Orbelson Holdings Limited, AICEE II Finance Cyprus Limited, Turcosa Investments Limited, GLD Logistik Park Holding Limited, SZ Harbour Finance Limited and

EGL Holding Limited, have transferred all their assets to NUPEH. All such Cypriot subsidiaries are planned to be liquidated and removed from the Group in 2021.

#### **e. Business Objectives**

The Company was established for the purpose of the Issue as the main activity of the Company includes providing financial means acquired through the Issue to the affiliates in the Group by means of a loan, credit facility or other forms of financing. The Company does not currently perform any other activities.

#### **f. Principal Markets and Business Overview**

##### **Principal Markets and Business Overview of the Company**

With respect to its main activities, the Company does not compete on any market and does not have any relevant market shares or market position.

Meanwhile, the Company was acquired by NUPEH for purposes of acquiring financial means and their further provision to affiliated companies in the Group by means of loan, credit facility or other means of financing. The ability of the Company to meet its obligations under the Issue may be significantly affected by the ability of the Parent Company or relevant company from the Group to meet their obligations towards the Company. This fact contemplates dependence of the source of the Company's income on the relevant companies from the Group and their financial results.

##### **Principal Markets and Business Overview of the Parent Company and the Group**

NUPEH is active on the Retail Real Estate Market, the Office Real Estate Market and the Warehouse Real Estate Market of Ukraine, Kyiv region. NUPEH aims to utilize the potential to improve operational efficiency of the assets due to proactive management and benefit from economies of scale such as stronger negotiation power with tenants, contractors and suppliers.

NUPEH controls an investee when it is exposed to, or has right to, variable returns from its involvement with the Parent Company and has the ability to affect those returns through its power over the investee. The investees Atlantic-Pacific Ventures LLC, East Gate Logistic LLC, West Gate Logistic LLC, Property Management Solutions One LLC and Property Management Solutions Two LLC own real estate assets and are entitled to receive associated rental revenues. Other investees receive cash flow stream in the form of loan receivables or dividends.

The total gross building area (GBA) operated by the Group was 204,795 square meters as of 31 December 2020 and the breakdown is as follows<sup>1</sup>:

- Retail – 16,684 square meters (8%);
- Offices – 42,562 square meters (21%); and
- Warehouses – 145,549 square meters (71%).

The total gross leasable area (GLA) operated by the Group is 194,587 square meters and the breakdown is as follows<sup>1</sup>:

- Retail – 12,630 square meters (6%);
- Offices – 36,709 square meters (19%); and
- Warehouses – 145,248 square meters (75%).

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<sup>1</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE

NOI of the Group for financial year 2020 ended 31 December 2020 was USD 20.4 million, and is divided as follows<sup>1</sup>:

- Retail – 24% for financial year 2020 ended 31 December 2020;
- Offices – 38% for financial year ended 31 December 2020; and
- Warehouses – 38% for financial year ended 31 December 2020.

LTV of the Group as of 31 December 2020 was 40.1%<sup>2</sup>.

## **Overview of the real estate projects operated by the Group**

### Piramida

Piramida is a convenience-based community shopping center located at 4 O. Myshuhy St. in a high-rise densely populated Darnytskyi residential district, with an official population of 345,000 people. Piramida benefits from top-notch location in 100 meters from the busy Pozniaky metro station. Piramida has two levels anchored by hypermarket Silpo, one of the biggest supermarket chains in Ukraine, as well as a Foxtrot electronics chain and Citrus electronics & mobile chain. Retail gallery is focused on everyday shopping needs with reputable tenants in health & beauty, drogerie, fashion, and children goods segments. National food & beverage operator Puzata Hata complements the retail offering.

The Group has started expansion of its project Piramida (addition of new retail area, increasing retail GLA by approx. 2,700 square meters, construction of 6-floor office building next to the mall with total GLA of approx. 3,600 square meters of GLA, and renovation of internal areas and communications). Total cost in 4Q 2020 amounted to USD 1.7 million, and it is expected to utilize USD 7.8 million in 2021 to finish the works. Expected date of putting the overall premises into operation is Q3-Q4 2021. This expansion aims to improve the competitive advantages of Piramida, its tenant mix and bring additional NOI.

### Key Statistics:

- GBA – 16,684 square meters<sup>3</sup>;
- GLA – 12,630 square meters<sup>3</sup>;
- Vacancy: 0% as at 31 December 2020<sup>4</sup>;
- Average monthly base rent: USD 31.0/square meter as of December 2020<sup>3</sup>;
- Annual Footfall (2020): 4,950,000 people<sup>4</sup>;
- Value as at 31 December 2020: USD 50,400,000<sup>3</sup>;
- NOI: USD 4,999,000 in FY 2020<sup>1</sup>.

### Key Tenants<sup>4</sup>:

- Silpo (hypermarket): area of 1,517.7 square meters, lease period prolonged in December 2020 for 10 more years;
- Ukrzoloto (jewelry): area of 612.7 square meters, lease agreement ending on 31<sup>st</sup> May 2021. As of December 2020 it was planned to prolong the agreement;
- Brocard (health & beauty): area of 343.2 square meters, lease agreement ending on 31<sup>st</sup> Jul 2021. As of December 2020 it was planned to prolong the agreement;
- Foxtrot (electronics): area of 725.5 square meters, lease agreement ending on 31<sup>st</sup> Mar 2021. As of December 2020 it was planned to prolong the agreement;

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<sup>1</sup> Based on the audited Financial Statements for the year ended 31 December 2020

<sup>2</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE and unaudited data of the Issuer

<sup>3</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE

<sup>4</sup> Based on the unaudited data of the issuer

- Citrus (electronics): area of 374.4 square meters, lease agreement ending in June 2023

#### Key Competitors:

- River Mall. Location: 12 Dniprovska Embankment, Kyiv, 02000, 2.5 km from Piramida. GLA: 55,000 square meters. River Mall is a large-scale traditional shopping and entertainment center delivered in 2019;
- Aladdin. Location: 3A Mykhaila Hryshka St., Kyiv, 02000, 500 m from Piramida. GLA: 11,000 square meters. Aladdin is a small-scale convenience-based shopping center;
- New Way. Location: 1 Arkhitektora Verbyts'koho St., Kyiv, 02000, 2.2 km from Piramida. GLA: 15,000 square meters. New Way is a small-scale convenience-based shopping center opened in 2016;
- Arcadia. Location: 33 Dniprovska Embankment, Kyiv, 02000, 2 km away from Piramida. GLA: 18,500 square meters. Arcadia shopping center is a small-scale convenience-based shopping center opened in 2008.

#### Eurasia

Eurasia is an A-class operating business center located in Kyiv CBD area, at 75 Zhylianska Street, connecting the central part with the major city thoroughfare Peremohy Ave. The property benefits from good transport and pedestrian accessibility. Vokzalna metro station is located in 10 minutes walk from the business center and Universytet metro station is located in 15 minutes walk from the business center. Olympiiska and Palats Sportu metro stations are easily accessible via public transport routes of trolleybuses and shuttle buses passing along Zhylianska Street. The property was commissioned in 2007. Each floor has open-space layouts from 840 square meters to 3,200 square meters making it possible to implement necessary office configuration required by the tenants.

#### Key Statistics:

- GBA: 33,423 square meters<sup>1</sup>;
- GLA: 27,855 square meters<sup>1</sup>;
- 13 levels;
- 2-level underground parking with 151 parking lots and 71 surface parking lots (42 parking lots leased from the city council)<sup>1</sup>;
- Vacancy: 20.9% as of 31 December 2020<sup>1</sup>;
- Average monthly base rent: USD 18.3/square meter as of December 2020<sup>1</sup>;
- Value as at 31 December 2020: USD 51,100,000<sup>1</sup>;
- NOI: USD 5,278,000 in FY 2019 and US<sup>2</sup>.

#### Key Tenants<sup>3</sup>:

- Lohika: area of 3,254.3 square meters, lease period ending in February 2023 for 1,900.2 square meters and in March 2022 for 1,354.1 square meters;
- PricewaterhouseCoopers: area of 3,489.0 square meters, lease period ending in August 2026;
- Global Message Services: area of 2,327.9 square meters, lease period ending in June 2023;
- Microsoft Ukraine: area of 2,267.2 square meters, lease period ending in March 2022;
- PRA Health Sciences: area of 1,667.4 square meters, lease period ending in September 2023.

<sup>1</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE

<sup>2</sup> Based on the audited Financial Statements for the year ended 31 December 2020

<sup>3</sup> Based on the unaudited data of the issuer

## Prime

Prime is an A-class operating business center located in Kyiv CBD area, at 48-50 Zhylianska Street, one of the city's central streets, connecting the central part with the major city thoroughfare Peremohy Ave. The property has good transport and pedestrian accessibility from the closest metro station Olimpiiska located within 900 metres and within 10 minutes walk. Universytet and Lva Tovstoho metro stations are located in within 1.5 kilometres and within 15-20 minutes walk. The property benefits from its high profile surroundings with developed infrastructure and closeness to major transportation hubs. Typical office floor of approx. 850 - 900 square meters flexible layouts allow adapting space to individual tenants' needs.

### Key Statistics:

- GBA: 9,140 square meters<sup>1</sup>;
- GLA: 8,854 square meters<sup>1</sup>;
- 9 levels;
- 4 underground parking lots, surface parking for additional 69 parking lots (leased from the city council)<sup>1</sup>;
- Vacancy: 7.3% as of 31 December 2020<sup>1</sup>;
- Average monthly base rent: USD 15.7/square meters as of December 2020<sup>1</sup>;
- Value as at 31 December 2020: USD 15,700,000<sup>1</sup>;
- NOI: USD 1,870,000 in FY 2020<sup>2</sup>.

### Key Tenants<sup>3</sup>:

- Deloitte: area of 3,193.5 square meters, lease period ending in July 2023;
- Sanofi: area of 2,687.7 square meters, lease period ending in September 2022;
- Miele: area of 657.5 square meters, lease period ending in June 2025 for 627.7 square meters;
- Corevalue: area of 807.5 square meters, lease period ending in October 2021;
- Cadogan Petroleum: area of 388.7 square meters, lease period ending in March 2021. As of December 2020 it was planned to prolong the agreement.

### Key Competitors for Eurasia and Prime:

101 Tower. Location: 57 Lva Tolstoho St., Kyiv, 01032, in 250 m to Eurasia BC and in 1 km from Prime BC. GLA: 43,000 square meters. The property is A-class business center delivered in 2012.

Dynastia. Location: 46 Antonovycha St., Kyiv, 02000, in 1.2 km from Eurasia BC and in 600 m from Prime BC. GLA: 8,000 square meters. The property is an A-class business center delivered in 2015.

Senator. Location: 32/2 Moskovska St., Kyiv, 01010, in 3.2 km from Eurasia BC and in 2.9 km from Prime BC. GLA: 43,000 square meters. The property is A class BC delivered in 2013 with standard efficient layouts, large lobby in terms of area and materials.

Astarta. Location: 58 Yaroslavskaya St., Kyiv, 04071, in 3.9 km from Eurasia BC and in 4.3 km from Prime BC. GLA: 28,000 square meters. Astarta is a new business center delivered in three phases in 2016-2018 with standard efficient layouts, BREEAM certification, and lower rents as major competitive advantages.

Leonardo. Location: 19/21 Bohdana Khmel'nyts'koho St., Kyiv, 01030, in 1.3 km from Eurasia BC and in 1.4 km from Prime BC. GLA: 29,000 square meters. Leonardo has a prime location in the historical center

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<sup>1</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE

<sup>2</sup> Based on the audited financial statements for the year ended 31 December 2020

<sup>3</sup> Based on the unaudited data of the issuer

of the city, especially for tenants from the business services and consulting industry, and potentially comparable in building quality.

Parus. Location: 2 Mechnikova St., Kyiv, 02000, in 2.2 km from Eurasia BC and in 1.6 km from Prime BC. GLA: 58,000 square meters. Parus business center is mainly competitive due to more central location, however, being more expensive for tenants. A good view from the higher floors also is considered an advantage.

Europassage. Location: 58/10 Simi Prakhovykh St., Kyiv, 01033, in 700 m from Eurasia BC and in 500 m from Prime BC. GLA: 20,000 square meters. Europassage is less competitive in terms of quality being B class property with less presentable lobby, materials of fit-out, less efficient layouts and is situated on the secondary street with the less attractive surrounding area. At the same time, being located in the same area, Europassage has a lower rental level, which may be preferable for occupiers with a cost-cutting strategy.

Karat. Location: 110 Zhylianska St., Kyiv, 02000, in 300 m from Eurasia BC and in 1.1 km from Prime BC. GLA: 6,000 square meters. Karat business center is considered as a minor competitor due to close location in the same, however, the property is less competitive in terms of quality being B class property with less presentable lobby, materials of fit-out, less efficient layouts.

#### East Gate Logistic

East Gate Logistic is a class A operating warehouse, located at 28 Zaporizka St., Boryspil, Kyiv region, Ukraine. The property benefits from the favorable location on the East (Left) Bank of Dnipro River within approx. 15 km from the Kyiv city boundaries, 20 km from the nearest metro station Boryspilska and 5 km from Kyiv Boryspil International Airport. East Gate Logistic is easily accessible via Zaporizka St. from M-03, E-40 highway connecting Kyiv to Kharkiv. Furthermore, the property can be reached from Brovary – Boryspil Ring Road connecting to M-01, E-95 Kyiv – Chernihiv highway heading northwards to Belarus.

East Gate Logistics was commissioned in 2007. Structurally the building constitutes of two adjacent blocks. The property complies with A-class warehouse requirements having 12 meters x 24 meters column grid and 12 meters clear height within the warehouse premises.

#### Key Statistics:

- GBA: 49,198 square meters<sup>1</sup>;
- GLA: 49,027 square meters<sup>1</sup>;
- Vacancy: 6.3% as of 31 December 2020<sup>1</sup>;
- Average monthly base rent: USD 4.5/square meters as of December 2020<sup>1</sup>;
- Value as at 31 December 2020: USD 19,900,000<sup>1</sup>;
- NOI: USD 2,693,000 in FY 2020<sup>2</sup>.

#### Key Tenants<sup>3</sup>:

- Auchan: area of 33,813.8 square meters, lease period ending in July 2022;
- Fiege: area of 12,124.7 square meters, lease period ending in July 2024 for 12,039 square meters and in November 2021 for 85.7 square meters.

#### Key Competitors:

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<sup>1</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE

<sup>2</sup> Based on the audited Financial Statements for the year ended 31 December 2020

<sup>3</sup> Based on the unaudited data of the issuer

BF Martusivka. Location: 72 Moiseyeva St., Martusivka, Kyiv Oblast, 08343, 15 km from East Gate Logistics. GLA: 70,000 square meters. BF Martusivka is considered as a competitive warehouse scheme due to location in the surrounding area and comparable quality. BF Martusivka is also larger in scale with higher vacancy.

#### West Gate Logistic

West Gate Logistic is a class A operating warehouse, located at 21st kilometer of Zhytomyr Highway in Stoyanka village, Kyiv-Sviatoshyno District, Kyiv region, Ukraine. Distance to Kyiv city boundaries is only 1 km. Kyiv Ring Road is 8 km away from the property. Closeness to the city provides proximity to labor pools of the Right (Western) Bank of Kyiv and Kyiv region. West Gate Logistic benefits from façade location to Zhytomyr Highway (M-06, E-40), connecting Kyiv to Lviv and Western border with EU.

West Gate Logistic is one of the largest warehouse complexes in Kyiv and was built in two phases, both commissioned in 2008. The property has 12 meters x 24 meters column grid with 12 meters clear height within the warehouse space typically required by occupiers in line with A-class warehouse standards. The property is occupied by high profile tenants, predominantly logistic operators and retail companies.

#### Key Statistics:

- GBA: 96,351 square meters<sup>1</sup>;
- GLA: 96,221 square meters<sup>1</sup>;
- Vacancy: 0.3% as of 31 December 2020<sup>1</sup>;
- Average monthly base rent: USD 4.2/square meters as of December 2020<sup>1</sup>;
- Value as at 31 December 2020: USD35,800,000<sup>1</sup>;
- NOI: USD 5,039,000 in FY 2020<sup>2</sup>.

#### Key Tenants<sup>3</sup>:

- Ekol: 33,368.3 square meters, lease period ending November 2021 for 32,591.4 square meters and in February 2022 for 776.9 square meters;
- Logistic-plus: area of 22,029.3 square meters, lease period ending in November 2021;
- DC Ukraine (Watsons): area of 18,403.6 square meters, lease period ending in December 2024;
- Good Wine: area of 9,806.7 square meters, lease period ending in February 2024.

#### Key Competitors:

MLP Chaika. Location: 1A Aviakonstruktora Antonova St., Chaiky, Kyiv Oblast, 08130. GLA: 114,000 square meters. MLP Chaika is an ambient warehouse comparable in quality located in the same direction - Zhytomyr Highway (M-06, E-40). While MLP Chaika is located closer to Kyiv Ring Road in 4.5 km, the property has no façade location to the highway M-06, E-40 on the secondary road with less convenient access.

Amtel. Location: 10 Soborna St., Petropavlivska Borshchahivka, Kyiv Oblast, 08130. GLA: Phase I – 41,000 square meters, Phase II – 52,000 square meters. Amtel is a newer warehouse property consisting of two phases, with Phase I delivered in 2011 and Phase II was partially delivered in 2020. Being more competitive in quality and providing availability of new space, Amtel Phase II considered as the main competitor for West Gate Logistics.

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<sup>1</sup> Based on Valuation Report of the Property for the year ended 31 December 2020 performed by CBRE

<sup>2</sup> Based on the audited Financial Statements for the year ended 31 December 2020

<sup>3</sup> Based on the unaudited data of the issuer

## **g. Investments**

### **Investments in 2020**

The Company did not make investments in current or non-current assets during the year ended 31 December 2020.

### **Future investments**

Given the Company's business objectives, the Company does not plan any major future investments.

In respect to the Parent Company and its subsidiaries, the Group plan to continue an expansion of its retail project Piramida. The expansion constitutes approx. 5,500 square meters of additional GLA, modernization of the mall's facade and modernization of parking.

In the course of 2020 the Group utilized ca. USD 4.5 million of capital expenditures for the Piramida's expansion project and plan to spend ca. USD 7.5 million in 2020 to finalize the project.

Expected date of putting the overall premises into operations is 3Q-4Q of 2021. This expansion is expected to improve the competitive advantages of Piramida, its tenant mix and bring additional NOI.

## **h. Research & Development**

In 2020, the Company did not carry out any research and development activities and as a result did not incur any research and development costs.

### **i. Change of Control**

There are no known arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

### **j. Legal and Arbitration Proceedings**

In the past 12 months, neither the Company nor the Parent Company have not been a party to any governmental, legal or arbitration proceedings (including those that are pending or threatened of which the Company is aware) which may have, or have had in the recent past a significant effects on the Company's and the Group's financial standing or profitability.

## **2. Corporate governance, risks the Company may be exposed in relation to the financial reporting process and risk management procedures, system of internal control**

### **a. Parent Company**

Given the ownership interest in the Company is held solely by the Parent Company, therefore no shareholders meeting is being held and the Parent Company exercises the power of the general meeting of the Company. General meeting of the Company may decide, in addition to the matters specified in the Act on Business Corporations, on:

- Amendments to the Articles of association,
- Winding up of the company with liquidation and appointment and removal of the liquidator,
- Approval of the lease of the enterprise or its fundamental part, and
- Determination of a business strategy.

All decision made by the Parent Company are adopted by the Managing Director of the Company.



#### **b. Supervisory and Control Bodies.**

The Company does not have supervisory bodies and is governed by the Managing Director. Controlling functions are performed by the Audit Committee.

#### **c. Managing Director**

The Managing Director is the statutory body of the Company. The Managing Director is responsible for the business management of the Company and for any other powers that are not entrusted to another body of the Company by the Articles of Association, the law or a decision of a competent public authority. The Managing Director ensures the proper accounting, presents to the Parent Company for approval the ordinary, extraordinary, consolidated and, if any, interim financial statements and the proposal for the distribution of profit or settlement of a loss in accordance with the Articles of Association. The Managing Director is appointed and removed by the Parent Company.

The Managing Director represents the Company independently.

As at the date of the Annual Report, the Managing Director of the Company is:

**Natalia Zolotarova**, born on 2 May 1977.

**Business address:** 36D Saksahanskoho St., Kyiv 01033, Ukraine

**Date of appointment:** 3 December 2019

Experience and other relevant information: Mrs. Natalia Zolotarova (born on 2 May 1977) has joined the Group at the very beginning in May 2001 as an accountant and rose to the position of the Deputy CFO of the Dragon Capital Group, a leading international investment company in Ukraine. At that position she was responsible for treasury management and financing planning, negotiations with banks, tax planning, optimization of the intercompany cash flows, assistance and supervision of the internal and external audit of the group, budgeting and cost management.

Natalia has over 20 years of professional experience on the stock market and a proven track record of more than 100 deals in private equity, deals structuring and settlements including real estate market of Ukraine, M&A, bond issuances, capital markets.

Natalia Zolotarova graduated from Kiev National University of Economics, Ukraine. She holds a specialist degree in International Business Administration

She is a fellow member of the Association of Auditors of Ukraine since 2003.

#### **d. Audit Committee**

Audit Committee was established on 19 March 2021 for the purpose of performing the controlling functions of the Company. Basic function of the Audit Committee is supervision over the process of setting up of the financial statements and system of effectiveness of internal control and internal audit.

The Audit Committee is represented by 3 (three) non-executive members, who are elected and removed by the General Meeting from members of the Supervisory Board or third parties. Majority of members of the Audit Committee are independent of the company and professionally qualified. Term of office of a member of the Audit Committee is 3 (three) years. Re-election of a member of the Audit Committee is possible.

#### **e. Remuneration of Managing Director and Audit Committee**

The remuneration of the Managing Director equals zero. Two out of three members of the Audit Committee are engaged on a paid basis with total annual service fee CZK 50 thousand, while one member is working on a non-remunerated basis.

**f. Shares and other securities held by the Managing Director**

The ownership interest in the Company is held solely by the Parent Company and no shares in the Company are held by the people with managerial authority in the Company.

**g. Declaration on Conflict of Interest Compliance with the Corporate Management and Governance Regime**

The Company is not aware of any potential conflict of interest between the obligations of the Managing Director towards the Company and her private interest or other obligations, however during the performance of her function of Managing Director a conflict of interest may arise due to the fact that the Managing Director is also a member of the bodies of other companies and follows the interests of such companies or those of the persons controlled by such companies.

**h. Compliance with the Corporate Management and Governance Regime**

The Company complies with all the due administration and management requirements set by the applicable laws and regulations of the Czech Republic, in particular the Civil Code and the Act on Business Corporations, if applicable. In its administration and management, the Company follows the corporate governance and management requirements arising from the applicable laws and regulations, which it considers sufficient and therefore does not follow any rules specified in any corporate governance and management code.

**i. Risks the Company may be exposed in relation to the financial reporting process and risk management procedures**

The company is exposed to some risks and uncertainties related to the financial reporting process. The materialization of any such risks could have a material adverse effect on the company's business, financial condition, results of operations and future prospects.

The Company's internal control system consists mainly of internal control mechanisms and active supervisory activities, as well as external audits conducted annually for the current accounting period. The results of the audit are presented to the Audit Committee and the Parent Company, which draw the conclusions and follow-up.

The Parent Company is within the internal control system responsible for:

- reliability and information sharing;
- compliance with generally binding legal regulations and internal procedures;
- assets protection and proper use of resources;
- achieving the set goals.

**j. Policies in Relation to Protection of the Environment and Labor Rights**

While doing business, the Company undertakes to:

- provide employees with a safe workplace and appropriate training;
- strictly observe the statutory limitations which regulate the impact of its activities on the environment (limits on pollution, limits on consumption)

In respect to protection of the environment, the Company aims, as far as is reasonable, to use the best available technology in relation to environmental protection and the utilization of energy sources. In its day-to-day activity, the Company strives to continually improve its environmental performance, aiming to:

- save natural resources and minimize waste creation where possible;
- promote the environmentally friendly approach in relations with clients and counterparties;
- be environmentally responsible and conserve natural resources by means of recycling;

Currently there are no employees in the Company however the Company sees the importance to protection of labor rights and defines a set of minimum labour standards that are:

- safe and healthy workplace environment;
- non discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or social origin, caste, religion, gender, sexual orientation, political affiliations, age or other conditions that could give rise to discrimination, unless required by law;
- treating all employees with dignity and respect;
- compliance with applicable national laws and regulations on working hours, holiday entitlements as a minimum standard and regulations regarding wages and benefits.

#### **k. Policies in Relation to Anti-money Laundering**

The Company ensures that it does not deal with the proceeds of crime or participate in any activity that might facilitate money laundering or the funding of terrorist or criminal activities.

The concept of Know Your Customer (KYC) is critical in all aspects of the Company's business. As general rule, the Company gathers information about the counterparties. The information is the starting point for anti-money laundering identification procedures. Because of the risk that the counterparty could be involved in criminal activity, the Company will consider, depending on the nature of the proposed transaction, not effecting a transaction prior to verifying information about the counterparty.

In order to manage and mitigate risks stated above, Company operates a strict KYC policy when establishing business relationship with services providers. Counterparties are categorized in accordance with AML law and best market practice.

Taking into consideration the assessed risks, the Company determines the type and extent of measures it adopts in order to manage and mitigate the identified risks in a cost effective manner.

### **3. Information on Equity**

Under the laws of Czech Republic, the Company, as a limited liability company, does not issue any share capital shares or similar securities. The Company also did not acquire or possess own shares during the reporting period.

The ownership interest in the Company is held solely by NUPEH. As of 31/12/2020, the registered capital in the amount of USD 9 thousand (CZK 200 thousand) is a business share of NUPEH. In 2019, a contribution outside of the registered capital occurred in the amount of USD 110 thousand (CZK 2,500 thousand) by NUPEH and in 2020 a contribution outside of the registered capital occurred in the amount of USD 1,400 thousand by NUPEH.

#### **4. Financial Situation**

##### **a. Risk and uncertainties related to the Company**

From the Company's perspective, there are the following main risk factors that may adversely impact its financial and economic standing, business and ability to meet its obligations under the Issue:

##### **Risk of a secondary dependence**

The Company is part of group consisting of the Parent Company and its direct or indirect subsidiaries (the Group and the subsidiaries as the Subsidiaries). As such the issuer is exposed to a secondary risk of dependence on risks relating to the Group whose activities includes investing in real estate sector in Ukraine. Due to the Company's dependence on the Group, all risk factors related to the Group described below may adversely affect the Issuer's ability to repay its debt from the Issue. The risk of secondary dependence may adversely affect the Company's ability to pay off the debts arising from the Issue.

##### **Risk of a special purpose-established company**

The Company is a special purpose-established vehicle established for the purpose of the Issue and subsequently providing intra-group financing and does not engage in any other business activity and therefore cannot create resources from other business activities to pay off the debts arising from the Issue. The risk of the Company's credit dependence on the Group may therefore adversely affect the Issuer's ability to meet its debt obligations.

##### **b. Risks related to the Parent Company's and the Group's business**

The Parent Company is an investment and holding company, which means that if the Subsidiaries fail to make a profit, they will not be able to pay the Parent Company a share of the profits in the form of dividends or repayment of the intragroup loan. The Parent Company is therefore indirectly affected by the risk factors affecting the business of the Subsidiaries.

The following are the main risk factors that may adversely impact the financial and economic standing and business of the Parent Company and the Group:

##### **The Group is dependent on external contractors to develop and enlarge the projects**

The Group's reliance on general contractors and individual contractors also exposes the Group to risks associated with any poor performance or work ethic of such contractors and their subcontractors and employees, construction defects and financial instability of the contractors and their subcontractors.

##### **Credit Risk**

The Parent Company provides unsecured loans to its Subsidiaries. Recoverability of these loans depends on operation results of the Parent Company's investees owning the income generating real estate. If the investees are unable to repay the loans provided by the Parent Company, it would ultimately affect the business of the Parent Company and the Group.

##### **The legislative steps taken by the Ukrainian Government in response to the COVID-19 outbreak affect the Group's business**

In response to the COVID-19 outbreak, the Parliament of Ukraine adopted a number of laws supporting the tenants during the lockdown period by allowing them to demand a rent reduction from the lessors, provided that the tenants had no objective possibility to use the leased real estate. As a result of the abovementioned initiatives and possible measures that can be undertaken in future by the Ukrainian Government to address COVID-19 Implications, the Group bears a risk of NOI decrease.

**The Group's ownership interests or lease rights in land may be challenged**

There is a risk that the state registrars or a third party may challenge ownership interests or lease rights in land because of their origin or former registration or for other reasons. This may lead to additional expenses and title risks for the Group.

**Property Risk**

Property and property related assets are inherently difficult to value due to the individual nature of each property and the fact there may not be a liquid market or pricing mechanism available. As a result, valuations may be subject to substantial uncertainty.

**c. Audit fees**

The total fees invoiced by auditors for the audit services in year 2020 were USD 23 thousand. No fees for non-audit services were invoiced by the auditors in 2020.

Signed by:



Natalia Zolotarova  
(Managing director)

# Exhibit I: Financial Statements Including Auditor's Report

# Statement of financial position

Name of accounting unit

as at

31.12.2020

NUPEH CZ s.r.o.

Company ID number

07757662

Registered office, residence or place  
of business of accounting unit

Antala Staška 1859/34, 140 00 Prague 4

(USD '000)

|                                           | Notes | 31.12.2020    | 31.12.2019 |
|-------------------------------------------|-------|---------------|------------|
| <b>ASSETS</b>                             |       |               |            |
| <b>Assets</b>                             |       |               |            |
| Cash and cash equivalents                 | 5     | 116           | 0          |
| Receivables and payables from derivatives | 11    | 1,696         | 0          |
| Provided loans                            | 6     | 29,165        | 0          |
| Trade and other receivables               | 7     | 1,400         | 119        |
| <i>Other receivables</i>                  |       | 1,400         | 119        |
| Deferred receivables                      | 7     | 0             | 1          |
| <b>Total assets</b>                       |       | <b>32,377</b> | <b>120</b> |
| <b>EQUITY AND LIABILITIES</b>             |       |               |            |
| <b>Liabilities</b>                        |       |               |            |
| Issued bonds                              | 9     | 32,056        | 0          |
| Trade and other liabilities               | 10    | 1             | 1          |
| <i>Trade liabilities</i>                  |       | 1             | 1          |
| Deferred liabilities                      | 10    | 29            | 17         |
| <b>Total liabilities</b>                  |       | <b>32,087</b> | <b>18</b>  |
| <b>Equity</b>                             |       |               |            |
| Registered capital                        | 8     | 9             | 9          |
| Other capital accounts                    | 8     | 1,510         | 110        |
| Retained earnings                         | 8     | -1,229        | -17        |
| - Retained earnings                       |       | -17           | 0          |
| - Profit or loss                          |       | -1,212        | -17        |
| <b>Total equity</b>                       |       | <b>290</b>    | <b>102</b> |
| <b>Total equity and liabilities</b>       |       | <b>32,377</b> | <b>120</b> |

# Statement of profit or loss and other comprehensive income

for period from 1 January 2020 to 31 december 2020

04015843

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or place  
of business of accounting unit

Antala Staška 1859/34, 140 00 Prague  
4

(USD '000)

|                                                              | Notes | 31.12.2020    | 31.12.2019 |
|--------------------------------------------------------------|-------|---------------|------------|
| Interest income calculated using the effective interest rate | 14    | 355           | 0          |
| Interest expenses                                            |       | -359          | 0          |
| <b>Net interest income</b>                                   |       | <b>-4</b>     | <b>0</b>   |
| Result on derivatives                                        | 14    | 1,696         | 0          |
| Foreign exchange loss                                        | 14    | -2,215        | 0          |
| Impairment losses on financial instruments                   | 14    | -590          | 0          |
| Other operating expenses                                     | 13    | -99           | -17        |
| <b>Profit (loss) before tax</b>                              |       | <b>-1,212</b> | <b>-17</b> |
| Income tax liabilities                                       | 12    | 0             | 0          |
| Deferred tax receivables                                     | 12    | 0             | 0          |
| <b>Profit (loss) for period</b>                              |       | <b>-1,212</b> | <b>-17</b> |
| Other comprehensive income                                   |       | 0             | 0          |
| <b>Total comprehensive income for the period</b>             |       | <b>-1,212</b> | <b>-17</b> |
| Profit attributable to:                                      |       |               |            |
| Equity holders of the Company                                |       | -1,212        | -17        |
| Total comprehensive income attributable to:                  |       |               |            |
| Equity holders of the Company                                |       | <b>-1,212</b> | <b>-17</b> |



## Cash Flow STATEMENT

for period from 1 January 2020 to 31 December 2020

04015843

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or place  
of business of accounting unit

Antala Staška 1859/34, 140 00 Prague 4

(USD '000)

### Operational Cash Flow Statement

#### Net profit (loss) for the period

#### Adjustments for non-cash transactions:

impairment loss

revaluation of derivatives

Interest expense

interest income

unrealised currency exchange difference

#### Adjustments for changes in working capital:

reduction (increase) in balance of trade receivables,

other receivables and accruals

increase (reduction) in balance of trade liabilities,

#### Total cash flows from operations

#### Cash flows from financing

Loan granted to parent company

Loans and credits received

Additional capital received

#### Total cash flows from financing

#### Net increase in cash and cash equivalents

#### Balance of cash and cash equivalents as at start of period

Increase (reduction) during period

#### Balance of cash and cash equivalents as at end of period

|                                                            | 31.12.2020  | 31.12.2019 |
|------------------------------------------------------------|-------------|------------|
| Net profit (loss) for the period                           | -1,212      | -17        |
| Adjustments for non-cash transactions:                     |             |            |
| impairment loss                                            | 590         | 0          |
| revaluation of derivatives                                 | -1,696      |            |
| Interest expense                                           | 359         | 0          |
| interest income                                            | -355        | 0          |
| unrealised currency exchange difference                    | 2,594       |            |
|                                                            | <b>281</b>  | <b>-17</b> |
| Adjustments for changes in working capital:                |             |            |
| reduction (increase) in balance of trade receivables,      | 10          | 0          |
| other receivables and accruals                             |             | -9         |
| increase (reduction) in balance of trade liabilities,      | 13          | 17         |
| Total cash flows from operations                           | <b>303</b>  | <b>-9</b>  |
| Cash flows from financing                                  |             |            |
| Loan granted to parent company                             | -29,400     | 0          |
| Loans and credits received                                 | 29,103      | 0          |
| Additional capital received                                | 110         |            |
| Total cash flows from financing                            | <b>-187</b> | <b>0</b>   |
| Net increase in cash and cash equivalents                  | <b>116</b>  | <b>-9</b>  |
| Balance of cash and cash equivalents as at start of period | <b>0</b>    | <b>9</b>   |
| Increase (reduction) during period                         | 116         | -9         |
| Balance of cash and cash equivalents as at end of period   | <b>116</b>  | <b>0</b>   |

# Statement of Changes in Equity

for period from 1 January 2020 to 31 December 2020

04015843

Name of accounting unit

**NUPEH CZ s.r.o.**

Registered office, residence or place  
of business of accounting unit

Antala Staška 1859/34, 140 00  
Prague 4

(USD '000)

|                                       | Registered<br>capital | Capital<br>accounts | Retained<br>earnings | Equity     |
|---------------------------------------|-----------------------|---------------------|----------------------|------------|
| <b>Balance as at 1 January 2019</b>   | <b>9</b>              | <b>0</b>            | <b>0</b>             | <b>9</b>   |
| Profit for the period                 |                       |                     | -17                  | -17        |
| Other comprehensive income            |                       |                     | 0                    | 0          |
| Deposit outside share capital         |                       | 110                 |                      | 110        |
| <b>Balance as at 31 December 2019</b> | <b>9</b>              | <b>110</b>          | <b>-17</b>           | <b>102</b> |

|                                       | Registered<br>capital | Capital<br>accounts | Retained<br>earnings | Equity     |
|---------------------------------------|-----------------------|---------------------|----------------------|------------|
| <b>Balance as at 1 January 2020</b>   | <b>9</b>              | <b>110</b>          | <b>-17</b>           | <b>102</b> |
| Profit for the period                 |                       |                     | -1,212               | -1,212     |
| Other comprehensive income            |                       |                     | 0                    | 0          |
| Deposit outside share capital         |                       | 1,400               |                      | 1,400      |
| <b>Balance as at 31 December 2020</b> | <b>9</b>              | <b>1,510</b>        | <b>-1,229</b>        | <b>290</b> |

## **1 Background**

### **(a) Organisation and operations**

NUPEH CZ s. r. o. (the “Company”) is incorporated under the legislation of the Czech Republic upon registration in the Commercial Register on 01/01/2019 under file number C 307124, held at the Municipal Court in Prague. The Company’s registered office is located at Antala Staška 1859/34, Krč, 140 00 Prague 4, Czech Republic.

The sole shareholder of the Company is NEW UKRAINE PE HOLDING LIMITED with 100% ownership (the “Shareholder”), legal entity incorporated under legislation of Cyprus, registration number: HE 358309, having its registered office at 16 Iouniou 1943, 9 Area A, Flat/Office 202, 3022 Limassol, Republic of Cyprus.

The Company’s principal activity is financing activities. The net proceeds of the bonds issue was used for the purpose of intra-group loan provided by the Company to its shareholder

## **2 Basis of preparation**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

### **(b) Basis of measurement**

The financial statements have been prepared under the historical cost basis, except for derivatives , which are carried at fair value as at 31 December 2020.

### **(c) Functional and presentation currency**

The functional currency of the Company as at and for the year ended 31 December 2020 is US Dollars (“USD”).

As at and for the year ended 31 December 2019, the functional currency of the Company was determined to be Czech Koruna (“CZK”). The change of the functional currency is applied prospectively since 1 January 2020. The change is made due to significant change in the circumstances related the Company has issued bonds in amount of CZK 700,000 thousand (USD 32,056 thousand) and provided the loan to its parent Company in amount of USD 29,400 thousand, leading to the assets of the Company presented by loan receivable from the Parent (including interest accrued) in USD at 31 December 2020, The Company also concluded a hedge agreement to hedge the risks of CZK fluctuations to USD, basically fixing the amount due on bonds to USD. At the same time liabilities are composed of liabilities in CZK due to bonds issue. Profit and loss statement in 2020 includes financial income from the Parent, interest expenses due to bonds and foreign exchange differences.

Due to the facts mentioned above, management believes that these transitions represent significant change from the 2019 year and are relevant basis to reconsider the functional currency.

Functional currency of the parent is USD. Based on the determination of Company’s management the Company does not carry out its own activities and act as limited-purpose vehicle. Activities of the Company are carried out as an extension of the parent company, rather than being carried out with a significant degree of autonomy. Based on above the functional currency of the Company is USD and does not differ from parent

The Company issued bonds in CZK and will repay them in CZK but due to the derivative, the payments will be converted from USD to CZK at the fixed rate. Proceeds from loan repayment will be received in USD, therefore, USD is the currency in which receipts from operating activities are retained.

Consequently, the management determined the USD to be the functional currency of the Company.

These financial statements are presented in the USD rounded to the nearest thousand, unless otherwise indicated.

**(d) Use of judgments, estimates and assumptions**

The preparation of financial statements in conformity with IFRS 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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 2 (c) – determination of the functional currency.

Note 15 (a) – determination of the loss allowance for expected credit losses.

**(e) Going concern**

The Company incurred net loss for the year ended 31 December 2020 in amount of USD 1,212 thousand (2019: USD 17 thousand). The main cause for the current period loss is the foreign currency loss on the revaluation of bonds issued which was partially offset by the positive fair value of the derivative and creation of expected credit losses on provided loan (ECL).

As at 31 December 2020 the Company has positive equity in the amount of USD 290 thousand (31 December 2019: USD 102 thousand).

The company's management considers that this is temporary situation, the current reported loss will be offset by the company's expected profits in future years, resulting mainly from the positive interest margin of the Shareholder, which guarantees the bonds issued by the company, is ready to provide sufficient resources for the future operation of the company.

The Company's loan to the Shareholder (please refer to Note 6) according to the contractual conditions is to be repaid before the maturity date of the bonds. The Company also purchased a cross currency swap with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds and the provided loan in USD (please refer to Note 11).

Management believes that the measures that it undertakes, as described above, will allow the Company to operate on a going concern basis in the foreseeable future. These financial statements are prepared on a going concern basis, which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

**Implication of COVID-19**

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Most governments around the world took increasingly stringent steps to stem the spread of the virus, including: requiring self-isolation/quarantine, social distancing and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures are gradually being lifted in many jurisdictions but the uncertainties remain as the pandemic still evolves.

Although these developments so far suggest that global economic growth is expected to be negatively affected by the spread of the disease and the resulting disruption to the economic activity, the financial

effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

Due to specifics of the Company's operations, the COVID-19 pandemic did not have significant impact on the business activities of the Company during the year ended 31 December 2020.

Based on assessment of the Company's management as at the date of preparation of the financial statements, the above situation has no impact on the Company's ability to continue as a going concern.

The Parent has investments into five objects of investment property, located in Ukraine, being two logistics centres, two business centres and one shopping centre. All the Ukrainian operating companies operate at high margins which is common for this type of business with no significant decreases in 2020. The vacancy rates were not also significantly impacted by COVID-19. Therefore, COVID-19 pandemic does not have significant negative impact on the Parent or its investees and in consequence does not increase the credit risk associated with the loan granted to Parent.

**(f) Measurement of fair values**

Some of the Company's accounting policies and disclosures require the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the years ended 31 December 2020 and 2019, no transfer between levels of the fair value hierarchy was recognised.

**3 Significant accounting policies**

The significant accounting policies applied in the preparation of these financial statements are described below.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of these transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated

to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognised in profit or loss.

In preparation of these financial statements for the translation of the operations and balances of the Company denominated in foreign currencies, management applied the Czech National Bank official exchange rates.

**(b) Financial instruments**

**(i) Recognition, initial measurement and derecognition**

Trade receivables are initially recognized when they are originated.

All other financial assets and financial liabilities are initially recognized on the date when originated. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**(ii) Classification and subsequent measurement of financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL to eliminate or significantly reduce an accounting mismatch:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of

principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The Company's financial assets comprise trade and other accounts receivable, cash and cash equivalents and loans provided and are classified into the financial assets at amortised cost category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that were subject to insignificant risk of changes in their fair value.

#### *Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual

cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

**(iii) Classification and subsequent measurement of financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it meets the definition of held-for-trading or it is designated as such on initial recognition.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company measures all of its financial liabilities at amortized cost, except for derivatives which are measured at FVTPL

**(iv) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

**(v) Derivative financial instruments**

The Company holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

**(c) Impairment**

The Company uses “expected credit loss” (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The financial assets at amortised cost consist of trade and other accounts receivable and cash and cash equivalents and short-term deposits and loans

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade and other accounts receivable at an amount equal to lifetime ECLs.



Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

The Company has credit risk rating system and assesses debtors' solvency based on information obtained on regular basis. The Company considers there to have been a significant increase in credit risk since initial recognition if:

- the credit internal rating has deteriorated by two or more degrees since initial recognition;
- the receivable or part thereof is more than 30 days past due;
- the exposure has been designated as a exposure with forbearance;
- an individual assessment has been conducted by the management of the Company, which on the basis of available information, has determined that the receivable exhibits signs of an increased credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a debt or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether cash and cash equivalents are credit-impaired, the Company considers the following factors:

- significant financial difficulty of the bank;

- a breach of contract such as a default or a contractual payment being more than a couple of days past due;
- it is becoming probable that the bank will enter bankruptcy or other financial reorganisation.

*Presentation of impairment*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses on financial assets are presented under “Impairment losses on financial instruments”.

**(d) Finance costs and finance income**

Finance costs comprises interest expense on loans and borrowings, unwinding of discount on financial liabilities and foreign exchange losses.

Finance income comprises interest income on funds invested and foreign exchange gains.

Interest expense and interest income are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs.

The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(e) Equity**

**(i) Reserves**

*Registered capital*

Registered capital is represented by the capital paid by the shareholder.

*Other capital accounts*

Other capital accounts is represented by the contribution outside of the registered capital from the shareholder.

*Retained earnings*

Retained earnings include accumulated profits and losses incurred by the Company.

**(f) Income tax expense**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

#### **4 New standards and interpretations not yet adopted**

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16);*
- *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);*
- *Reference to Conceptual Framework (Amendments to IFRS 3);*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts. Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (issued on 25 June 2020)*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)*

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)*
- *Annual Improvements 2018-2020.*

## 5 Cash and cash equivalents

Cash and cash equivalents as at 31 December were as follows:

|                              | 31 December 2020 | 31 December 2019 |
|------------------------------|------------------|------------------|
| <i>(in thousands of USD)</i> |                  |                  |
| Cash on bank accounts        | 116              | -                |
|                              | <u>116</u>       | <u>-</u>         |

The Company holds funds with financial institutions in the Czech Republic, which are subject to regulatory supervision. Any impairment of funds was considered based on expected losses for twelve months and the Company concluded on grounds of a completed analysis that the level of ECL is immaterial.

## 6 Provided loans

|                              | 31 December 2020 | 31 December 2019 |
|------------------------------|------------------|------------------|
| <i>(in thousands of USD)</i> |                  |                  |
| Loan to Shareholder          | 29.755           | -                |
| Expected credit losses       | (590)            | -                |
|                              | <u>29.165</u>    | <u>-</u>         |
| Out of that: long term       | 28.810           | -                |
| Out of that: short term      | 355              | -                |

Provided loans caption is fully presented by the loan granted to the Shareholder NEW UKRAINE PE HOLDING LIMITED, the maturity of which is in line with the maturity of the principal of the bonds (see Note 9). According to the contractual conditions, the debtor is obliged to repay the amount corresponding to the creditor's obligation from the issued bonds before the maturity date of the bonds. Short-term financial instruments represent accrued interest on loans provided, which are due in the year ending 31 December 2021.

The nominal interest rate is fixed. There were no fees associated with the loan, interest is repaid on an ongoing basis, so the effective interest rate approximates the nominal interest rate.

| <i>(in thousands of USD)</i> | Principal     | Interest   | Maturity        | Interest rate (%) | EIR         |
|------------------------------|---------------|------------|-----------------|-------------------|-------------|
| Loan to Shareholder          | 29.400        | 355        | 16 October 2025 | 8.2%              | 8.2%        |
|                              | <u>29,400</u> | <u>355</u> |                 | <u>8,2%</u>       | <u>8,2%</u> |

### *Information on reported impairment*

The following table sets out the amount of Expected Credit Losses to Loan to shareholder:

| <i>(in thousands of USD)</i> | <b>1 January 2020</b> | <b>Increase</b> | <b>31 December 2020</b> |
|------------------------------|-----------------------|-----------------|-------------------------|
| Loan to Shareholder          | -                     | 590             | 590                     |
|                              | -                     | <b>590</b>      | <b>590</b>              |

The provision for expected credit losses was calculated on a 12 months basis (expected credit losses arising from events that may occur during the 12 months following the balance sheet date).

The Loan is classified as Stage 1. There were no transfers between stages during the accounting period.

The method of determining the amount of the impairment, together with the parameters of PD and LGD, is described in more detail in Note 15 - Risk management procedures and disclosure of information.

The fair value of the loans provided approximates the carrying amount as at 31 December 2020.

| <i>(in thousands of USD)</i> | <b>31 December 2020</b> |                        |
|------------------------------|-------------------------|------------------------|
|                              | <b>Fair value</b>       | <b>Carrying amount</b> |
| Loan to Shareholder          | 29,165                  | 29,165                 |
|                              | <b>29,165</b>           | <b>29,165</b>          |

All interest-bearing financial instruments at amortised cost are categorised in Level 3 of the fair value hierarchy (for more details on the measurement, see note 2 (e) – Assumption and estimation uncertainties).

The fair value is based on the discounted cash flows valuation technique. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate as at 31 December 2020. The fair value of the loan equals to carrying amount as the loan was granted closely before year end.

## **7 Trade and other receivables**

| <i>(in thousands of USD)</i>                                                  | <b>31 December 2020</b> | <b>31 December 2019</b> |
|-------------------------------------------------------------------------------|-------------------------|-------------------------|
| Other receivables – related to contribution to outside the registered capital | <b>1,400</b>            | 110                     |
| Other receivables                                                             | -                       | 9                       |
| Deferred receivables                                                          | -                       | 1                       |
|                                                                               | <b>1,400</b>            | 119                     |
| Out of that: short term                                                       | <b>1,400</b>            | 119                     |
| Out of that: long term                                                        | -                       | -                       |

As at 31 December 2020, the Company does not record any overdue trade receivables or other overdue assets.

Credit risks and impairment losses in relation to trade and other receivables are dealt with in Note 15 - Risk Management and Disclosure Procedures.

The receivables related to contribution outside of the registered capital in amount of USD 1,150 thousand were paid on 26 April 2021.

## 8 Equity

The Company's registered capital amounts to USD 9 thousand. As at 31 December 2020 as well as at 31 December 2019, it consists of one business share, which is owned by a Shareholder (Parent).

|                                | Amount   | Ownership interest % | Voting rights % |
|--------------------------------|----------|----------------------|-----------------|
| <i>(in thousands of USD)</i>   |          |                      |                 |
| NEW UKRAINE PE HOLDING LIMITED | 9        | 100%                 | 100%            |
|                                | <b>9</b> | <b>100%</b>          | <b>100%</b>     |

In 2020, a deposit outside the registered capital occurred in the amount of USD 1,400 thousand by the NEW UKRAINE PE HOLDING LIMITED (in 2019 in the amount of USD 110 thousand).

For the year ended 31 December 2020 the company reports a cumulative loss in the amount of USD 1,229 thousand (2019: USD 17 thousand). The company's management considerations in respect of this situation were described in Note 2e.

## 9 Issued bonds

|                                | 31 December 2020 | 31 December 2019 |
|--------------------------------|------------------|------------------|
| <i>(in thousands of USD)</i>   |                  |                  |
| Issued bonds at amortized cost | <b>32,056</b>    | -                |
|                                | <b>32,056</b>    | -                |
| Out of that: short term        | <b>359</b>       | -                |
| Out of that: long term         | <b>31,697</b>    | -                |

Short-term financial instruments are represented by accrued interest on issued bonds, which is due within one year from the balance sheet date. Long-term instruments are presented by the principal payable.

Detailed information in respect of bonds issued as at 31 December 2020 is provided in the table below:

|                              | Principal     | Accrued interest | Maturity        | Coupon rate (%) | EIR          |
|------------------------------|---------------|------------------|-----------------|-----------------|--------------|
| <i>(in thousands of USD)</i> |               |                  |                 |                 |              |
| Issued bonds                 | 32,730        | 359              | 31 October 2025 | 5.9%            | 6.76%        |
|                              | <b>32,730</b> | <b>359</b>       |                 | <b>5.9%</b>     | <b>6.76%</b> |

The bonds were issued on 30 October 2020 with total nominal value of CZK 700 million

(USD 30,048 thousand), maturing in 2025. They are listed on the public market.

Interest is payable twice: on 30 April and 30 October each year. The total nominal amount of subscribed bonds as at 31 December 2020 was CZK 700 million.

NEW UKRAINE PE HOLDING LIMITED (Shareholder) guaranteed the Issuer's Bonds in the form of a financial guarantee under Czech law. The Company may redeem Bonds at any time at any price on the market or otherwise. If there is no early repayment (an option not currently being considered by the Company), the Company will repay the principal of the Bond in a lump sum on 30 October 2025.

Transaction costs in the amount of CZK 22,097 thousand (USD 946 thousand) were associated with the issue of the Bonds. These costs are recognized in the income statement during the Bonds life based on the effective interest rate. The coupon rate is 5.9%. The effective interest rate is 6.76%.



|                              | <b>31 December 2020</b> |                                              |
|------------------------------|-------------------------|----------------------------------------------|
|                              | <b>Fair value</b>       | <b>Carrying amount<br/>at amortized cost</b> |
| <i>(in thousands of USD)</i> |                         |                                              |
| Bonds                        | 32.730                  | 32.056                                       |
|                              | <b>32,730</b>           | <b>32,056</b>                                |

All interest-bearing financial instruments at amortised cost are categorised in Level 1 of the fair value hierarchy (for more details on the measurement, see note 2 (d) – Use of judgments, estimates and assumptions). The fair value for Level 1 was calculated based on quoted bond price as at 31 December 2020.

## **10 Trade and other liabilities**

|                              | <b>31 December 2020</b> | <b>31 December 2019</b> |
|------------------------------|-------------------------|-------------------------|
| <i>(in thousands of USD)</i> |                         |                         |
| Trade liabilities            | 1                       | 1                       |
| Accruals                     | 29                      | 17                      |
|                              | <b>30</b>               | <b>18</b>               |
| Out of that: short term      | <b>30</b>               | <b>18</b>               |

As at 31 December 2020 and 2019 trade and other liabilities are not secured.

Management reports there are no overdue liabilities as at 31 December 2020 and 2019.

The liquidity risk, to which the Company is exposed in connection with trade and other payables is described in Note 15 - Risk Management and Disclosure Procedures.

Deferred liabilities as at 31 December 2020 and 2019 include amount for the financial statements audit.

## **11 Receivables and payables from derivatives**

|                              | <b>31 December 2020</b> | <b>31 December 2019</b> |
|------------------------------|-------------------------|-------------------------|
| <i>(in thousands of USD)</i> |                         |                         |
| Fair value of the swap       | 1.696                   | -                       |
|                              | <b>1,696</b>            | <b>-</b>                |

As at 31 December 2020 the company has one cross currency swap with J&T BANKA, a.s. to bridge the currency mismatch between the issued bonds and the provided loan in USD.

The Company set up a swap on 30 October 2020 in the amount of CZK 700,000 thousand with a koruna interest rate of 5.9% against the amount of USD 30,461 thousand with a dollar interest rate of 7.25%. The maturity of the swap is October 29, 2025.

There is a back conversion of funds from USD to CZK corresponding to the interest paid as at April 30 and October 30 each year.

The Company valued and recognized the fair value of the swap as a receivable in the amount of USD 1,696 thousand as at 31 December 2020. The Company does not report a derivative as a hedging instrument; all movements in fair value are recognized as profit or loss in the Company's income statement.

## **12 Income tax liabilities**

During 2020 and 2019, the Company did not report any tax obligations since the Company reported loss (effective tax in 2020: 0% (2019: 0%)) nor deferred tax.

## **13 Other operating expenses**

Operating expenses represent costs associated with the preparation of the bonds issue, as well as further servicing and administration, with the exception of transaction costs associated with the issue (see Note 9 - Issued bonds) and accounting and audit expenses.

| <i>(in thousands of USD)</i> | <b>2020</b> | 2019 |
|------------------------------|-------------|------|
| Legal services               | 60          | -    |
| Accounting, audit            | 39          | 17   |
|                              | <b>99</b>   | 17   |

## 14 Financial income and financial expenses

|                                                              | 2020         | 2019        |
|--------------------------------------------------------------|--------------|-------------|
| <i>(in thousands of USD)</i>                                 |              |             |
| Interest income calculated using the effective interest rate | 355          | -           |
| Result on derivatives                                        | 1,696        | -           |
| <b>Total financial income</b>                                | <b>2,051</b> | <b>-</b>    |
|                                                              | <b>2020</b>  | <b>2019</b> |
| <i>(in thousands of USD)</i>                                 |              |             |
| Interest expenses                                            | 359          | -           |
| Impairment losses on financial instruments                   | 590          | -           |
| Foreign exchange loss                                        | 2,214        | -           |
| <b>Total financial expenses</b>                              | <b>3,163</b> | <b>-</b>    |
| <b>Net financial expenses showed in the Income statement</b> | <b>1,112</b> | <b>-</b>    |

Interest income is obtained from the loan provided and interest expense occurs due to the issued bonds.

The exchange rate loss includes amongst others the exchange rate loss from the revaluation of a bond issued in CZK to USD. Transaction costs associated with the issue are included in interest expense (see Note 9). To bridge the currency difference from holding the bond, the Company holds a cross currency swap, the fair value of which was recognized as a derivative gain, please refer to Note 11.

## 15 Risk management procedures and disclosure of information

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. Shareholders oversee how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

### (a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers.

#### *Exposure to credit risk*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### *Loan to Shareholder*

The Company provided a loan to a Shareholder in the amount of USD 29,400 thousand using funds from

subscribed bonds.

The Company has its own credit risk assessment system and evaluates the borrower's ability to repay on the basis of regular information obtained.

The Company assigns a degree of risk to the assets based on data that are based on the assumption of possible risk of loss (resulting from debtor's financial statements, management calculations, etc.) or possible late payment risk, to which a qualified credit risk assessment is applied.

The degree of credit risk is determined using qualitative and quantitative factors that are an indicator of potential bankruptcy risk and are in line with the external definition of credit rating agencies. The probability of bankruptcy is then allocated on the basis of historical data collected by these agencies.

*Determining a significant increase in credit risk (SICR) since initial recognition*

At the end of each reporting period, the Company determines whether the credit risk of a financial instrument has increased significantly since the asset was initially recognized.

For this purpose, the Company compares the default risk of a financial instrument at the balance sheet date with the default risk at the date of initial recognition, and further assesses the adequacy and supporting information (available without excessive cost and effort) that indicates a significant increase in credit risk since initial recognition.

The Company assigns a risk rating to assets using information that is based on the possible risk of loss (determined, for instance, from the entity's accounting statements, management calculations, etc.) or the possible risk of late payment, which form a basis for a qualified credit risk assessment.

The credit risk rating is determined using qualitative and quantitative factors that indicate possible risk of bankruptcy, and are in line with definitions by external rating agencies. The probability of bankruptcy is assigned based on historical data gathered by these agencies.

If there has been a significant increase in credit risk since initial recognition, then the exposure is included in Stage 2 and the expected lifetime credit loss is estimated. If there is no significant increase in credit risk since initial recognition, then the exposure remains at Stage 1 (12-month ECL). If the exposure is defaulted, then it is assigned a Stage 3.

The Company used the following model to calculate the expected credit losses provision (ECL) as at 31 December 2020:

*(in thousands of USD)*

| External rating equivalent | Probability of decline (PD) | LGD | Gross book value | Calculated loss (ECL) |
|----------------------------|-----------------------------|-----|------------------|-----------------------|
| B2                         | 4.41%                       | 45% | 29,755           | 590                   |

External rating equivalent is derived from credit ratings of comparable companies in the industries in which the debtor operates.

The reported impairment was presented as part of financial expenses.

The Company also assesses sensitivity to changes in the borrower's credit risk. If its creditworthiness changes, the probability of loss changes as well.

If the probability of bankruptcy increases by 10%, the ECL would increase by USD 59 thousand. If the probability of bankruptcy decreases by 10%, ECL would decrease by USD 59 thousand.

The Company also perceives differences between the economic conditions during the period for which historical data is collected, the current conditions and the expected economic conditions for the expected term of the loan.

As at 31 December 2019, the Company did not have any financial assets for which impairment should have been calculated.

As at 31 December 2020 and 31 December 2019 the shareholders of New Ukraine PE Holding Limited (Cyprus) were Dragon Capital Investments Limited (Cyprus) with 17% ownership, the company ultimately controlled by Tomas Fiala, Dragon Capital New Ukraine Fund (Jersey) with 36% ownership, Ukrainian Redevelopment Fund LP (a Delaware limited partnership, not related to other shareholders) with 15% ownership, and Sky Mundi S.À.R.L. (a shareholder not related to other shareholders) with 32% ownership.

In accordance with the shareholders' agreement of New Ukraine PE Holding Limited, key strategic decisions are made by the shareholders together holding more than 90% of shares in the Company's issued share capital.

The main activities of the Company are investing in real estate sector in Ukraine.

As at 31 December 2020, the Parent's investments are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 12,630 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,027 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 96,221 sq. m. and associated land plot of 15 ha.;
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,855 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,853 sq. m. and associated land plot of 0.15 ha.

As at 31 December 2019, the Parent's investments are represented by the following projects:

- Pyramida project: shopping center with the gross leasing area equal to 12,817 sq. m.;
- East Gate Logistic project: A-class warehouse with the gross leasing area equal to 49,198 sq. m.;
- West Gate Logistic project: A-class warehouse with the gross leasing area equal to 96,221 sq. m. and associated land plot of 15 ha.;
- Property Management Solutions One ("PMS One"): A-class business center "Eurasia" with the gross leasing area of 27,996 sq. m.;
- Property Management Solutions Two ("PMS Two"): A-class business center "Prime" with the gross leasing area of 8,853 sq. m. and associated land plot of 0.15 ha.

The Parent's investments are primarily located in Ukraine. Consequently, they are exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The political and economic situation in Ukraine has been subject to significant turbulence in recent years. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Ukraine. Additionally, an armed conflict in certain parts of Lugansk and Donetsk regions, which started in spring 2014, has not been resolved and part of the Donetsk and Lugansk regions remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory. Various events in March 2014 led to the accession of the Republic of Crimea to the Russian Federation, which was not recognised by Ukraine and many

other countries. Consequently, operations in the country involve risks that do not typically exist in other markets. COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The assessment of the credit risks related to the loan to Parent reflects management's assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Parent.

Credit risk by type of counterparty as at 31 December 2020 was as follows:

*(in thousands of USD)*

| Assets                      | Enterprises (Real-estate) | Banks      | Total         |
|-----------------------------|---------------------------|------------|---------------|
| Cash and cash equivalents   | -                         | 116        | 116           |
| Trade and other receivables | 1,400                     | -          | 1,400         |
| Provided loans              | 29,165                    | -          | 29,165        |
| <b>Total</b>                | <b>30,565</b>             | <b>116</b> | <b>30,681</b> |

Credit risk by type of counterparty as at 31 December 2019 was as follows:

*(in thousands of USD)*

| Assets                      | Enterprises (non-financial institutions) | Banks    | Total      |
|-----------------------------|------------------------------------------|----------|------------|
| Trade and other receivables | 120                                      | -        | 120        |
| <b>Total</b>                | <b>120</b>                               | <b>-</b> | <b>120</b> |

Credit risk by counterparty's territory as at 31 December 2020 was as follows:

*(in thousands of USD)*

| Assets                      | Republic of Cyprus | Czech republic | Total         |
|-----------------------------|--------------------|----------------|---------------|
| Cash and cash equivalents   | -                  | 116            | 116           |
| Trade and other receivables | 1,400              | -              | 1,400         |
| Provided loans              | 29,165             | -              | 29,165        |
| <b>Total</b>                | <b>30,565</b>      | <b>116</b>     | <b>30,681</b> |

Credit risk by counterparty territory as at 31 December 2019 was as follows:

*(in thousands of USD)*

| Assets                      | Republic of Cyprus | Czech republic | Total      |
|-----------------------------|--------------------|----------------|------------|
| Trade and other receivables | 119                | 1              | 120        |
| <b>Total</b>                | <b>119</b>         | <b>1</b>       | <b>120</b> |

## (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the maximum extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides an analysis of the Company's financial assets and liabilities broken down by maturity, specifically by the time remaining from the balance sheet date to the contractual maturity date. For cases where there is a possibility of earlier repayment, the Company chooses the most prudent method of assessment.

Therefore, the earliest possible repayment date is shown for liabilities, and the latest possible repayment date is shown for assets.

Contractual cash flows from financial assets and contractual maturities of financial liabilities as at 31 December 2020 were as follows:

*(in thousands of USD)*

|                             | Book value      | Contractual cash flows | Less than 3 months | 3 months to 1 year | 1 – 5 years     | Longer / Unspecified |
|-----------------------------|-----------------|------------------------|--------------------|--------------------|-----------------|----------------------|
| <b>Assets</b>               |                 |                        |                    |                    |                 |                      |
| Cash and cash equivalents   | 116             | 116                    | 116                | -                  | -               | -                    |
| Trade and other receivables | 1,400           | 1,400                  | -                  | 1,400              | -               | -                    |
| Provided loans              | 29,165          | 50,000                 | -                  | 2,350              | 47,650          | -                    |
| <b>Total</b>                | <b>30,681</b>   | <b>51,516</b>          | <b>116</b>         | <b>3,750</b>       | <b>47,650</b>   |                      |
| <b>Liabilities</b>          |                 |                        |                    |                    |                 |                      |
| Trade and other payables    | (30)            | (30)                   | (30)               | -                  | -               | -                    |
| Bonds issued                | (32,056)        | (43,772)               | -                  | (2,208)            | (41,564)        | -                    |
| <b>Total</b>                | <b>(32,086)</b> | <b>(43,802)</b>        | <b>(30)</b>        | <b>(2,208)</b>     | <b>(41,564)</b> |                      |
| <b>Net cash flow</b>        | <b>(1,405)</b>  | <b>7,714</b>           | <b>86</b>          | <b>1,542</b>       | <b>6,086</b>    |                      |

Contractual cash flows from financial assets and contractual maturities of financial liabilities as at 31 December 2019 were as follows:

*(in thousands of USD)*

|                             | Book value  | Contractual cash flows | Less than 3 months | 3 months to 1 year | 1 – 5 years | Longer / Unspecified |
|-----------------------------|-------------|------------------------|--------------------|--------------------|-------------|----------------------|
| <b>Assets</b>               |             |                        |                    |                    |             |                      |
| Trade and other receivables | 120         | 120                    | 1                  | 119                | -           | -                    |
| <b>Total</b>                | <b>120</b>  | <b>120</b>             | <b>1</b>           | <b>119</b>         |             |                      |
| <b>Liabilities</b>          |             |                        |                    |                    |             |                      |
| Trade and other payables    | (18)        | (18)                   | (18)               | -                  | -           | -                    |
| <b>Total</b>                | <b>(18)</b> | <b>(18)</b>            | <b>(18)</b>        |                    |             |                      |
| <b>Net cash flow</b>        | <b>102</b>  | <b>102</b>             | <b>(17)</b>        | <b>119</b>         |             |                      |

**(c) Currency risk**

Transactions related to the issued bond were captured by the Company by concluding a currency cross currency swap with the bank.

More details regarding cross currency swap are in the table below:

|                                  |                                                                                                                                  |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Party A                          | J&T BANK („J&TB“)                                                                                                                |
| Party B                          | NUPEH CZ s.r.o. („NUPEH“)                                                                                                        |
| Instrument                       | USD/CZK Cross currency swap                                                                                                      |
| Purpose                          | hedge of currency and interest rate risk related to a new bond issue in CZK                                                      |
| Market                           | OTC                                                                                                                              |
| Side                             | NUPEH borrows USD and pays USD fix coupon @7,25% pa 30E/360 s/a, and lends CZK and receives CZK fix coupon @5,90% pa 30E/360 s/a |
| Currency pair                    | J&TB vice versa                                                                                                                  |
| Tenor                            | USD/CZK                                                                                                                          |
| Exchange rate                    | 5years                                                                                                                           |
| Notional                         | 22.980 (spot market rate)                                                                                                        |
| <b>Initial notional exchange</b> | 700,000,000 CZK                                                                                                                  |
| volume, currency                 | 700,000,000 CZK                                                                                                                  |



|                                |                                         |
|--------------------------------|-----------------------------------------|
| Side                           | NUPEH buys USD vs CZK, J&TB vice versa  |
| Value date                     | October 30th 2020                       |
| <b>Final notional Exchange</b> |                                         |
| Volume, currency               | 700,000,000 CZK                         |
| Side                           | NUPEH sells USD vs CZK, J&TB vice versa |
| Value date                     | End of last interest period             |
| <b>Interest payments</b>       |                                         |
| Interest rate Period           | Semi annually                           |
| Rates: CZK (NUPEH receives)    | CZK fix 5.90% pa 30/360                 |
| Rates: USD (NUPEH pays)        | USD fix 7,25% pa 30/360                 |
| Day count                      | 30E/360                                 |

The company also realizes in CZK expenses of a common overhead nature, which, however, are not very significant.

The balances of monetary assets and liabilities denominated in CZK were as follows

|                              | 31 December 2020      |                       | 31 December 2019      |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | Denominated in<br>CZK | Denominated in<br>USD | Denominated in<br>CZK | Denominated in<br>USD |
| <i>(in thousands of USD)</i> |                       |                       |                       |                       |
| Cash and cash equivalents    | 14                    | 102                   | -                     | -                     |
| Loan provided                | -                     | 29.165                | -                     | -                     |
| Trade and other receivables  | -                     | 1.400                 | 102                   | -                     |
| Bonds issued                 | 32.056                | -                     | -                     | -                     |
| Trade and other liabilities  | 30                    | -                     | -                     | -                     |
| <b>Net position</b>          | <b>32,072</b>         | <b>30,667</b>         | <b>102</b>            | <b>-</b>              |

**(d) Interest rate risk**

The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but it may also reduce or cause losses in case of unexpected movements. The Company does not have floating interest rate financial assets and liabilities.

Financial information on interest bearing and non-interest bearing assets and liabilities and their contractual maturity or re-pricing dates is as follows:

*(in thousands of USD)*

| As at 31 December 2020      | To 1 year  | 1 to 5 year    | Longer   | Unspecified | Total          |
|-----------------------------|------------|----------------|----------|-------------|----------------|
| <b>Assets</b>               |            |                |          |             |                |
| Cash and cash equivalents   | 116        | -              | -        | -           | 116            |
| Trade and other receivables | -          | -              | -        | -           | -              |
| Provided loans              | 355        | 28,810         | -        | -           | 29,165         |
| <b>Total</b>                | <b>454</b> | <b>28,810</b>  | <b>-</b> | <b>-</b>    | <b>29,281</b>  |
| <b>Liabilities</b>          |            |                |          |             |                |
| Trade and other payables    | 1          | -              | -        | -           | 1              |
| Bonds issued                | 359        | 31,697         | -        | -           | 32 056         |
| <b>Total</b>                | <b>339</b> | <b>31,697</b>  | <b>-</b> | <b>-</b>    | <b>32 057</b>  |
| <b>Net cash flow</b>        | <b>115</b> | <b>(2,887)</b> | <b>-</b> | <b>-</b>    | <b>(2,776)</b> |

*(in thousands of USD)*

| As at 31 December 2019      | To 1 year  | 1 to 5 year | Longer   | Unspecified | Total      |
|-----------------------------|------------|-------------|----------|-------------|------------|
| <b>Assets</b>               |            |             |          |             |            |
| Cash and cash equivalents   | -          | -           | -        | -           | -          |
| Trade and other receivables | 1          | 119         | -        | -           | 120        |
| Provided loans              | -          | -           | -        | -           | -          |
| <b>Total</b>                | <b>1</b>   | <b>119</b>  | <b>-</b> | <b>-</b>    | <b>120</b> |
| <b>Liabilities</b>          |            |             |          |             |            |
| Trade and other payables    | 18         | -           | -        | -           | 18         |
| Bonds issued                | -          | -           | -        | -           | -          |
| <b>Total</b>                | <b>-</b>   | <b>-</b>    | <b>-</b> | <b>-</b>    | <b>-</b>   |
| <b>Net cash flow</b>        | <b>-17</b> | <b>119</b>  | <b>-</b> | <b>-</b>    | <b>102</b> |

**(e) Operational risk**

Operational risk is the risk of loss from fraud, unauthorized activity, errors, omissions, inefficiency or system failure. This type of risk arises in all activities and is threatened by all business entities. Operational risk also includes legal risk.

The primary responsibility for applying control mechanisms for managing operational risks rests with the Company's management. The commonly used standards cover the following areas:

- Requirements for reconciliation and monitoring of transactions,
- Identification of operational risks within the control system,
- By obtaining an overview of operational risks, the Company creates the preconditions for determining and directing procedures and measures that will lead to the reduction of operational risks and to the adoption of decisions on:
  - Recognition of individual existing risks
  - Initiation of processes that will lead to the reduction of possible impacts; or
  - Narrowing the space to risky activities or their complete cessation.

The Company has established an audit committee.

The Company currently follows and complies with all requirements for the administration and management of the company, which are set out in generally binding legal regulations of the Czech Republic, in particular the Commercial Corporations Act.

## 16 Related parties and their impact on the financial statement

### (a) Controlling party

The company NUPEH CZ s.r.o. is 100% controlled by the Shareholder NEW UKRAINE PE HOLDING LIMITED, located in 3022 Limassol, 16 Iouniou 1943, 9 Area A, Flat/Office 202, Republic of Cyprus.

### (b) Transaction with related parties

As at 31 December 2019, and as at 31 December 2020 the Company reports the following unsettled balances with the related party.

*(in thousands of USD)*

|                                                                            | Debtor                         | 31 December 2020 | 31 December 2019 |
|----------------------------------------------------------------------------|--------------------------------|------------------|------------------|
| Provided loan                                                              | NEW UKRAINE PE HOLDING LIMITED | 29,165           | -                |
| Other receivables - related to contribution outside the registered capital | NEW UKRAINE PE HOLDING LIMITED | 1,400            | 110              |
| Other receivables                                                          | NEW UKRAINE PE HOLDING LIMITED | -                | 9                |
| <b>Total</b>                                                               |                                | <b>30,565</b>    | <b>119</b>       |
| Out of that: short term                                                    |                                | 1,755            | 119              |
| Out of that: long term                                                     |                                | 28,810           | -                |

### (c) Remuneration for key management

The Company has no key employees. No remuneration or other benefits to members of the bodies of the Company were paid in the years ended 31 December 2020 and 31 December 2019.

## 17 Contingent assets and contingent liabilities

The Company does not have any legal suits that would give rise to contingent liabilities or contingent assets. No further circumstances are evidenced, which meet the terms for publication of the contingent liabilities.

## 18 Important events after the date of the financial statements

The Company has evaluated subsequent events from the balance sheet date through the date at which the financial statements were issued.

The receivables related to contribution outside of the registered capital (Notes 7, 8) in amount of USD 1,150 thousand were repaid on 26 April 2021.

After 31 December 2020 there were no other significant events that would require amendments to, or additional disclosures in these financial statements.

|                            |                                                                                                                                                |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Compiled on:<br>13.10.2021 | Signature of the statutory body:<br>Natalia Zolotarova<br> |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|



**KPMG Česká republika Audit, s.r.o.**

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This document is an unsigned English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding

*This document is an unsigned English translation of the Czech independent auditor's report that we issued on 30 April 2021 on the statutory financial statements included in the annual report of NUPEH CZ s.r.o., prepared in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements. The accompanying annual report does not represent a statutory annual report. Consequently, neither it nor this copy of the auditor's report is a legally binding document. We did not audit the consistency of the accompanying annual report with the statutory and legally binding annual report under the ESEF Regulation in Czech, and therefore we do not provide an opinion on the accompanying annual report.*

## **Independent Auditor's Report to the Member of NUPEH CZ s.r.o.**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying separate financial statements of NUPEH CZ s.r.o. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2020, and the separate statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year 2020 then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31. December 2020, and of its unconsolidated financial performance and its unconsolidated cash flows for the year 2020 then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### **Basis for Opinion**

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application



guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### ***Impairment of loans provided to the parent company***

*See the following notes to the separate financial statements: 3(b) (Financial instruments), 3(c) (Impairment) and 6 (Provided loans) for the accounting policy and financial disclosures*

#### **The financial statements include:**

- **Provided Loans amounting to USD 29 165 thousand as at 31 December 2020 (USD 0 as at 31 December 2019)**
- **Impairment losses on financial instrument: USD 590 thousand in 2020 (USD 0 in 2019)**

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How the audit matter was addressed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Company is a special purpose vehicle (SPV) established by NEW UKRAINE PE HOLDING LIMITED ("Group") for the purpose of raising finance through issue of bonds. The funds obtained from the bonds issued were provided to the parent company NEW UKRAINE PE HOLDING LIMITED in the form of a loan.</p> <p>Impairment loss allowances for the loan represent the Management's best estimate of related expected credit losses ("ECL") at the balance sheet date determined based on the relevant requirements of IFRS 9 <i>Financial Instruments</i>. The ECL impairment model uses a dual-measurement approach, under which the impairment allowance is measured as either: 12-months expected credit losses or lifetime expected credit</p> | <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• assessment of the ECL methodology against the relevant requirements of the financial reporting framework and industry standards. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements;</li> <li>• evaluating design and implementation of selected key control over impairment calculation;</li> <li>• assessing appropriateness of the</li> </ul> |





|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>losses, depending on whether or not a significant increase in credit risk was identified for a given exposure.</p> <p>The recoverability of the loan depends on financial performance of the Group which evaluation together with the identification of the significant increase in credit risk is based on the assumptions about future financial performance and market developments and is therefore associated with a significant degree of uncertainty.</p> <p>Key assumptions and judgments made by the Company in determining the recoverability of the loan include:</p> <ul style="list-style-type: none"> <li>- definition and identification of a significant increase in credit risk;</li> <li>- probability of default (PD) and loss given default (LGD) which are determined by the Company based on the credit analyses of the Group and independent credit ratings of the industries in which the company operates.</li> </ul> <p>For the above reasons, impairment of loan receivables was considered by us to be a significant risk in our audit, which required our increased attention. Accordingly, we considered the area to be our key audit matter.</p> | <p>Company's identification of triggers for significant increase in credit risk by:</p> <ul style="list-style-type: none"> <li>○ evaluating the Group's financial situation including its liquidity position as at 31 December 2020 by reference to the financial statements and</li> <li>○ analysing the development of issued bonds quotations on the Prague Stock Exchange during and at the year-end.</li> </ul> <ul style="list-style-type: none"> <li>• challenging the appropriateness of the key parameters, being PD and LGD, applied in the estimate of expected credit losses by reference to publicly available information (mainly credit ratings relevant for the industries in which the Group operates), as well as by using our knowledge of the Group and the industry;</li> <li>• assessing the accuracy and completeness of the impairment related disclosures in the financial statements against the requirements of the relevant financial reporting requirements.</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### ***Other Information***

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those



requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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

***Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements***

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for monitoring the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Report on Other Legal and Regulatory Requirements**

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:



#### *Appointment of Auditor and Period of Engagement*

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 22 March 2021 and our uninterrupted engagement has lasted for 2 years.

#### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 30 April 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

#### *Provision of Non-audit Services*

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services.

#### **Report on Compliance with the ESEF Regulation**

We have undertaken a reasonable assurance engagement on the compliance of financial statements included in the annual report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements.

#### **Responsibilities of the Statutory Body**

The Company's statutory body is responsible for the preparation of financial statements that comply with the ESEF Regulation. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation;
- the preparation of financial statements included in the annual report in the applicable XHTML format.

#### **Auditor's Responsibilities**

Our responsibility is to express an opinion on whether the financial statements included in the annual report comply, in all material respects, with the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000").

The nature, timing and extent of procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with the above standard will always detect any existing material non-compliance with the ESEF Regulation.



Our selected procedures included:

- obtaining an understanding of the requirements of the ESEF Regulation;
- obtaining an understanding of the Company's internal control relevant to the application of the ESEF Regulation;
- identifying and assessing the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- based on the above, designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to evaluate whether the financial statements included in the annual report were prepared in the applicable XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### ***Conclusion***

In our opinion, the Company's financial statements for the year ended 31 December 2020 included in the annual report are, in all material respects, in compliance with the ESEF Regulation.



***Statutory Auditor Responsible for the Engagement***

Ing. Ondřej Fikrle is the statutory auditor responsible for the audit of the financial statements of NUPEH CZ s.r.o. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague  
30 April 2021

KPMG Česká republika Audit, s.r.o.  
Registration number 71

Ing. Ondřej Fikrle  
Partner  
Registration number 2525

## Exhibit II: REPORT ON RELATIONS

## ZPRÁVA O VZTAZÍCH

zpracovaná statutárním orgánem Ovládané osoby  
v souladu s ustanovením § 82 zákona č. 90/2012  
Sb., o obchodních společnostech a družstvech  
(zákon o obchodních korporacích), ve znění  
pozdějších předpisů (dále jen „ZOK“) za účetní  
období roku 2020

(dále jen „Zpráva o vztazích“)

### I.

#### Struktura vztahů

##### 1. Ovládaná osoba

Obchodní firma: **NUPEH CZ s.r.o.**

Identifikační číslo: 07757662

Sídlo: Antala Staška 1859/34, Krč,  
140 00 Praha 4, Česká  
republika

Registrace: v obchodním rejstříku  
vedeném Městským soudem  
v Praze, oddíl C, vložka  
307124

(dále jen „Společnost“ nebo „Ovládaná osoba“)

##### 2. Ovládající osoba

Obchodní firma: **NEW UKRAINE PE  
HOLDING LIMITED**

Identifikační číslo: HE358309

Sídlo: 16 Iouniou 1943, 9  
AREA A, Flat/Office  
202, 3022, Limassol,  
Kypereská republika

Registrace: Oddělení zápisů  
společností Ministerstvem  
energetiky, obchodu,  
průmyslu a turistického  
ruchu, Oddělení  
registrátora společností a  
úředního likvidátora  
Nikósie

Ovládající osoba vlastnila k 31. 12. 2020 podíl  
odpovídající 100 % podílu na základním kapitálu  
Společnosti.

## REPORT ON RELATIONS

made by the statutory body of the Controlled entity  
in accordance with provision of Section 82 of the  
Act No. 90/2012 Coll., Business Corporations Act,  
as amended, (hereinafter referred to as “BCA”) for  
the accounting period of year 2020

(hereinafter referred to as the “Report on  
relations”)

### I.

#### Structure of relations

##### 1. Controlled entity

Business name: **NUPEH CZ s.r.o.**

Company ID No.: 07757662

Registered office: Antala Staška 1859/34, Krč,  
140 00 Praha 4, Czech  
Republic

Registration: in the Commercial Register  
maintained by the Municipal  
Court in Prague, Section C,  
Insert 307124

(hereinafter referred to as the “Company” or  
“Controlled entity”)

##### 2. Controlling entity

Business name: **NEW UKRAINE PE  
HOLDING LIMITED**

Company ID No.: HE358309

Registered office: 16 Iouniou 1943, 9  
AREA A, Flat/Office  
202, 3022, Limassol,  
Cyprus

Registration: Ministry of Energy, Commerce,  
Industry and Tourism,  
Department of Registrar of  
Companies and Official  
Receiver Nicosia

To the date of 31. 12. 2020, Controlling entity  
owned 100 % share of the registered capital of the  
Company.

(dále jen „Ovládající osoba“)

### 3. Osoby ovládané stejnými Ovládajícími osobami

Osoby ovládané Ovládající osobou přímo:

Obchodní firma: **1849-APOLLO OVERSEAS I LIMITED**  
Sídlo: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Kyperská republika  
Identifikační číslo: HE 169425  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100%

Obchodní firma: **MEVALOR ENTERPRISES LIMITED**  
Sídlo: Poseidonos, 1, LEDRA BUSINESS CENTRE, Egkomi, 2406, Nicosia, Kyperská republika  
Identifikační číslo: HE 367807  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100%

Obchodní firma: **GLANSTON HOLDINGS LIMITED**  
Sídlo: Poseidonos, 1, LEDRA BUSINESS CENTRE, Egkomi, 2406, Nicosia, Kyperská republika  
Identifikační číslo: HE 361999  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

(hereinafter referred to as the “Controlling entity”)

### 3. Entities controlled by the same Controlling entity

Entities controlled by the Controlling entity directly:

Business name: **1849-APOLLO OVERSEAS I LIMITED**  
Registered office: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Cyprus  
Company ID No.: HE 169425  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **MEVALOR ENTERPRISES LIMITED**  
Registered office: Poseidonos, 1, LEDRA BUSINESS CENTRE, Egkomi, 2406, Nicosia, Cyprus  
Company ID No.: HE 367807  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **GLANSTON HOLDINGS LIMITED**  
Registered office: Poseidonos, 1, LEDRA BUSINESS CENTRE, Egkomi, 2406, Nicosia, Cyprus  
Company ID No.: HE 361999  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Obchodní firma: **ORBELSON HOLDINGS LIMITED**  
Sídlo: Poseidonos, 1, LEDRA BUSINESS CENTRE, Egkomi, Nicosia, P.C. 2406, Kyperská republika  
Identifikační číslo: HE 361924  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Obchodní firma: **AICEE II FINANCE CYPRUS LIMITED**  
Sídlo: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, Nicosia, P.C. 1105, Kyperská republika  
Identifikační číslo: HE 176375  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Obchodní firma: **TURCOSA INVESTMENTS LIMITED**  
Sídlo: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Kyperská republika  
Identifikační číslo: HE 194097  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Amount of shares of the Controlling Entity of the  
registered capital of the Controlled Entity: 100%

Business name: **ORBELSON HOLDINGS LIMITED**  
Registered office: Poseidonos, 1, LEDRA BUSINESS CENTRE, Egkomi, Nicosia, Cyprus, P.C. 2406  
Company ID No.: HE 361924  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the  
registered capital of the Controlled Entity: 100%

Business name: **AICEE II FINANCE CYPRUS LIMITED**  
Registered office: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, Nicosia, Cyprus, P.C. 1105  
Company ID No.: HE 176375  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the  
registered capital of the Controlled Entity: 100%

Business name: **TURCOSA INVESTMENTS LIMITED**  
Registered office: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Cyprus  
Company ID No.: HE 194097  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the  
registered capital of the Controlled Entity: 100%



Obchodní firma: **GLD LOGISTIK PARK HOLDING LIMITED**  
Sídlo: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, Nicosia, P.C. 1105, Kyperská republika  
Identifikační číslo: HE 183876  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100%

Obchodní firma: **SZ HARBOUR FINANCE LIMITED**  
Sídlo: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, Nicosia, P.C. 1105, Kyperská republika  
Identifikační číslo: HE 183905  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100%

Obchodní firma: **ATLANTIC-PACIFIC VENTURES, LLC**  
Sídlo: 4 Oleksandra Mishugy Str., Kyiv, 02141, Ukraine  
Identifikační číslo: 35030924  
Rejstříkový zápis: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100%

Obchodní firma: **WEST GATE LOGISTIK, LLC**  
Sídlo: 21 km Zhytomyrskoho avenue

Business name: **GLD LOGISTIK PARK HOLDING LIMITED**  
Registered office: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, Nicosia, P.C. 1105, Cyprus  
Company ID No.: HE 183876  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **SZ HARBOUR FINANCE LIMITED**  
Registered office: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, Nicosia, Cyprus, P.C. 1105  
Company ID No.: HE 183905  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **ATLANTIC-PACIFIC VENTURES, LLC**  
Registered office: 4 Oleksandra Mishugy Str., Kyiv, 02141, Ukraine  
Company ID No.: 35030924  
Registration: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **WEST GATE LOGISTIK, LLC**  
Registered office: 21 km Zhytomyrskoho avenue

str., Stoianka village, Kyiv region, 08114, Ukraine  
Identifikační číslo: 34361480  
Rejstříkový zápis: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Obchodní firma: **EAST GATE LOGISTIK, LLC**  
Sídlo: 28 Zaporizka str., Boryspil, Kyiv region, 08300, Ukraine  
Identifikační číslo: 32614649  
Rejstříkový zápis: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Obchodní firma: **PROPERTY MANAGEMENT SERVICES, LLC**  
Sídlo: 75 Zhylianska street, 01032, Kyiv, Ukraine  
Identifikační číslo: 41403780  
Rejstříkový zápis: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

Obchodní firma: **PROPERTY MANAGEMENT SOLUTIONS TWO, LLC**  
Sídlo: 75, Zhylianska str., 01032, Kyiv, Ukraine  
Identifikační číslo: 40988637  
Rejstříkový zápis: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Výše podílů Ovládající osoby na základním kapitálu  
Ovládané osoby: 100%

str., Stoianka village, Kyiv region, 08114, Ukraine  
Company ID No.: 34361480  
Registration: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **EAST GATE LOGISTIK, LLC**  
Registered office: 28 Zaporizka str., Boryspil, Kyiv region, 08300, Ukraine  
Company ID No.: 32614649  
Registration: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **PROPERTY MANAGEMENT SERVICES, LLC**  
Registered office: 75 Zhylianska street, 01032, Kyiv, Ukraine  
Company ID No.: 41403780  
Registration: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Business name: **PROPERTY MANAGEMENT SOLUTIONS TWO, LLC**  
Registered office: 75, Zhylianska str., 01032, Kyiv, Ukraine  
Company ID No.: 40988637  
Registration: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

Obchodní firma: **PROPERTY MANAGEMENT SOLUTIONS ONE, LLC**  
Sídlo: 75, Zhylianska str., 01032, Kyiv, Ukraine  
Identifikační číslo: 40988024  
Rejstříkový zápis: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100%

**Osoby ovládané Ovládající osobu nepřímo:**

Obchodní firma: **EGL HOLDING LIMITED**  
Sídlo: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Kyperská republika  
Identifikační číslo: HE 176317  
Rejstříkový zápis: Oddělení zápisů společností Ministerstvem energetiky, obchodu, průmyslu a turistického ruchu, Oddělení registrátora společností a úředního likvidátora Nikósie

Výše podílů Ovládající osoby na základním kapitálu Ovládané osoby: 100% prostřednictvím TURCOSA INVESTMENTS LIMITED

(dále jen „Osoby ovládaná stejnou ovládající osobou“)

**4. Skutečný majitel**

Mr. Tomáš Fiala, občan České republiky, narozený 13. května 1974 (dále jen „Skutečný majitel“), je skutečným majitelem Společnosti, jelikož je fyzickou osobou, která má faktickou a právní možnost vykonávat nepřímo rozhodující vliv ve Společnosti, a to prostřednictvím nepřímého rozhodujícího vlivu ve společnosti NEW UKRAINE PE HOLDING LIMITED, která má podíl na základním kapitálu Společnosti 100 %.

**II.**

**Úloha Ovládané osoby**

Společnost je nezávislá a vysoce autonomní

Business name: **PROPERTY MANAGEMENT SOLUTIONS ONE, LLC**  
Registered office: 75, Zhylianska str., 01032, Kyiv, Ukraine  
Company ID No.: 40988024  
Registration: United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100%

**Entities controlled by the Controlling entity indirectly:**

Business name: **EGL HOLDING LIMITED**  
Registered office: Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Cyprus  
Company ID No.: HE 176317  
Registration: Ministry of Energy, Commerce, Industry and Tourism, Department of Registrar of Companies and Official Receiver Nicosia

Amount of shares of the Controlling Entity of the registered capital of the Controlled Entity: 100% through TURCOSA INVESTMENTS LIMITED

(hereinafter referred to as the “Entities controlled by the same controlling entity”)

**4. Ultimate Beneficial Owner**

Mr. Tomáš Fiala, a citizen of the Czech Republic, born on 13 May 1974 (hereinafter referred to as the “UBO”), is the ultimate beneficial owner of the Company, because he is a natural person, who has factual and legal possibility to perform indirect decisive influence in the Company through indirect decisive influence in the company NEW UKRAINE PE HOLDING LIMITED, which owns 100% share on the registered capital of the Company.

**II.**

**Role of the Controlled entity**

The Company is an independent and highly

společnost, která je pouze definičně ovládanou osobou.

### **III.**

#### **Způsob a prostředky ovládání**

Společnost není ovládána jinak než prostřednictvím rozhodnutí jediného společníka (Ovládající osoby) Společnosti.

Mezi Společností, Ovládající osobou a/nebo Osobami ovládanými stejnou ovládající osobou není uzavřena žádná speciální smlouva a tyto osoby společně nevyvíjely žádnou podnikatelskou či nepodnikatelskou činnost, a to kromě uzavření smluv uvedených v čl. V. této Zprávy o vztazích.

### **IV.**

#### **Přehled jednání dle § 82 odst. 2 písm. d) ZOK**

Společnost v relevantním období neučinila žádná jednání, která by byla učiněna na popud nebo v zájmu Ovládající osoby nebo Osob ovládaných stejnou ovládající osobou, týkající se majetku, který přesahuje 10% vlastního kapitálu Společnosti zjištěného podle poslední účetní závěrky, tj. v účetním období od 1. 1. 2020 do 31. 12. 2020.

### **V.**

#### **Přehled vzájemných smluv**

V relevantním období byly uzavřeny následující smlouvy mezi Ovládanou osobou a Ovládající osobou nebo Osobami ovládanými stejnou osobou:

- Dohoda o poskytnutí peněžitého příplatku formou příplatku mimo základní kapitál společnosti ze dne 30. 12. 2020 uzavřená mezi Ovládající osobou jako poskytovatelem a Ovládanou osobou jako příjemcem.
- Poskytnutí půjčky mateřské společnosti - Smlouva o půjčce uzavřená dne 16. října 2020 mezi Ovládající osobou jako Dlužníkem a Ovládanou osobou jako Poskytovatel.

### **VI.**

autonomous company, which is the controlled entity only by definition.

### **III.**

#### **Method and means of control**

The Company is controlled only through the resolutions of the sole member (Controlling entity) of the Company.

No special contract has been concluded between the Company, the Controlling entity and the Entities controlled by the same controlling entities and these entities have not jointly done any business or non-business activities, except for the conclusion of the contracts referred to in the Article V. of this Report on relations.

### **IV.**

#### **List of activities according to provision of Section 82 par. 2 letter d) of BCA**

During the relevant period the Company has not taken any actions that have been taken at the instigation or in favour of the Controlling entity or Entities controlled by the same controlling entities, respect of the assets exceeding 10 % of the Company's equity as determined by the annual financial statements for the accounting period from 1. 1. 2020 to 31. 12. 2020.

### **V.**

#### **List of mutual contracts**

In the relevant period, the following contract were concluded between the Controlled entity a Controlling entity or Entities controlled by the same controlling entity

- Provision of contribution outside registered capital - Agreement on provision of contribution outside registered capital concluded on December 30, 2020 between Controlling entity as contributor and Controlled entity as recipient.
- Provision of loan to parent company – Loan Agreement concluded on October 16, 2020 between Controlling entity as Borrower and Controlled entity as Lender.

### **VI.**

## Posouzení vzniku újmy Ovládané osobě

Všechny smluvní vztahy popsané v čl. V této Zprávy o vztazích byly uzavřeny za obvyklých smluvních podmínek, přičemž sjednaná a poskytnutá plnění nebo protiplnění odpovídala podmínkám obvyklého obchodního styku a Společnosti z nich nevznikla žádná újma, která by měla být předmětem vyrovnání dle ustanovení § 71 a § 72 ZOK.

### VII. Závěr

1. Jednatel Společnosti vyhodnotil na základě dostupných informací výhody a nevýhody plynoucí z výše uvedených vztahů a dospěl k závěru, že Společnosti z něj neplynuly žádné zvláštní výhody a/nebo nevýhody, a to zejména s ohledem na minimální provázanost s Ovládající osobou či Osobami ovládanými stejnou ovládající osobou. Jednatel Společnosti po důkladném zvážení proto s péčí řádného hospodáře prohlašuje, že si není vědomo žádných rizik vyplývajících ze vztahů mezi Společností a výše popsányi osobami.
2. Jednatel Společnosti dále prohlašuje, že tato Zpráva o vztazích je úplná a pravdivá a byla vypracována na základě veškerých dostupných informací.

## Assessment of the occurrence of harm to the Controlled entity

All contractual relations described in Article 5 of this Report on relations were concluded under normal contractual conditions, while the agreed and provided performances or consideration corresponded to the conditions of usual business relations and the Company did not suffer any damage from them, which should be subject to compensation pursuant to provision of Section 71 or 72 of BCA.

### VII. Conclusion

1. On the basis of available information, Executive of the Company has assessed the advantages and disadvantages arising from the above relations and has concluded that the Company has not received any particular advantages and / or disadvantages from it. Therefore, after careful consideration, Executive of the Company declares, with due diligence, that it is not aware of any risks arising from the relationship between the Company and the persons described above.
2. Executive of the Company further declares that this Report on relations is complete and true and has been prepared on the basis of all available information.

V/In Prague on/dne 13. 10. 2021



Natalia Zolotarova,  
Jednatel/Executive