



**Arcona Capital Central European  
Properties, a.s.**

**Annual Report**

**for the year**

**2023**

**(translated from the Czech original)**

CONTENT:

**The textual part includes:**

1. General information on the Company
2. Information on statutory and supervisory bodies
3. Report on the Company's business activities, its assets and liabilities and its development in 2023
4. Significant subsequent events
5. Expected development of the Company and its activities
6. Research and development
7. Environmental protection and labour relations
8. Foreign organisational units
9. Acquisition of treasury shares/ treasury holdings
10. Audit
11. Report on relations between related parties

**Appendices (forming an integral part of the report):**

1. Financial statements as of 31 December 2023
2. Independent auditor's report
3. Report on relations between related parties

## 1. General information about the Company

Company name: Arcona Capital Central European Properties, a.s. (hereinafter the "Company")  
Registered office: Praha 1- Nové Město, Politických vězňů 912/10, postcode 110 00  
Identification number: 247 27 873  
Legal form: joint stock company

Company's principal activities are:

- Lease of real estate, residential and non-residential premises without the provision of other than basic services ensuring the proper operation of real estate, residential and non-residential premises,
- Production, trade and services which are not specified in Appendices 1 to 3 of the Trade Licensing Act.

The Company is registered in the Register of Companies maintained by the Municipal Court in Prague, section B, insert 16436. The Company was established on 1 October 2010 as the successor company on the basis of a domestic merger by amalgamation of the dissolving companies MEI Properties, a.s. and DELTATEL, s.r.o.

As of 17 December 2021, the share capital was reduced in order to settle a portion of the Company's loss.

As of 31 December 2023, the registered capital amounts to CZK 24,678 thousand and is fully paid up.

As of 31 December 2023, the Company has the following shares:

No. of shares	Type of shares	Nominal value (CZK)	Total value (CZK)
537	ordinary registered shares in certificate form	25 000	13 425 000
4	ordinary registered shares in certificate form	5 000	20 000
1	ordinary registered shares in certificate form	15 000	15 000
11 218	ordinary registered shares in certificate form	1 000	11 218 000
<b>Total</b>			<b>24 678 000</b>

## 2. Information on statutory and supervisory bodies

*Members of the Board of Directors and Supervisory Board as of 31 December 2023:*

*Members of the Board of Directors*

Guy St John Barker (Chairman)

Ing. Zbyněk Laube

*Members of the Supervisory Board*

Tina - Kathrin Rauh (member)

Each member of the Board of Directors acts individually on behalf of the Company.

*Changes in the Register of Companies*

No changes were recorded in the Register of Companies during 2023.

### **3. Report on the Company's business activities, its assets and liabilities and its development in 2023**

The Company's portfolio consists of real estate originally owned by O2 Czech Republic a.s. which the Company acquired in 2008. The real estate is located in large cities, regional cities and other cities in the Czech Republic except Prague. The total rentable area of buildings equals approximately 90,000 m<sup>2</sup>.

The principal activities of the Company include (i) the lease of real estate, residential and non-residential premises without the provision of other than basic services and (ii) production, trade and services which are not specified in Appendices 1 to 3 of the Trade Licencing Act. In 2023, no changes in the principal activities were made.

The Company's objective is to achieve the highest revenue from the rental properties and the continuous sale of individual properties from the portfolio in case of adequate offer or reaching the adequate selling price. In a later phase of the project, the aim will be to sell the entire real estate portfolio.

In 2023, the most important item of the Company's assets were fixed assets, in particular tangible fixed assets which continue to be pledged as security in favour of Raiffeisenbank a.s.

The Company's assets are mainly covered by loans, in particular by the loan granted by Raiffeisenbank a.s. and, at the end of 2023 and short-term liabilities to related parties.

In 2023, the Company records bank loans whose instalments are in line with the operating cash flow. The Company was granted a loan of CZK 1,299 million at the beginning of the project in 2008 and the remaining outstanding loan amount decreased by almost CZK 175 million and amounted to CZK 172.3 million at the end of 2023.

However, the Company continues to have liabilities towards non-banking entities whose interest expenses have a material impact on the Company's profit or loss. The Company ensures the timely payment of these liabilities by obtaining new funds, in the form of the sale of selected real estate and by refinancing these liabilities by other resources with a lower interest rate burden.

In 2023, the Company sold 9 items from the real estate portfolio for a total market value of CZK 243.5 million, which exceeded the valuation from 2022 by more than 4%. This sale enabled the settlement of an extraordinary principal repayment of EUR 161 million to the bank and also almost CZK 58 million to related parties together with the payment of a portion of the accrued interest.

In 2023, the Company recorded a total accounting profit of CZK 35.6 million.

In 2024 and beyond, the Board of Directors intends to continue to strengthen the Company's capital structure, in particular:

1. Restructuring of liabilities and their possible replacement by a new liability with a lower interest rate burden;
2. Sale of selected assets, in particular those identified by the Board of Directors as marketable and non-strategic in nature;
3. Increase in property occupancy and the average rental rate per m<sup>2</sup>;
4. Decrease in operating expenses and fees.

### **4. Significant subsequent events**

The Annual Report and the financial statements for the year ended 31 December 2023 were prepared with the assumption that the Company will continue as a going concern.

No other significant events occurred as of the balance sheet date that would have a material impact on the 2023 financial statements.

## **5. Expected development of the Company and its activities**

The Company will continue in its current activities as described earlier in this report. The priority is, on the one hand, to increase revenues from the rental of buildings by intensifying rental activity and, on the other hand, by selling selected properties to third parties.

In 2024 and the following periods, the Company will consider selling the properties with below-average results. Therefore, the Company's management monitors the development on the relevant market so that certain assets could be sold and, when appropriate, subsequently replaced with more prospective assets.

## **6. Research and development**

The Company undertakes no research and development activities.

## **7. Environmental protection and labour relations**

The Company undertakes no action in respect of the environmental protection.

As of 31 December 2023, the Company had no employees. The majority of Company's activities is ensured through contractors. The Company concluded executive service agreements with the members of the statutory bodies.

## **8. Foreign organisational units**

The Company has no foreign organisational unit.

## **9. Acquisition of treasury shares/ treasury holdings**

In 2023, the Company acquired no treasury shares or holdings.

## **10. Audit**

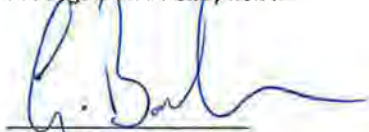
In accordance with the relevant provisions of Act No. 563/1991 Coll., on Accounting, namely Sections 20 and 21, as amended, the Company is obliged to have its financial statements audited. The auditor's report on the financial statements is attached as Appendix 2 and forms an integral part of the annual report.

## **11. Report on relations between related parties**

In accordance with Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended, the statutory body of the Company has prepared the report on relation between the related parties. The report on relations is attached as Appendix 3 and forms an integral part of the annual report.

This report has been reviewed and discussed by the Company's Board of Directors and approved unanimously.

In Prague on 17 May 2024



Guy St. John Barker  
Chairman of the Board of Directors



Zbyněk Laube  
Member of the Board of Directors

## **Appendix 1**

### **Financial statements as of 31 December 2023**

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**Name of the Company:** Arcona Capital Central European Properties, a.s.  
**Registered Office:** Politických vězňů 912/10, Nové Město,  
110 00 Praha 1  
**Legal Status:** Joint Stock Company  
**Corporate ID:** 247 27 873

### Components of the Financial Statements:

**Balance Sheet**

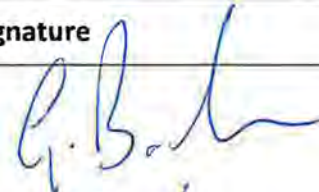

**Profit and Loss Account**

**Statement of Changes in Equity**

**Cash Flow Statement**

**Notes to the Financial Statements**

These financial statements were prepared on 17 May 2024.

Statutory body of the reporting entity:	Signature
Guy St John Barker Chairman of the Board	
Zbyněk Laube Member of the Board	

**BALANCE SHEET**  
full version

Arcona Capital Central European Properties, a.s.  
Corporate ID 247 27 873

As of  
31.12.2023  
(in CZK thousand)

Politických vězňů 912/10  
Praha 1  
110 00

		31.12.2023			31.12.2022
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>809 506</b>	<b>187 036</b>	<b>622 470</b>	<b>824 334</b>
<b>B.</b>	<b>Fixed assets</b>	<b>725 081</b>	<b>184 318</b>	<b>540 763</b>	<b>728 864</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>292</i>	<i>292</i>		
<i>B.I.2.</i>	<i>Valuable rights</i>	<i>292</i>	<i>292</i>		
<i>B.I.2.1.</i>	Software	292	292		
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>724 786</i>	<i>184 026</i>	<i>540 760</i>	<i>728 859</i>
<i>B.II.1.</i>	<i>Land and structures</i>	<i>713 094</i>	<i>181 955</i>	<i>531 139</i>	<i>725 881</i>
<i>B.II.1.1.</i>	Land	19 920		19 920	33 782
<i>B.II.1.2.</i>	Structures	693 174	181 955	511 219	692 099
<i>B.II.2.</i>	Tangible movable assets and sets of tangible movable assets	2 163	2 071	92	129
<i>B.II.5.</i>	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	<i>9 529</i>		<i>9 529</i>	<i>2 849</i>
<i>B.II.5.2.</i>	Tangible fixed assets under construction	9 529		9 529	2 849
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>3</i>		<i>3</i>	<i>5</i>
<i>B.III.1.</i>	Equity investments - controlled or controlling entity	3		3	5
<b>C.</b>	<b>Current assets</b>	<b>84 169</b>	<b>2 718</b>	<b>81 451</b>	<b>95 310</b>
<i>C.II.</i>	<i>Receivables</i>	<i>22 690</i>	<i>2 718</i>	<i>19 972</i>	<i>44 844</i>
<i>C.II.1.</i>	Long-term receivables				27 860
<i>C.II.1.5.</i>	<i>Receivables - other</i>				<i>27 860</i>
<i>C.II.1.5.4.</i>	Sundry receivables				27 860
<i>C.II.2.</i>	<i>Short-term receivables</i>	<i>22 690</i>	<i>2 718</i>	<i>19 972</i>	<i>16 984</i>
<i>C.II.2.1.</i>	Trade receivables	5 270	2 718	2 552	1 179
<i>C.II.2.4.</i>	<i>Receivables - other</i>	<i>17 420</i>		<i>17 420</i>	<i>15 805</i>
<i>C.II.2.4.3.</i>	State - tax receivables	412		412	6 912
<i>C.II.2.4.4.</i>	Short-term prepayments made	1 690		1 690	2 239
<i>C.II.2.4.5.</i>	Estimated receivables	6 305		6 305	6 629
<i>C.II.2.4.6.</i>	Sundry receivables	9 013		9 013	25
<i>C.IV.</i>	<i>Cash</i>	<i>61 479</i>		<i>61 479</i>	<i>50 466</i>
<i>C.IV.1.</i>	Cash on hand	9		9	3
<i>C.IV.2.</i>	Cash at bank	61 470		61 470	50 463
<b>D.</b>	<b>Other assets</b>	<b>256</b>		<b>256</b>	<b>160</b>
<i>D.1.</i>	Deferred expenses	256		256	160



		31.12.2023	31.12.2022
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>622 470</b>	<b>824 334</b>
<b>A.</b>	<b>Equity</b>	<b>143 426</b>	<b>123 011</b>
A.I.	<b>Share capital</b>	<b>24 678</b>	<b>24 678</b>
A.I.1.	Share capital	24 678	24 678
A.II.	<b>Share premium and capital funds</b>	<b>216 107</b>	<b>231 306</b>
A.II.1.	Share premium	208 739	208 739
A.II.2.	<b>Capital funds</b>	<b>7 368</b>	<b>22 567</b>
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	7 368	22 567
A.IV.	<b>Retained earnings (+/-)</b>	<b>-132 973</b>	<b>-120 844</b>
A.IV.1.	Accumulated profits or losses brought forward (+/-)	-132 973	-120 844
A.V.	<b>Profit or loss for the current period (+/-)</b>	<b>35 614</b>	<b>-12 129</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>478 726</b>	<b>700 552</b>
<b>B.</b>	<b>Reserves</b>	<b>9 000</b>	
B.II.	Income tax reserve	9 000	
<b>C.</b>	<b>Payables</b>	<b>469 726</b>	<b>700 552</b>
C.I.	<b>Long-term payables</b>	<b>49 203</b>	<b>666 916</b>
C.I.2.	Payables to credit institutions		331 607
C.I.3.	Long-term prepayments received	10 392	11 170
C.I.7.	Payables - associates		192 684
C.I.8.	Deferred tax liability	38 811	51 281
C.I.9.	<b>Payables - other</b>		<b>80 174</b>
C.I.9.3.	Sundry payables		80 174
C.II.	<b>Short-term payables</b>	<b>420 523</b>	<b>33 636</b>
C.II.2.	Payables to credit institutions	172 276	15 569
C.II.3.	Short-term prepayments received	842	895
C.II.4.	Trade payables	5 893	3 963
C.II.7.	Payables - associates	156 927	
C.II.8.	<b>Other payables</b>	<b>84 585</b>	<b>13 209</b>
C.II.8.4.	Social security and health insurance payables	4	31
C.II.8.5.	State - tax payables and subsidies	2	11
C.II.8.6.	Estimated payables	19 474	13 115
C.II.8.7.	Sundry payables	65 105	52
<b>D.</b>	<b>Other liabilities</b>	<b>318</b>	<b>771</b>
D.1.	Accrued expenses	317	771
D.2.	Deferred income	1	

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

Arcona Capital Central European Properties, a.s.  
Corporate ID 247 27 873

Year ended  
31.12.2023  
(in CZK thousand)

Politických vězňů 912/10  
Praha 1  
110 00

		Year ended 31.12.2023	Year ended 31.12.2022
I.	Sales of products and services	125 679	130 373
A.	Purchased consumables and services	<b>97 328</b>	<b>103 829</b>
A.2.	Consumed material and energy	45 087	52 891
A.3.	Services	52 241	50 938
D.	Staff costs	<b>241</b>	<b>241</b>
D.1.	Payroll costs	180	180
D.2.	Social security and health insurance costs and other charges	<b>61</b>	<b>61</b>
D.2.1.	Social security and health insurance costs	61	61
E.	Adjustments to values in operating activities	<b>11 808</b>	<b>10 884</b>
E.1.	Adjustments to values of intangible and tangible fixed assets	<b>15 280</b>	<b>10 941</b>
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	16 364	19 204
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-1 084	-8 263
E.3.	Adjustments to values of receivables	-3 472	-57
III.	Other operating income	<b>243 837</b>	<b>308</b>
III.1.	Sales of fixed assets	243 500	
III.2.	Sales of material	15	11
III.3.	Sundry operating income	322	297
F.	Other operating expenses	<b>188 750</b>	<b>2 391</b>
F.1.	Net book value of sold fixed assets	183 343	
F.3.	Taxes and charges	1 064	1 110
F.5.	Sundry operating expenses	4 343	1 281
*	<b>Operating profit or loss (+/-)</b>	<b>71 389</b>	<b>13 336</b>
IV.	Income from non-current financial assets - equity investments	56	
IV.1.	Income from equity investments - controlled or controlling entity	56	
G.	Costs of equity investments sold	378	
VI.	Interest income and similar income	<b>18 064</b>	<b>15 996</b>
VI.1.	Interest income and similar income - controlled or controlling entity	35	113
VI.2.	Other interest income and similar income	18 029	15 883
J.	Interest expenses and similar expenses	<b>45 424</b>	<b>47 665</b>
J.2.	Other interest expenses and similar expenses	45 424	47 665
VII.	Other financial income	9 075	8 143
K.	Other financial expenses	11 006	75
*	<b>Financial profit or loss (+/-)</b>	<b>-29 613</b>	<b>-23 601</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>41 776</b>	<b>-10 265</b>
L.	Income tax	<b>6 162</b>	<b>1 864</b>
L.1.	Due income tax	15 004	
L.2.	Deferred income tax (+/-)	-8 842	1 864
**	<b>Profit or loss net of tax (+/-)</b>	<b>35 614</b>	<b>-12 129</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>35 614</b>	<b>-12 129</b>
*	Net turnover for the current period	<b>396 711</b>	<b>154 820</b>

**STATEMENT OF  
CHANGES IN EQUITY**

Year ended  
31.12.2023  
(in CZK thousand)

**Arcona Capital Central European Properties, a.s.**  
**Corporate ID 247 27 873**

Politických vězňů 912/10  
Praha 1  
110 00

	Share capital	Share premium	Gains and losses on the revaluation of assets and liabilities	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 December 2021</b>	<b>24 678</b>	<b>208 739</b>	<b>22 031</b>	<b>-139 086</b>	<b>18 242</b>	<b>134 604</b>
Distribution of profit or loss				18 242	-18 242	
Hedge accounting			536			536
Profit or loss for the current period					-12 129	-12 129
<b>Balance at 31 December 2022</b>	<b>24 678</b>	<b>208 739</b>	<b>22 567</b>	<b>-120 844</b>	<b>-12 129</b>	<b>123 011</b>
Distribution of profit or loss				-12 129	12 129	
Hedge accounting			-15 199			-15 199
Profit or loss for the current period					35 614	35 614
<b>Balance at 31 December 2023</b>	<b>24 678</b>	<b>208 739</b>	<b>7 368</b>	<b>-132 973</b>	<b>35 614</b>	<b>143 426</b>

**CASH FLOW  
STATEMENT**

**Arcona Capital Central European Properties, a.s.**  
**Corporate ID 247 27 873**

Year ended  
31.12.2023  
(in CZK thousand)

Politických vězňů 912/10  
Praha 1  
110 00

		Year ended 31.12.2023	Year ended 31.12.2022
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>50 466</b>	<b>71 687</b>
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	41 776	-10 265
A.1.	Adjustments for non-cash transactions	-18 151	30 547
A.1.1.	Depreciation of fixed assets	16 364	19 204
A.1.2.	Change in provisions and reserves	4 444	-20 326
A.1.3.	Profit/(loss) on the sale of fixed assets	-60 157	
A.1.5.	Interest expense and interest income	27 360	31 669
A.1.6.	Adjustments for other non-cash transactions	-6 162	
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>23 625</b>	<b>20 282</b>
A.2.	Change in working capital	35 943	-5 047
A.2.1.	Change in operating receivables and other assets	28 248	-22 537
A.2.2.	Change in operating payables and other liabilities	7 695	17 490
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>59 568</b>	<b>15 235</b>
A.3.	Interest paid	-45 424	-27 116
A.4.	Interest received	18 064	15 996
A.5.	Income tax paid from ordinary operations		-6 004
<b>A.***</b>	<b>Net operating cash flows</b>	<b>32 208</b>	<b>-1 889</b>
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-10 522	-4 291
B.2.	Proceeds from fixed assets sold	243 500	
<b>B.***</b>	<b>Net investment cash flows</b>	<b>232 978</b>	<b>-4 291</b>
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-254 173	-15 041
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-254 173</b>	<b>-15 041</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>11 013</b>	<b>-21 221</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>61 479</b>	<b>50 466</b>

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

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### 1. General Information and Principal Activities

#### *Formation and Description of the Company*

The Company was established on 1 October 2010 as the successor company on the basis of a domestic merger by amalgamation of the dissolving companies MEI Properties, a.s., corporate ID 282 53 302, and DELTATEL, s.r.o., corporate ID 278 80 362. As a result of the merger, the net assets of both companies were transferred to the Company. In 2012, MEI Properties, a.s., corporate ID 247 27 873, was renamed to Palmer Capital Central European Properties, a.s. and on 5 August 2016, the name of the company was changed to Arcona Capital Central European Properties, a.s., (the “Company”).

The Company’s primary business activities include the lease of real estate, residential and non-residential premises without the provision of other than basic services ensuring the proper operation of real estate, residential and non-residential premises. The Company owns a portfolio of real estate located in the Czech Republic.

The Company does not have its own employees and its activities are performed by suppliers.

*Financial statements preparation date:* 17 May 2024  
*Balance sheet date:* 31 December 2023

#### *Owners of the Company*

As of 31 December 2023, the Company’s shareholders are:

MEI-Czech Offices II C.V. (Kingdom of the Netherlands)	42.11%
Middle Europe Opportunity Fund III N.V. (Kingdom of the Netherlands)	37.10%
Other (Kingdom of the Netherlands)	20.79%

#### *Registered Office*

Arcona Capital Central European Properties, a.s.  
Politických vězňů 912/10  
110 00 Prague 1, Nové Město, Czech Republic

#### *Corporate ID*

247 27 873

#### *Members of the Board of Directors and Supervisory Board as of 31 December 2023*

<i>Members of the Board of Directors</i>	<i>Members of the Supervisory Board</i>
Guy St John Barker (Chairman)	Tina Kathrin Rauh
Ing. Zbyněk Laube	

Each member of the Board of Directors acts individually on behalf of the Company.

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

### *Changes in the Register of Companies*

In 2023, no changes were recorded in the Register of Companies.

## 2. Significant Accounting Policies Used by the Company

The financial statements were prepared in accordance with the Accounting Act and relevant regulations and decrees effective in the Czech Republic.

The financial statements were prepared in accordance with Regulation of the Ministry of Finance of the Czech Republic 500/2002 Coll., which provides implementation guidance on certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for reporting entities that are businesses maintaining double-entry accounting records. Comparative information for 2022 is presented in accordance with the arrangement and designation of items of the balance sheet and profit and loss account according to the Regulation as amended for 2023.

The financial statements are prepared on the going concern basis.

### a) Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are stated at cost. Tangible fixed assets with an acquisition cost lower than CZK 80 thousand and intangible fixed assets with an acquisition cost lower than CZK 60 thousand are not presented in the balance sheet and are charged to expenses in the year of acquisition.

Valuation of internally produced fixed assets includes direct material, direct wages and overhead costs directly related to their production until the period of capitalisation.

The following table includes the methods and periods of depreciation by asset group:

<b>Assets</b>	<b>Method</b>	<b>Depreciation period</b>
Structures	Straight line	30/50 years
Machinery and equipment	Straight line	5 years

Depreciation is recognised in the profit and loss account under 'Adjustments to values of intangible and tangible fixed assets – permanent'.

Technical improvements of leased assets are depreciated on a straight line basis over the shorter of the lease term or the estimated useful life.

### b) Recognition of Provisions and Reserves

#### *Tangible fixed assets*

The Company creates provisions against tangible fixed assets based on a comparison of the total net book value of the portfolio of buildings and land with the total market valuation of the portfolio. The Company selected this approach based on its business strategy.

The determination of the market valuation is based on expert opinions and analyses prepared by external experts as well as on internal valuation.

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

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The creation and release of provisions is recognised in the profit and loss account under ‘Adjustments to values of intangible and tangible fixed assets – temporary’.

### *Receivables*

The Company creates provisions against doubtful receivables on the basis of its individual analysis of the solvency of its customers and the ageing analysis of receivables.

The creation and release of provisions is reported in the profit and loss account under ‘Adjustments to values of receivables’.

### *Reserves*

The Company creates an income tax reserve due to the fact that the financial statements are prepared before the amount of the tax liability is determined. In the following reporting period, the Company releases the reserve and recognises the ascertained tax liability.

#### c) Foreign Currency Translation

Transactions denominated in foreign currencies are translated using the daily exchange rate of the Czech National Bank. During the year, the Company only accounts for realised exchange rate gains and losses.

At the balance sheet date, the relevant assets and liabilities in foreign currencies are translated at the Czech National Bank’s exchange rate. Unrealised exchange rate gains and losses are recorded in profit or loss.

#### d) Income Taxation

Income taxation for the period is composed of the tax payable and movements in the deferred tax.

Tax payable includes the estimated tax calculated from the tax base using the tax rate effective as of the first date of the reporting period and all additional assessments and refunds for prior periods.

The deferred tax is based on all temporary differences between the accounting and tax values of assets and liabilities, or other temporary differences (e.g. tax loss) using the anticipated tax rate applicable for the period in which the deferred tax liability is settled or deferred tax asset is recovered.

The deferred tax asset is recognised only when it is likely that it will be recovered in the following reporting periods.

#### e) Classification of Payables

The Company classifies the portion of long-term payables, bank loans and financial borrowings with a maturity shorter than one year as of the balance sheet date as short-term.

#### f) Revenue Recognition

Revenue from leases is recognised as of the date of provision of the service and is reported net of discounts and value added tax. Income from rebilling of expenses is reported in the period to which it relates on an accrual basis. Sales of real estate are recognised as of the date when the proposal for entry in the cadastre of real estate is filed and they are reported under ‘Sales of fixed assets and material’

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

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net of discounts and value added tax. The corresponding costs are reported under 'Net book value of sold fixed assets and material'.

g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements. These estimates are made based on historical experience and various other facts that are considered appropriate as of the date of preparation of the financial statements and they are used when the carrying amounts of assets and liabilities are not fully evident from other sources or when uncertainty exists regarding the application of the individual accounting policies. Actual outcomes may differ from the estimates. The estimates and assumptions are regularly revised. Adjustments to accounting estimates are taken into account in the period when these estimates are revised if the revision concerns only the relevant reporting period, or in the period of revision and in future periods if the revision affects the current and future periods. Estimates and the initial assumptions used in the current reporting period primarily affect the value of the reported tangible fixed assets and deferred tax.

h) Cash deposited to secure bank loans

The Company accounts for cash deposited as collateral in accordance with the terms of bank loans as 'Cash at bank'.

i) Cash deposited on escrow account

As of the balance sheet date, cash related to the sale of fixed assets deposited on an escrow account is reported under 'Other short-term receivables' due to the limited manageability of this cash by the Company if all requirements for the release of this cash are not met.

j) Derivatives

The Company uses interest rate swaps to hedge the risk associated with interest rate fluctuation. As of the balance sheet date, the Company measures these derivatives at fair value. The fair value is determined on the basis of the value determined by an expert.

In accordance with accounting regulations, the Company decided to apply hedge accounting to report effects from the hedging of currency risks.

The Company applies hedge accounting if:

- The collateral is in line with the Company's risk management strategy;
- At the time of the hedging transaction, the hedge relationship is formally documented;
- The hedge relationship is expected to be effective throughout its life cycle;
- The effectiveness of the hedge relationship is objectively measurable;
- The hedge relationship is effective during the reporting period, which means that changes in the fair values or cash flows of hedging instruments corresponding to the hedged risk range from 80% to 125% of changes in the fair values or cash flows of hedging instruments corresponding to the hedged risk; and
- In the case of cash flow hedges, the expected transaction is highly likely to occur and presents a risk of changes in cash flows affecting the profit or loss.



# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

In accordance with accounting regulations, the Company uses hedge accounting to report the impact of hedged currency risk (bank loan).

If the Company hedges the risk of variability in cash flows from recorded assets, liabilities or expected transactions, the effective part of hedging (i.e. change in the fair value of the hedging instrument arising from the hedged risk) is recognised as part of equity under 'Gains or losses from the revaluation of assets and liabilities'. The non-effective part is included in the profit and loss account.

### 3. Fixed Assets

	Land	Buildings	Equipment	Assets under construction	Prepayments made	Total 2023	Total 2022
<b>Cost</b>							
Balance as of 1 January	33 782	920 360	2 479	2 849		959 470	955 192
Additions	3 845			10 525		14 370	9 711
Disposals	-17 707	-227 186	-316	-3 845		249 054	5 431
Reclassification							--
Balance as of 31 December	19 920	693 174	2 163	9 529		724 786	959 472
<b>Accumulated depreciation/amortisation</b>							
Balance as of 1 January	--	227 180	2 350			229 530	210 335
Additions		181 961	38			181 999	19 204
Disposals		-227 186	-316			-227 502	9
Reclassification							--
Balance as of 31 December		181 955	2 072			184 027	229 529
<b>Provisions</b>							
Balance as of 1 January	--	-1 084	--	--	--	-1 084	-9 347
Change in provisions		1084				1084	8 263
Balance as of 31 December		0				0	-1 084
<b>Balance as of 1 January</b>	<b>33 782</b>	<b>692 099</b>	<b>129</b>	<b>2 849</b>		<b>728 859</b>	<b>735 509</b>
<b>Balance as of 31 December</b>	<b>19 920</b>	<b>511 219</b>	<b>91</b>	<b>9 529</b>		<b>540 760</b>	<b>728 859</b>

As of 31 December 2023, the total number of real estate properties was 17 (2022: 26).

The value of the assets stated in the expert opinion prepared by CBRE s.r.o. as of 31 December 2023, and approved by the Company's management, was higher for all buildings than the value reported in the accounting records. As of 31 December 2023, the Company did not record any provision for fixed assets (as of 31 December 2022: CZK 1,084 thousand).

Assets pledged as collateral are disclosed in Note 11.

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

### 4. Non-Current Financial Assets

In 2018, the Company as the sole owner established the following subsidiaries:

2023	Ownership percentage	Share capital (CZK '000)
Arcona Capital CEP I s.r.o.	100%	1
Arcona Capital CEP II s.r.o.	100%	1
Arcona Capital CEP III s.r.o.	100%	1
<b>Total</b>		<b>3</b>

In 2023 and 2022, the companies were not active.

### 5. Trade Receivables and Payables

- Short-term trade receivables amount to CZK 5,270 thousand (2022: CZK 7,370 thousand). The provision against doubtful receivables as of 31 December 2023 amounted to CZK 2,718 thousand (2022: CZK 6,191 thousand).
- Short-term trade payables amount to CZK 5,893 thousand (2022: CZK 3,963 thousand), of which payables past their due dates amount to CZK 0 (2022: CZK 0).

### 6. Short-Term Prepayments Received

Short-term prepayments received in the amount of CZK 842 thousand (2022: CZK 895 thousand) represent deposits received with respect to the lease of real estate and prepayments for property management.

### 7. Estimated Receivables

Estimated receivables in the amount of CZK 6,305 thousand (2022: CZK 6,629 thousand) relate to services rebilled to tenants, especially for heat supplies.

### 8. Provisions

	Provision against receivables
Balance as of 1 January 2023	6 191
Change in current reporting period	-3 473
Balance as of 31 December 2023	2 718

### 9. Share capital and share premium

	Share capital	Share premium	Total
537 registered shares in certificate form with the nominal value of CZK 25,000	13 425	--	13 425
4 registered shares in certificate form with the nominal value of CZK 5,000	20	--	20
1 registered share in certificate form with the nominal value of CZK 15,000	15	--	15
11,218 registered shares in certificate form with the nominal value of CZK 1,000	11 218	208 739	219 957
<b>Balance as of 31 December 2023</b>	<b>24 678</b>	<b>208 739</b>	<b>233 417</b>

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

### 10. Equity

As of the day of preparation of the financial statements, no decision was made about the settlement of profit or loss for the current period. The accounting profit for the current period will be transferred to the account of accumulated profits or losses brought forward.

### 11. Bank Loans

2023	Due date	Interest rate	Balance as of 31 Dec 2023	Due in less than 1 year	Due from 1 to 5 years	Due in more than 5 years
Loan	2024	3M Pribor + 1.89%	172 276	172 276	0	--
<b>Total</b>			<b>172 276</b>	<b>172 276</b>	<b>0</b>	<b>--</b>

2022	Due date	Interest rate	Balance as of 31 Dec 2022	Due in less than 1 year	Due from 1 to 5 years	Due in more than 5 years
Loan	2024	3M Pribor + 1.89%	347 176	15 569	331 607	--
<b>Total</b>			<b>347 176</b>	<b>15 569</b>	<b>331 607</b>	<b>--</b>

The bank loan is provided in CZK and secured as follows:

- Pledge on real estate;
- Pledge on receivables;
- Pledge on receivables arising from insurance premium;
- Pledge on bank accounts; and
- Pledge on the Company's shares.

Other liabilities of the Company are subordinated to the bank loan. The bank loan is repaid quarterly and if a piece of property is sold, an extraordinary loan instalment is made.

Negotiations are currently underway to extend the maturity of the bank loan. Once the extension is approved, the loan will be split again into a long-term and a short-term part.

In the event of unsuccessful negotiations with the bank, the Company will be supported by the shareholders of MEI-Czech Offices II C.V. (the Netherlands) and Middle Europe Opportunity Fund III N.V. (the Netherlands), which have stated in their letter of support dated 4 December 2023 that they will continue to provide adequate financial support so that the Company will be able to settle any potential deficit in equity and meet any liquidity requirements that may arise to settle its liabilities as they fall due, and continue trading for a period of eighteen months from the date of the letter of support.

Interest rate risk associated with the bank loan is secured by the conclusion of an interest rate swap in 2023.

In 1 January 2017, the Company began applying hedge accounting. The fair value of hedging derivatives reduced by the deferred tax effect is recognised under 'Gains or losses from the revaluation of assets and liabilities' in the Company's equity in accordance with the accounting principles referred to in Note 2j.

2023	Date of conclusion	Due date	Currency	Nominal value	Fair value
Interest rate swap	31 Jul 2023	31 Oct 2024	CZK	172 276	8 977 (receivable)

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

2022	Date of conclusion	Due date	Currency	Nominal value	Fair value
Interest rate swap	24 Jun 2020	31 Jul 2023	CZK	318 338	27 860

### 12. Information on Revenues

The Company's revenues represent revenues from lease of residential and non-residential premises in the Czech Republic and revenues from services related to the lease. In 2023, these revenues amounted to CZK 125,679 thousand (2022: CZK 130,373 thousand).

Sales of fixed assets include the sale of 9 properties of CZK 243,500 thousand in 2023 (2022: CZK 0 thousand).

### 13. Other Financial Expenses and Other Financial Income

Other financial income primarily includes realised and unrealised foreign exchange rate gains of CZK 4,314 thousand for 2023 (2022: CZK 8,143 thousand) and income from the sale of subsidiaries for 2023 amounted to CZK 56 thousand (2022: CZK 0 thousand).

Other financial expenses primarily include realised and unrealised exchange rate losses and bank fees of CZK 11,006 thousand for 2023 (2022: CZK 75 thousand).

### 14. Related Party Information

#### a) Related party transactions

Under 'Sundry payables', the Company reports the following balances from loans provided by related parties:

	Short-term		Long-term	
	2022	2023	2022	2023
Majority shareholder	-	-	-	-
Other related parties	80 174	222 025	192 684	-

The Company records loans received from MEOF III. N.V. in the amount of CZK 156,927 thousand (2022: CZK 192,684 thousand) and Florijn Investments B.V. in the amount of CZK 65,098 thousand (2022: CZK 80,174 thousand) including capitalised interest. The interest rates of both loans are fixed at 8%. Both loans are provided in EUR and due on 30 June 2024. In 2023, interest expenses amounted to CZK 20,567 thousand (2022: CZK 20,549 thousand).

These loans are subordinated to a bank loan.

This year, the classification of interest on loans was clarified, namely: J.1. Interest expenses and similar expenses - controlled or controlling entity, J.2. Other interest expenses and similar expenses, the comparative values as at 31 December 2022 were retrospectively reclassified. The changes had no impact on the Company's profit or loss.

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

### b) Remuneration and loans to members of statutory and supervisory bodies

	Board of Directors		Supervisory Board	
	2023	2022	2023	2022
Number of members	2	2	4	1
Remuneration for the performance of the function	120	120	60	60

Payables to members of statutory and supervisory bodies as of 31 December 2023 amount to CZK 7 thousand (2022: CZK 52 thousand) and are reported under ‘Other short-term payables’.

Due amounts arising from social security and health insurance are CZK 4 thousand (2022: CZK 31 thousand).

### 15. State – Tax Payables and Tax Receivables

Tax payables amount to CZK 2 thousand (2022: CZK 11 thousand).

As of 31 December 2023, the Company reports a tax receivable arising from value added tax in the amount of CZK 412 thousand (2022: CZK 6,912 thousand) under ‘State – tax receivables’.

In 2023, the reserve for income tax amounted to CZK 15,004 thousand (2022: CZK 0 thousand) and was reduced in the accounts by prepayments made in 2023.

### 16. Estimated Payables

Estimated payables in the amount of CZK 19,474 thousand (2022: CZK 13,115 thousand) primarily relate to services rebilled to tenants, especially for the supply of electricity as well as the supply of other services that relate to the reporting period, but for which no invoice was received as of the balance sheet date.

### 17. Income Tax

#### a) Payable

In the taxation period of 2023, the Company reports a corporate income tax payable in the amount of CZK 15,004 thousand.

Deferred

	Assets		Liabilities		Difference	
	2022	2023	2022	2023	2022	2023
Tangible fixed assets	--	--	-45 988	-45 988	-45 988	-37 146
Assets	--	--	--	--	--	--
Effective part of the derivative (charged to equity)	--	--	-5 293	-5 293	-5 293	-1 665
<b>Deferred tax asset/(liability)</b>	<b>0</b>	<b>0</b>	<b>-51 281</b>	<b>-51 281</b>	<b>-51 281</b>	<b>-38 811</b>

In line with the accounting policies disclosed in Note 2d, a tax rate of 21% was utilised in calculating the deferred tax asset (2022: 19%).

# Arcona Capital Central European Properties, a.s.

## Notes to the Financial Statements

Year Ended 31 December 2023  
(CZK thousand)

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### 18. Information on the Fee to the Statutory Auditor

A contract for the audit of 2023 was concluded with the auditing company Deloitte Audit s.r.o. in the amount of EUR 25,250 converted to CZK 624,306. The cost of the audit in 2023 amounted to CZK 625 thousand (2022: CZK 567 thousand).

### 19. Off Balance Sheet Commitments

The Company has no commitments that would not be reported in the balance sheet as of 31 December 2023 and 31 December 2022.

### 20. Cash Flow Statement

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash on hand, cash in transit and cash at bank and other financial assets the valuation of which can be reliably determined and which are easily convertible into cash. Cash and cash equivalents at the end of the reporting period are as follows:

	<b>Balance as of 31 December</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	9	3
Cash at bank	61 470	50 463
<b>Cash and cash equivalents</b>	<b>61 479</b>	<b>50 466</b>

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

### 21. Significant Post Balance Sheet Events

The management of the Company is not aware of any significant post balance sheet events that would affect the financial statements as of 31 December 2023.

## **Appendix 2**

### **Independent auditor's report**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of Arcona Capital Central European Properties, a.s.**

Having its registered office at: Politických vězňů 912/10, Nové Město, 110 00 Praha 1

#### Opinion

We have audited the accompanying financial statements of Arcona Capital Central European Properties, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2023, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Arcona Capital Central European Properties, a.s. as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

#### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation 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.

#### Emphasis of Matter

We draw attention to Note 11 Bank Loans in the notes to the financial statements, which describes that the existing bank loan matures in 2024 and discussions are currently underway to extend the loan agreement. In the event that negotiations with the bank are unsuccessful, the Company will be supported by the shareholders of MEI-Czech Offices II C.V. and Middle Europe Opportunity Fund III N.V. who have stated in their letter dated 4 December 2023 that they will continue to provide adequate financial support to ensure that the Company is able to settle any potential deficit in equity and meet any liquidity requirements that may arise to settle its liabilities as they fall due and continue trading for a period of eighteen months from the date of the letter. Our opinion is not modified in respect of this matter.

#### Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Company's Board of Directors 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e., whether any non-compliance with these requirements could influence judgments made on the basis of the other information.



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

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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 of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

#### Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the Board of Directors and the Supervisory Board 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.

In Prague on 17 May 2024

Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Miroslav Mayer  
registration no. 2529



## **Appendix 3**

### **Report on relations between related parties**

**ZPRÁVA**  
**statutárního orgánu společnosti**  
**Arcona Capital Central European Properties,**  
**a.s.**

**o vztazích za rok 2023 zpracovaná dle § 82  
zákona č. 90/2012 Sb., o obchodních  
společnostech a družstvech (zákon o  
obchodních korporacích), ve znění pozdějších  
předpisů (dále jen „ZOK“)**

**PREAMBULE**

Představenstvo Ovládané osoby, jak je definována níže, v souladu s ustanovením § 82 a násl. ZOK vypracovalo na základě své povinnosti písemnou zprávu o vztazích mezi ovládající osobou a ovládanou osobou a mezi ovládanou osobou a ostatními osobami ovládanými stejnou ovládající osobou. Vztahy jsou popsány způsobem přihlížejícím k nutnosti respektovat ustanovení § 504 zákona č. 89/2012 Sb., občanského zákoníku, ve znění pozdějších předpisů (dále jen „OZ“) týkající se obchodního tajemství.

**I.**  
**ZÚČASTNĚNÉ OSOBY**

**1. Ovládaná osoba:**

Společnost: **Arcona Capital Central European Properties, a.s.**  
se sídlem: Politických vězňů 912/10, Nové Město, 110 00 Praha 1  
IČO: 247 27 873  
zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, sp. zn. B 16436 (dále jen „Ovládaná osoba“)

**2. Ovládající osoba:**

Společnost: **MEI-Czech Offices II C.V.**  
se sídlem: De Entree 55, 1101BH Amsterdam, Nizozemské království  
IČO: 819446014  
zapsaná v obchodním rejstříku vedeném nizozemskou Obchodní komorou, sp. zn. 08175938. (dále jen „Ovládající osoba“).

**REPORT**  
**of the statutory body of the company**  
**Arcona Capital Central European Properties,**  
**a.s.**

**on relations for the year 2023 drafted in  
accordance with Section 82 of the Act No.  
90/2012 Coll., on Commercial Companies and  
Cooperatives (Business Corporations Act), as  
amended (hereinafter the “BCA”)**

**PREAMBULE**

In accordance with Section 82 et seq. of the BCA and by reason of its legal obligations, the Board of Directors of the Controlled entity, as defined bellow, has prepared a written report on the relations between the controlling entity and the controlled entity and between the controlled entity and other controlled entities controlled by the same controlling entity. These relations are described in a manner respecting Section 504 of the Act No. 89/2012 Coll., the Civil Code (hereinafter the “CC”) regarding business secrets.

**I.**  
**INTERESTED ENTITIES**

**1. Controlled entity:**

Company: **Arcona Capital Central European Properties, a.s.**  
seated at: Politických vězňů 912/10, Nové Město, 110 00 Prague 1  
ID No.: 247 27 873  
registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 16436 (hereinafter the “Controlled entity”)

**2. Controlling entity:**

Company: **MEI-Czech Offices II C.V.**  
seated at: De Entree 55, 1101BH Amsterdam, the Kingdom of the Netherlands  
ID No.: 819446014  
registered with the Commercial Register maintained by the Netherlands Chamber of Commerce, No. 08175938. (hereinafter the “Controlling entity”).

Podle § 75 odst. 2 ZOK byla Ovládající osoba ve vztahu k Ovládané osobě ovládající osobou, neboť po celé Rozhodné období, jak je definováno níže, disponovala s podílem na hlasovacích právech představujícím 44,95 % všech hlasů v Ovládané osobě.

3. Ostatní osoby ovládané Ovládající osobou:  
Ovládající osoba nebyla v Rozhodném období ovládající osobou jiné osoby.

## II. ROZHODNÉ OBDOBÍ

Tato zpráva je zpracována za poslední účetní období, tj. za období od 1. 1. 2023 do 31. 12. 2023 (dále jen „Rozhodné období“).

## III. ÚLOHA OVLÁDAJÍCÍ OSOBY VE VZTAHU K OVLÁDANÉ OSOBĚ

Prostřednictvím Ovládané osoby realizuje Ovládající osoba své investice v oblasti nemovitosti v České republice.

## IV. SMLOUVY A DOHODY UZAVŘENÉ MEZI ZÚČASTNĚNÝMI OSOBAMI

Mezi Ovládající osobou a Ovládanou osobou nebyly v Rozhodném období uzavřeny žádné smlouvy či dohody.

Mezi Ovládanou osobou, jako dlužníkem, a osobou ovládající Ovládající osobu, společností Florijn Investments B.V., se sídlem Rijksweg 162b, 1906BM Limmen, Nizozemské království, IČO: 003187640, zapsanou v obchodním rejstříku vedeném nizozemskou Obchodní komorou, sp. zn. 37012258, jako věřitelem, byla dne 16. července 2013 uzavřena smlouva o úvěru, jež byla platná a účinná po celou dobu trvání Rozhodného období. Úvěr je splatný 31. prosince 2024.

In accordance with Section 75 (2) of the BCA, the Controlling entity was a controlling entity of the Controlled entity during the whole Vesting period, as defined below, because the Controlling entity controls a share in the voting rights representing 44,95 % of all votes in the Controlled entity.

3. Other entities controlled by the Controlling entity: During the Vesting period, the Controlling entity was not a controlling entity of any other entity.

## II. RESPECTIVE PERIOD

This report has been prepared in relation to the last accounting period, that is to say, from 1.1.2023 to 31.12.2023 (hereinafter the “Respective period”).

## III. ROLE OF THE CONTROLLING ENTITY IN RELATION TO THE CONTROLLED ENTITY

The Controlling entity made its investments in real estate in the Czech Republic via the Controlled entity.

## IV. CONTRACTS AND AGREEMENTS CONCLUDED BETWEEN INTERESTED ENTITIES

No contracts or agreements have been concluded between the Controlling entity and the Controlled entity during the Respective period.

On 16 July 2013, the Controlled entity, as the debtor, and the controlling entity of the Controlling entity, being the company Florijn Investments B.V., seated at Rijksweg 162b, 1906BM Limmen, the Kingdom of the Netherlands, ID No.: 003187640, registered with the Commercial Register maintained by the Netherlands Chamber of Commerce, No. 37012258, as the creditor, concluded a loan agreement that was valid and effective during the whole Respective period. The loan is payable on 31 December 2024.



Mezi Ovládanou osobou, jako dlužníkem, a jejím akcionářem, společností Middle Europe Opportunity Fund III N.V. i.l., se sídlem De Entree 55, 1101BH Amsterdam, Nizozemské království, IČO: 817844260, zapsanou v obchodním rejstříku vedeném nizozemskou Obchodní komorou, sp. zn. 08158471, jako věřitelem, byla dne 18. 11. 2018 uzavřena úvěrová smlouva, jež byla platná a účinná po celou dobu trvání rozhodného období. Úvěr je splatný 31. prosinec 2024.

**V.  
JINÁ PRÁVNÍ JEDNÁNÍ A OPATŘENÍ**

V Rozhodném období nebyla Ovládanou osobou na popud nebo v zájmu Ovládající osoby přijata nebo uskutečněna žádná právní jednání ani opatření.

**VI.  
OSTATNÍ OPATŘENÍ PŘIJATÁ ČI USKUTEČNĚNÁ V  
ZÁJMU NEBO NA POPUD OVLÁDAJÍCÍ OSOBY  
OVLÁDANOU OSOBOU**

Žádná opatření, přijatá nebo uskutečněná v zájmu nebo na popud Ovládající osoby, s výjimkou v této zprávě popsanych, nebyla v roce 2023 učiněna.

**VII.  
PROHLÁŠENÍ**

Ze vztahu mezi Ovládanou osobou a Ovládající osobou neplynuly Ovládané osobě žádné výhody ani nevýhody, ani žádná rizika.

Statutární orgán Ovládané osoby prohlašuje, že údaje obsažené v této zprávě jsou správné a úplné a že při vypracování zprávy dle § 82 a násl. ZOK bylo postupováno plně v rozsahu všech informací a údajů, které má tento statutární orgán k dispozici či které při jednání s péčí řádného hospodáře zjistil.

On 18 November 2018, the Controlled entity, as the debtor, and its shareholder, being the company Middle Europe Opportunity Fund III N.V. i.l., seated at De Entree 55, 1101BH Amsterdam, the Kingdom of the Netherlands, ID No.: 817844260, registered with the Commercial Register maintained by the Netherlands Chamber of Commerce, No. 08158471, as the creditor, concluded a loan agreement that was valid and effective during the whole Respective period. The loan is payable on 31 December 2024.

**V.  
OTHER LEGAL ACTS AND MEASURES**

During the Respective period, no legal acts and measures were taken by the Controlled entity in the interest of the Controlling entity or upon its initiation.

**VI.  
OTHER MEASURES TAKEN BY THE CONTROLLED  
ENTITY IN THE INTEREST OR UPON THE  
INITIATION OF CONTROLLING ENTITY**

With exception of those described in this report, no other measures have been taken in the year 2023 in the interest or upon the initiation of the Controlling entity.

**VII.  
DECLARATIONS**

From the relation between the Controlled entity and the Controlling entity no advantages or disadvantages or risks arose for the Controlled entity.

The statutory body of the Controlled entity declares that the data contained in this report are correct and complete and that this report has been executed under Section 82 et seq. of the BCA, so all information and data, which were available to the statutory body or which were found out by it while maintaining due diligence, have been taken into account.

VIII. ZÁVĚR	VIII. CONCLUSION
Ovládané osobě nevznikla ze vztahu mezi Ovládanou osobou a Ovládající osobou v Rozhodné době žádná újma.	From the relation between the Controlled entity and the Controlling entity no harm has been caused to the Controlled entity during the Respective period.
V případě jakýchkoliv rozporů mezi českým a anglickým zněním má české znění přednost.	In case of any discrepancies between the Czech and the English version the Czech version shall prevail.
Tato zpráva byla zpracována představenstvem Ovládané osoby dne 3. 1. 2024.	This report has been prepared by the Board of Directors of the Controlled entity on 3.1.2024.

**Za/On behalf of Arcona Capital Central European Properties, a.s.**



\_\_\_\_\_  
 Guy St John Barker  
 předseda představenstva  
 Chairman of the Board of Directors



\_\_\_\_\_  
 Ing. Zbyněk Laube  
 člen představenstva  
 Member of the Board of Directors