REPORT

ANNUAL ACCOUNTS 2022

City Home Invest III, a.s.

INDEX

MANAGEMENT BOARD'S REPORT

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General company overview

The company City Home Invest III, a.s. (hereinafter referred to as the "Company") and its subsidiaries are part of the SATPO Group B.V. holding. (hereinafter referred to as the "Holding"), which has been operating on the Czech real estate market since 1994. The company was founded in 2015. For the purposes of this report, the Company and its subsidiaries are referred to as the "Group".

Six years ago, the Holding allocated part of its real estate activities to the group: the purchase of shares in existing apartment buildings or entire apartment buildings under the City Home brand. In 2017, external investors joined the Group.

The change in the legal regulation of the right of pre-emption had a positive effect on business. As of July 1, 2020, co-owners of the property do not have a right of pre-emption if any other co-owner sells their shares in the property, with a minor exception in the case of inheritance. The strategy for a significant part of the portfolio was focused on concluding an agreement on the settlement of joint ownership instead of moving towards further consolidation. In 2021, the Group thus achieved the conclusion of several contracts on the cancellation and settlement of co-ownership in rental houses with the division of the building into units for subsequent sale.

The uniqueness of the business consists in acquiring a larger number of shares in real estate that have not yet been divided into individual units (apartments, non-residential premises, etc). The goal is the subsequent acquisition of the remaining shares in these properties until their complete consolidation with the subsequent division into units and the sale of these residential or non-residential units. In some cases, an opportunistic sale of a consolidated property may be a strategy.

As part of cooperation with other property owners, the Group also strives for economic operation with the possibility of increasing rental income or joint investment in order to increase the standard of the housing buildings.

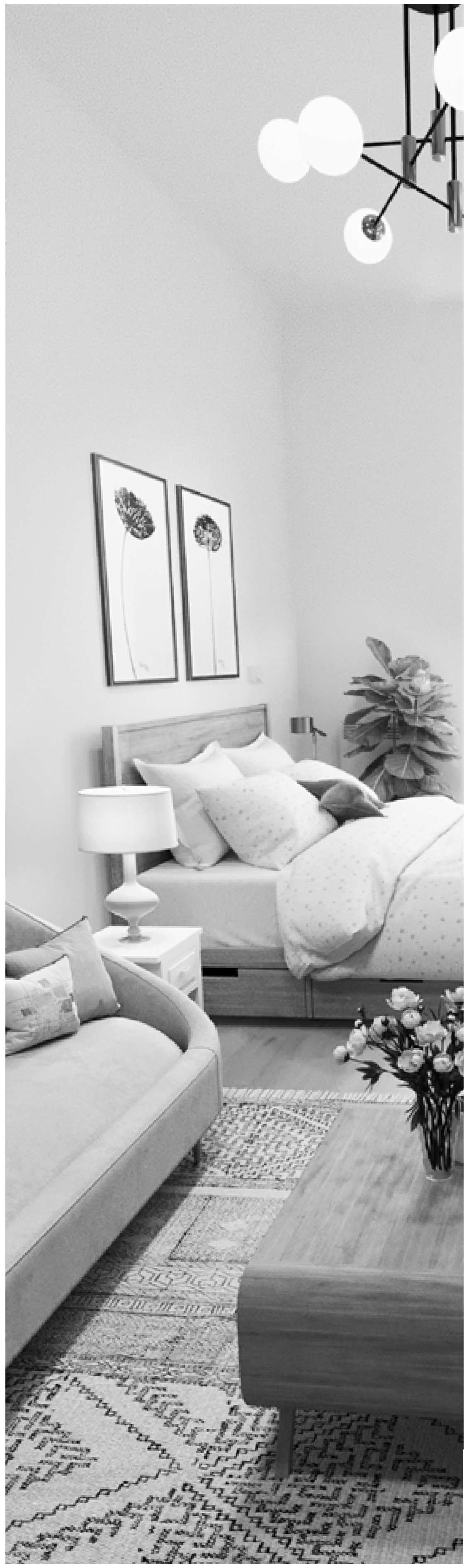
The Group's strengths are its excellent position on the real estate market with the ideal share ownership, rich experience in the acquisition process when buying co-ownership shares, which takes into account many evaluation parameters, expert legal and financial knowledge. After the purchase, professional management supervision and professional negotiations on the purchase of shares or on the cancellation and settlement of co-ownership with the subsequent sale of units to end clients are provided.

Professional real estate services and advice related to the purchase of an apartment unit are an integral part of client care. When choosing a residential unit or non-residential space from the current offer in existing residential buildings, clients are served by the representative and comfortable environment of the City Home sales center. Under the City Home brand, end clients are offered affordable residential and non-residential units with the potential for renovation or immediate move-in in an attractive location where the price of the property increases over time.

In accordance with its Holding policy and social responsibility, the Group participates financially in educational programs dedicated to schoolchildren and students, supports art, culture and sports, especially non-profit sports clubs focused on the children, and is socially responsible in the long term.

Management board comments on the 2022 Group's financial results

The consolidated result of the Group after taxation of the financial year 2022 amounts to CZK 147,274 ths (2021: CZK 260,080 ths). The result was driven mainly by the sale of units in the projects such as Slezská 75, Vratislavova 5, Veletržní 31, Plavecká 11, by the successful sale of ideal share in the apartment building Hanusova 21, by the sale of companies owning project Mánesova 82 and Ruská 4 and by the revaluation of existing investment property portfolio and valuation of newly acquired investment property. Insignificant



part of the income consists of the rental income based on the ideal shares.

The decrease of result after taxation in comparison with previous year is caused mainly by slowdown of sales, increase of cost related to portfolio management due to increase of investment portfolio, the compensation payments for early handover of flats and tax effects of sub-holding City Home Invest III, a.s. restructuring.

As of December 31, 2022 the Group has in portfolio projects with conclusion of agreements on the cancellation and settlement of co-ownership in apartment buildings for the projects Slezská 75, V Zahradách, Školská 12, Nad Kajetánkou 12, Ke Koulce 6, Nad Obcí 5, Veletržní 31 and Vratislavova 5.

The balance sheet total in the financial year 2022 amounts to CZK 1,738,385 ths., compared to CZK 1,554,253 ths in 2021. The increase on the asset side is mainly due to the acquisition of new investment property, mostly shares in apartment houses. On the liability side of the balance sheet, the major change is the increase of amount of bank loans and equity.

Major developments

The committed equity of City Home and partners in the Group is CZK 100,000 ths. (share capital and other capital funds). The purchase power was increased by three bond emissions. The first issuance of bonds in the amount of CZK 210,000 ths. was issued on October 16, 2017, maturing on October 15, 2023. The second issuance of bonds in the amount of CZK 210,000 ths was issued on June 15, 2020, with the maturity on June 15, 2025. The third bond emission in the amount of CZK 210,000 ths. was issued on November 9, 2020, with the maturity on November 9, 2025. All three issuances were fully sold.

The value of shares in the tenement houses as of 31.12.2022 increased up to CZK 1,533,131 ths. (as of 31.12.2021 was 1,407,199 ths).

At the end of year 2022 the registered capital of the Group was CZK 2,000 ths.

The legal form of City Home Invest III, s.r.o. was changed from a limited liability company to a joint stock company, City Home Invest III, a.s. in July 2022.

City Home Invest III, a.s. continues to invest into the apartment houses located in Prague, it has been bought 6 projects, bought another 6 co-ownership shares and managed to successfully settle co-ownership for 4 projects in the apartment buildings with the division of the building into units for further sale.

The total portfolio of buildings amounted to 45 active projects as of December 31, 2022, which consist of co-ownership shares and 100% shares in apartment buildings.

Long term strategy

There is no significant change in strategy year-on-year . The Group's strategy under the City Home brand is to continue to strengthen its existing significant position in the area of investment in apartment buildings, in particular: to remain a stable and trustworthy company operating on the real estate market, to maintain a strong position in the area of purchasing ideal shares, to increase the standard of existing apartment buildings and the subsequent successful sale of units, to increase the housing stock by creating opportunities for attic construction, prepare and sell entire apartment buildings in Prague to investors, to create attractive opportunities for investment in residential real estate and provide comprehensive real estate services to property owners and clients.

Going concern

At 31.12.2022 equity amounts to CZK 795,269 ths. (2021: 647,995 ths). The financial situation indicates the improvement and year to year strengthening of the financial position of the Group.

Management reviewed if the application of the going concern assumption was justified at the preparation of the 2022 financial statements of the company. In this review management also took into consideration the existing financial performance and operational cash flows of the group over year 2023. The management went through the risk areas described in the Management board's report and Notes to the consolidated financial statements. The potential risks were tested through Group cash-flow and other financial indicators.

The Management is aware of negative value of the net working capital as of 31 December 2022 and cash flows from the operating activities for the year ended 31 December 2022. The negative working capital relates among other to the fact that the whole portfolio of investment property is classified under non-current assets.

In the subsequent period, in the ordinary course of business, three new bank loans were drawn. The purchase of the remaining share at project Polská 7 was realized and successfully settled into units in March 2023. This acquisition strengthened investment property portfolio.

Despite the general situation influenced by COVID-19 and Russia's invasion of Ukraine, based on an assessment of all currently available information, the Group believes that the going concern assumption is not compromised and therefore the use of this assumption for the preparation of the financial statements is appropriate and there is currently no significant uncertainty regarding this assumption.

Our employees

The Group has no employees. The Group has no pension plan or costs. The labor force and all the real estate services are outsourced from the Holding and from outside the Group.

Future expectations

Overall, the management expects positive results and cash flow for the upcoming year. This expectation is based on preliminary results of 2023 and forward-looking information with respect to a development of residential market prices and its growing portfolio of shares in apartment houses.

RISK AREAS

RISK AREAS

Strategic risk

Economy

The COVID-19 pandemic only significantly slowed down the economy for the first two years and then started to recover while replaced by the Russia's invasion of Ukraine influences the entire global economy. Neighboring economies in particular grapple with disrupted trade, supply chains, and remittances as well as a surge in refugee flows. From the beginning, several number of measures have been taken to keep the economy of the Czech Republic in good condition, as an example is the provision of gas supplies by neighboring countries. All the time, as concern the Russia's invasion of Ukraine, there is strong support not only from the government, but also from many non-profit organizations and associations.

The energy crisis, problems in supply chains and high inflation affected the Czech economy last year and it will continue to affect it in 2023.

For the year 2023, GDP is expected to decrease by around 1 % in 2023, and the decrease in household consumption should be caused by high inflation that reduces the real household incomes. A gradual decline to lower inflation value is expected for 2023, the average inflation could be around 8.5%.

Unemployment rate should stagnate and its rate should be around 2,3 %. Europe is currently in recession and should remain in recession in the first half of this year as well as the Czech Republic, a slight recovery could occur in the second half of 2023.

More than 480 thousands refugees have already arrived to the Czech Republic. For the Czech labor market, which has been facing record low unemployment for years, this can mean a significant boost. The huge number of Ukrainian citizens fleeing the war and seeking where to stay may influence the demand for any type of housing.

The real estate market is always developing, has undergone some changes and fluctuations. The year 2021 brought a very high growth in the demand of the real estate for purchase, the number of transactions was the highest in the last 13 years, the volume of mortgage loans granted increased sharply, when subsequently in 2022 there was an cooling.

There is still a large volume of investment funds on the real estate market and at the same time an insufficient supply of the properties. The Czech real estate market is dominated by domestic investors.

A small drop in the selling prices of apartments for brick houses can be expected, a drop in prices of around few unit percent can be expected for the residential development projects. Development companies have no reason for any price discount in relation to construction costs. A reduction or stagnation of the current rate of mortgage financing can be expected, the inflation rate should decrease and stabilize.

Since housing is one of the basic human needs, the market will look for a new balance between purchase prices, rental rates, mortgage rates and wage trends. It continues to be the case that a quality property in a good location holds its price, which is mainly due to the long-term limited supply and still ongoing demand. Housing will continue to play an important role in the consumption basket of the households.

External financing risk

The risk of external financing means that the success of the future activities of the Group will depend on securing sufficient financing for the project companies of the Group. The source of financing for the Group's project companies is and will continue to be mainly external bank loan financing, as well as financing through bonds. Changes in the financing conditions of individual projects by commercial banks (changes in margins, changes in indebtedness parameters, changes in the required collateral for loans) can also significantly affect the profitability of project companies.

The Group mitigated the risk of changes in interest rates by negotiating primarily fixed interest rates on debt financing, both in the case of bond financing and in the case of bank financing. Due to the Russia's invasion of Ukraine and the related increase of interest rate there is noticeable request of financing banks, by negotiation of now bank loans, for floating interest rates in 2023. These requests are implemented in our budgets and forecasts of projects. If there is identified any significant impact, the appropriate measures are taken.

Bank loans and issued bonds have certain financial covenants attached to them. Violation of these covenants can lead to immediate maturity of the debt. As of 31 December 2022, the Group was in compliance with theses covenants. The Group mitigates the risk by testing different scenarios.

Interest rates

Due to the decline of the economy, firstly as a result of the COVID-19 pandemic and currently as a result of the war in Ukraine, the rise in prices of energy, services or goods, a higher unemployment rate in connection with rising mortgage rates may negatively affect future demand for residential properties.

As an anti-inflation measure, the Banking Council of the Czech National Bank has repeatedly increased the base interest rate, which has an effect on the growth of interest rates on commercial and mortgage loans. The current average mortgage interest rate is over 6%.

Legal environment and approval process

The length and complexity of the zoning approval process, obtaining of construction permits and unwillingness or inability of officers of Building Authorities to make timely decisions according to law, cause significant delays in all development projects. This improves our position on the real estate market because the Group´s business lays in the stabilized second-hand market.

Operational risk

Operational risks are risks that arise from potentially inadequate processes, people, systems and/or external events. The material risk for the Group relates to the ability to acquire the remaining shares in these properties, ideally until their full consolidation, project cost control and execution of contractual transactions.

To enhance our operational efficiency, we have focused on optimization and improvement of our internal processes to make faster decision-making process in which employees have gained a bigger role. The plan is to minimize the operational risk with the detailed documentation of our internal processes. We set up a new process department responsible for a process-based management of the Group. This department helps to improve the overall benefit to customers and to increase the overall efficiency of the company (by eliminating unnecessary processes or simplifying processes).

Time schedule and cost control

An unexpected delay in execution and an increase in acquisition costs can lower the project's financial result and potentially require additional funding, which might be difficult to obtain.

To mitigate these risks to the maximum extent possible, the Group has extensive procedures in place for budgeting and cost control for each individual project. The MS project is being implemented and interconnected with the Business Central to help with controlling and fulfilment of project milestones. In addition, there are authorization procedures and periodical reports (actual versus budget analysis) in place to control and highlight issues for management discussion.

(Re)financing risk

Refinancing risk is the risk that the Company's financial obligation cannot be fulfilled, not enough equity or loans can be attracted, or loan covenants are breached; this may lead to undesirable scenarios.

The major financial liabilities are bonds in the amount of CZK 210,000 ths. maturing in 2023 and CZK 420,000 ths maturing in 2025. The ability of the company to redeem these bonds depends on the successful generation of cash flows from existing and future projects. In connection with settlement of bonds in the total amount of CZK 210.000 ths., maturing in October 2023, new public bond emission has been prepared.

The management is working on and implementing a long-term financial strategy to meet both long-term requirements and short-term obligations. Considered options for decreasing the Group's long-term debts are partnering with investors via joint ventures.

Reporting risk

In addition to the above described measures regarding internal processes and controls the Group prepared a system to provide the highest possible quality valuations.

A significant driver behind the Group's result are valuations. Valuations are, by their nature, subjective, and depend on changing market conditions. Inconsistencies in assumptions or inadequate methods may lead to incorrect valuations. This risk is mitigated by the fact that the valuations are prepared by external independent appraiser.

Prague, May 10, 2023

Management Board:

Jiří Pokorný
Board Member

Jiří Polanský
Board Member

CityHome

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022
In thousands of CZK

	Note	31 Dec 2022	31 Dec 2021
Revenue from contracts with customers	6	1 691	3 358
Rental income	8	20 988	18 009
TOTAL REVENUE		**22 680**	**21 367**
Net gain/loss on the disposal of investment property		140 360	7 170
TOTAL REVENUE INCLUDING NET GAIN/LOSS ON THE DISPOSAL OF INVESTMENT PROPERTY		**163 040**	**28 537**
Cost of sales		-28 555	-15 986
Changes in value of investment property	13	149 439	367 385
Operating expenses	9	-69 120	-23 003
Other operating income	10	1 564	2 099
OPERATING PROFIT		**216 367**	**359 033**
Finance income		13 044	10 116
Finance costs	11	-45 149	-45 913
PROFIT BEFORE TAX		**184 262**	**323 236**
Income tax	12	-36 988	-63 156
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**147 274**	**260 080**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
In thousands of CZK

	Note	31 Dec 2022	31 Dec 2021
Non-current assets			
Investment property	13	1 533 131	1 407 199
Investment in associates	14	9 800	0
TOTAL NON-CURRENT ASSETS		**1 542 931**	**1 407 199**
Current assets			
Trade and other receivables	16	158 807	139 679
Cash and cash equivalents	17	36 648	7 376
TOTAL CURRENT ASSETS		**195 454**	**147 054**
TOTAL ASSETS		**1 738 385**	**1 554 253**
Equity			
Share capital + share premium	18	100 000	100 000
Reserves	18	695 269	547 995
TOTAL EQUITY		**795 269**	**647 995**
Non-current liabilities			
Issued bonds	19	408 617	614 390
Bank loans	19	125 630	63 000
Other long-term liabilities		95	6 188
Deferred tax liability	15	142 917	129 451
TOTAL NON-CURRENT LIABILITIES		**677 259**	**813 028**
Current liabilities			
Current portion of long-term borrowings		210 000	74 594
Trade and other payables	21	27 343	15 980
Other financial liabilities		4 942	0
Contract liabilities	20	592	3 188
Current tax liability	12	22 979	- 532
TOTAL CURRENT LIABILITIES		**265 857**	**93 230**
TOTAL LIABILITIES		**943 116**	**906 258**
TOTAL EQUITY AND LIABILITIES		**1 738 385**	**1 554 253**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022
In thousands of CZK

	Share Capital	Reserves	Total equity
EQUITY AT 1.1.2022	**100 000**	**547 995**	**647 995**
Profit for the year		147 274	147 274
EQUITY AT 31.12.2022	**100 000**	**695 269**	**795 269**
EQUITY AT 1.1.2021	**100 000**	**287 915**	**387 915**
Profit for the year		260 080	260 080
EQUITY AT 31.12.2021	**100 000**	**547 995**	**647 995**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022
In thousands of CZK

	YEAR 2022	YEAR 2021
PROFIT FOR THE YEAR	**147 274**	**260 080**
Adjustments for:		
Finance costs	32 105	35 797
Investment property revaluation gain/loss	-149 439	-367 365
Income tax expense	36 989	63 156
Other		
OPERATING CASH-FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	**66 929**	**-8 351**
Decrease / (Increase) in trade and other receiva-bles	-19 128	-60 919
Increase / (Decrease) in trade and other payables	5 271	-1 793
Increase / (Decrease) in contract liabilities	-2 596	3 068
CASH GENERATED BY OPERATIONS	**50 476**	**-67 994**
Income taxes paid	-11	-794
NET CASH FROM OPERATING ACTIVITIES	**50 465**	**-68 788**
Investing activities		
Effect of purchases and disposals of investment property (net)	13 706	-214 763
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	**13 706**	**-214 763**
Financing activities		
Interest paid	-32 105	-35 797
Proceeds and repayments from bonds	4 228	168 817
Proceeds and repayments from loans	-7 022	137 594
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**-34 899**	**270 614**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**29 272**	**-12 937**
Cash and cash equivalents at beginning of year	7 376	20 313
CASH AND CASH EQUIVALENTS AT END OF YEAR	**36 648**	**7 376**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. General information

City Home Invest III, a.s. (the Company) is a limited liability company incorporated and registered in the Czech Republic. Its ultimate controlling party is Mr. Jiří Pokorný. The Company itself and the Group had no employees in 2022 as well as in previous years. The address of the Company's registered office is Holečkova 3331/35, Smíchov, 150 00 Praha 5, Czech Republic. The Company is registered in the Commercial register managed by the Municipal Court in Prague, File Ref. B 27415, ID No: 045 48 817.

The activities of the Company and its subsidiaries primarily consist of acquisition of ideal shares in apartment buildings, their gradual consolidation with optional partly or full reconstruction and sub-sequent sale of apartments. Concluding agreements on the cancellation and settlement of co-ownership in tenement houses with division of the building into units and their sale is a second option.

These financial statements are presented in Czech Koruna (CZK) and are rounded to the nearest thousands of CZK. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised standards

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new standard and amendments to the existing standards that have been issued by the IASB but are not yet effective:

Standard	Topic	Effective	EU adopted?
AMANDEMENTS TO IAS 1	Classification of Liabilities as Current or Non-current — Defer-ral of Effecti-ve Date	01.01.2023	Yes
AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2	Disclosure of Accounting Policies	01.01.2023	Yes
AMENDMENTS TO IAS 1	Non-current Liabilities with Co-venants	01.01.2024	No
AMENDMENTS TO IAS 8	Definition of Accounting Esti-mates	01.01.2023	Yes
AMENDMENTS TO IAS 12	Deferred Tax related to Assets and Liabilities arising from a Sin-gle Transaction	01.01.2023	Yes
AMENDMENTS TO IFRS 16	Re Sale and Leaseback Trans-actions	01.01.2024	No
AMENDMENTS TO IFRS 17	Insurance Contracts	01.01.2023	Yes

The directors do not expect that the adoption of the new standard and amendments to the existing stan-dards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment property that is measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The principal accounting policies adopted are set out below.

3.2 Going concern

Management reviewed if the application of the going concern assumption was justified at the preparation of the 2022 financial statements of the company. In this review management also took into consideration the existing financial performance and operational cash flows of the group over year 2023. The management went through the risk areas described in the Management board's report and Notes to the consolidated financial statements. The potential risks were tested through group cash-flow and other financial indicators.

In the subsequent period, in the ordinary course of business, three new bank loans were drawn. The purchase of the remaining share at project Polská 7 was realized and successfully settled into units in March 2023. This acquisition strengthened investment property portfolio.

Despite the general situation influenced by COVID-19 and Russia's invasion of Ukraine, based on an assessment of all currently available information, the Company believes that the going concern assumption is not compromised and therefore the use of this assumption for the preparation of the financial statements is appropriate and there is currently no significant uncertainty regarding this assumption.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

• has the power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

• the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the Company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss is attributed to the owners of the Company and to the non-controlling interests.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

• deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively;
• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3.6 Revenue recognition

SALE OF PROPERTIES

Revenues are mainly derived from sale of apartments classified as investment property and rental income of apartments.

Revenue from sale is recognized at point in time when control of the assets has passed to the buyer which is generally the date at which the application of ownership transfer is submitted to the Land Registry. Revenue is measured at the amount to which the Group is entitled, net of trade discounts and adjusted for the effect of significant financing component on contract liabilities.

3.7 Leases

THE GROUP AS LESSEE

The Group does not present any material contract where it would be in the position of lessee.

THE GROUP AS LESSOR

The Group enters into lease agreements as a lessor with respect to its investment properties. The leases are classified as operating leases as the terms of the lease does not transfer substantially all the risks and rewards of ownership.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. When the Group provides incentives to its tenants of commercial premises, the costs of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income. No incentives are provided to the tenants of residential units.

3.8 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. The Group´s functional currency is the Czech Koruna (CZK). At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

• exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.10 Employee benefits

The Company itself and the Group had no employees in 2022 as well as in previous years.

3.11 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.12 Property, plant and equipment

Land and buildings held for administrative purposes are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings	Useful life 30 years
Equipment	Useful life of 3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.13 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.14 Intangible assets

INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group´s classes of intangible assets with respective useful life are as follows:

Trademarks	Useful life 20 years
Software	Useful life 3 years

3.15 Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.16 Inventories

Inventory comprises Construction in progress and Finished construction. These are related to projects intended to be developed and sold in the regular operating cycle of the Group. The cost of development projects comprises construction costs and other direct cost related to property development and borrowing costs.

Construction costs and other direct costs, including borrowing costs, are classified as Construction in progress during the construction. The project is transferred from Construction in progress to Finished construction upon acquisition of the occupancy permit.

Inventories are stated at the lower of cost and net realizable value and held under the specific identification method.

3.17 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

FINANCIAL ASSETS

The Group´s financial assets are limited to short-term trade and other receivables and therefore, all recognized financial assets are measured subsequently at amortized cost.

Impairment of financial assets

The Group recognizes lifetime expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date and is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

FINANCIAL LIABILITIES AND EQUITY

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.19 Contingencies and commitments

A contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

CLASSIFICATION BETWEEN INVESTMENT PROPERTY AND INVENTORIES

Real estate assets of the Group are classified either as investment property or inventories in accordance with standards IAS 40 and IAS 2. Based on policy established by the Group are Real estate assets generating rent or acquired with the outlook for capital appreciation classified as investment property and measured at fair value, with exception for assets where fair value cannot be measured reliably. Land plots and real estate assets with clear plan to execute development activities (typically evidenced by zoning permit) are classified as inventories and measured at cost. Directors review classification of real estate assets at each balance sheet date.

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTY

Fair value of investment property represents significant judgment made by Group directors. Fair value is determined in accordance with IFRS 13 based on valuation report prepared by independent certified appraiser. Directors review valuation of investment properties at each balance sheet date and make sure that outcome of valuation at 31.12.2022, 31.12.2021 and 31.12.2020 are consistent and comparable.

ACQUISITION OF ASSETS VS. BUSINESS COMBINATION

Typical acquisitions of the Group are individual real estate assets or legal entities holding real estate asset(s). As common in the industry similar SPV entities do not meet definition of business per IFRS 3 and therefore purchase price is fully allocated to real estate asset and related deferred tax liability without any goodwill recognized. However, every transaction is evaluated by company directors individually.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

The Group's investment properties are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Sales Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

The valuations are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 13.

5. Composition of the Group

Structure of the Group year ended 2022 is as follows:

City Home Invest III, a.s.

City Home Project VII, s.r.o.	100%
City Home Project VIII, s.r.o.	100%
City Home Project IX, s.r.o.	100%
City Home Project X, s.r.o.	100%
City Home Project XI, s.r.o.	100%
City Home Project XII, s.r.o.	100%
City Home Project XIII, s.r.o.	100%
City Home Project XIV, s.r.o.	100%
City Home Project XV, s.r.o.	100%
City Home Project XVI, s.r.o.	100%
SATPO Project XX, s.r.o.	100%
City Home Project XVII, s.r.o.	100%
City Home Project XVIII, s.r.o.	100%
SATPO Project XXI, s.r.o.	100%
City Home Project XIX, s.r.o.	100%
SATPO Project XXII, s.r.o.	100%
City Home Project XX, s.r.o.	100%
City Home Project XXI, s.r.o.	100%
City Home Project XXII, s.r.o.	100%
City Home Project XXIII, s.r.o.	100%
City Home Project XXIV, s.r.o.	100%
City Home Project XXV, s.r.o.	100%

Detailed information about the composition of the Group at the end of the reporting period as at 31.12.2022 is as follows:

Name of the entity 2022	ID number	Country of incorporation	% share in company	from:	till:	Note on changes
CITY HOME INVEST III, A.S.	4548817	Czech Republic	52	21.01.2016	still	legal form changed
CITY HOME PROJECT VII, S.R.O.	6309658	Czech Republic	100	04.12.2017	still	
CITY HOME PROJECT VIII, S.R.O.	8285713	Czech Republic	100	12.11.2019	still	
CITY HOME PROJECT IX, S.R.O.	10937951	Czech Republic	100	09.06.2021	still	
CITY HOME PROJECT X, S.R.O.	11922621	Czech Republic	100	08.10.2021	still	
CITY HOME PROJECT XI, S.R.O.	11921269	Czech Republic	100	07.10.2021	still	
CITY HOME PROJECT XII, S.R.O.	14013789	Czech Republic	100	26.11.2021	still	
CITY HOME PROJECT XIII, S.R.O.	14270650	Czech Republic	100	28.02.2022	still	
CITY HOME PROJECT XIV, S.R.O.	14270668	Czech Republic	100	01.03.2022	still	
CITY HOME PROJECT XV, S.R.O.	14270676	Czech Republic	100	01.03.2022	still	
CITY HOME PROJECT XVI, S.R.O.	14270684	Czech Republic	100	01.03.2022	still	
CITY HOME PROJECT XVII, S.R.O.	14270692	Czech Republic	100	01.03.2022	still	
CITY HOME PROJECT XVIII, S.R.O.	17197201	Czech Republic	100	31.05.2022	still	
CITY HOME PROJECT XIX, S.R.O.	17197287	Czech Republic	100	31.05.2022	still	
CITY HOME PROJECT XX, S.R.O.	17197376	Czech Republic	100	31.05.2022	still	
CITY HOME PROJECT XXI, S.R.O.	17287197	Czech Republic	100	28.06.2022	still	
CITY HOME PROJECT XXII, S.R.O.	17288444	Czech Republic	100	28.06.2022	still	
CITY HOME PROJECT XXIII, S.R.O.	17288550	Czech Republic	100	28.06.2022	still	
CITY HOME PROJECT XXIV, S.R.O.	09000135	Czech Republic	100	28.02.2020	still	
CITY HOME PROJECT XXV, S.R.O.	09000071	Czech Republic	100	28.02.2020	still	
SATPO PROJECT X, S.R.O.	07209274	Czech Republic	100	05.06.2019	still	
SATPO PROJECT XX, S.R.O.	14245001	Czech Republic	100	16.02.2022	still	
SATPO PROJECT XXI, S.R.O.	14270706	Czech Republic	100	28.02.2022	still	
SATPO PROJECT XXII, S.R.O.	14270722	Czech Republic	100	28.02.2022	still	

Information about the composition of the Group at the end of the reporting period as at 31.12.2021 is as follows:

Name of the entity 2021	ID nu-mber	Country of incorporation	% share in company	from:	till:	Note on changes
CITY HOME INVEST III, S.R.O.	4548817	Czech Republic	52	21.01.2016	still	change in share
CITY HOME PROJECT V, S.R.O.	4527348	Czech Republic	100	01.12.2015	still	
CITY HOME PROJECT VI, S.R.O.	8196036	Czech Republic	100	31.10.2019	still	
CITY HOME PROJECT VII, S.R.O.	6309658	Czech Republic	100	04.12.2017	still	
CITY HOME PROJECT VIII, S.R.O.	8285713	Czech Republic	100	12.11.2019	still	
CITY HOME PROJECT IX, S.R.O.	10937951	Czech Republic	100	09.06.2021	still	
CITY HOME PROJECT X, S.R.O.	11922621	Czech Republic	100	08.10.2021	still	

CITY HOME PROJECT XI, S.R.O.	11921269	Czech Republic	100	07.10.2021	still	
CITY HOME PROJECT XII, S.R.O.	14013789	Czech Republic	100	26.11.2021	still	
JIMAST TICHÁ S.R.O. V LIKVIDACI	7922469	Czech Republic	100	20.03.2019	21.09.2021	liquidation/ closed
SATPO PROJECT X, S.R.O.	7209274	Czech Republic	100	05.06.2019	still	

In the course of 2021 several new companies were established. The company JIMAST Tichá s.r.o. was liquidated.

As of June 30, 2021, we acquired an additional 2% share in the Company. At the end of 2021 the registered capital of the Company was increased from CZK 200 ths. to CZK 2,000 ths.

As of July 1,2022, City Home Invest III changed its legal form from a limited liability company (společnost s ručenim omezeným) to a joint stock company (akciová společnost).

The Group sold in 2022 two of its subsidiaries – City Home Project V, s.r.o. and City Home Project VI, s.r.o. The Group bought two companies in 2022 – City Home Project XXIV, s.r.o. and City Home Project XXV, s.r.o. Both entities were dormant as of the date of their acquisition by the SATPO Group. The entity City Home Project XXIV, s.r.o. acts as a parent company of City Home Project XXV, s.r.o., otherwise does not have any activities, the entity City Home Project XXV, s.r.o. owns a share in one tenement house.

6. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at point in time.

	31.12.2022	31.12.2021
Sales of Investment property	1 608	2 365
Other sales	83	993
TOTAL	**1 691**	**3 358**

7. Net gain/loss on the disposal of investment property

	31.12.2022	31.12.2021
Proceeds from disposal of investment property	199 924	39 080
Carrying value of investment property disposed of and related cost	-59 564	-31 910
TOTAL NET GAIN/LOSS ON THE DISPOSAL OF INVESTMENT PROPERTY	**140 360**	**7 170**

8. Rent income

Revenue from rent is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight--line basis, as a reduction of rental income.

The Group has entered into operating leases on its tenement houses as a secondary business activity. The leases of apartments in tenement houses have mostly term of one year or are concluded for an indefinite period. It changes year to year.

The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value.

Yearly rent income (excluding income from services relating to the rent income) from third parties amounts to CZK 20 mio. (2021: CZK 18 mio.).

9. Operating expenses

	31.12.2022	31.12.2021
Legal and statutory management fees	17 803	9 565
Legal services and advisory fees	2 321	707
Asset management fees	4 664	2 767
Financial management and accounting fees	5 808	5 126
Tax advisory and Audit fees	919	380
Miscellaneous services	19 755	3 891
Taxes and fees	378	217
Other operating expenses	17 472	348
TOTAL	**69 120**	**23 003**

10. Other operating income

	31.12.2022	31.12.2021
Decrease in allowance against receivables	0	955
Other operating income	1 564	1 144
TOTAL	**1 564**	**2 099**

11. Finance costs

	31.12.2022	31.12.2021
Interest and other costs on bonds	34 472	37 036
Bank interest costs on loans and charges	5 735	2 698
Guarantee fees	4 942	6 179
TOTAL	**45 149**	**45 913**

12. Income Tax

The charge for the year can be reconciled to the profit before tax as follows:

	31.12.2022	31.12.2021
Profit before tax	184 262	323 236
Tax at the weighted average corporation tax rate (2021: 19%; 2020: 19%)	35 010	61 415
Tax effect of expenses that are not deductible or income not taxable in determining taxable profit	1 97	1 741
Tax expense for the year	36 988	63 156

Tax expense for the year consist of:	31.12.2021	31.12.2020
Current tax	23 521	-110
Deferred tax	13 467	63 266
	63 156	**27 012**

The Group used tax losses in the amount of CZK 26 262 ths (2021: CZK 24 491 ths) to partly offset the current income tax.

The Increase of current tax is caused mainly by selling of project Plavecká11 and tax effects of sub-holding City Home Invest III, a.s. restructuring.

For information about unrecognized tax losses, please, see chapter 15.

13. Investment property

Fair value	Real estate investments	Tenement houses shares	Total
AT 31 DECEMBER 2020	**99 780**	**725 271**	**825 051**
Additions	0	229 324	229 324
Disposals	0	-14 561	-14 561
Increase in fair value during the year	10 150	357 235	367 385
AT 31 DECEMBER 2021	**109 930**	**1 297 269**	**1 407 199**
Additions	0	356 428	356 428
Disposals	-109 930	-270 005	-379 935
Increase in fair value during the year	0	149 439	149 439
AT 31 DECEMBER 2022	**0**	**1 533 131**	**1 533 131**

The fair value of the Group's investment property at 31 December 2022 and at 31 December 2021 has been arrived at on the basis of a valuation carried out at that date by Deloitte Advisory, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Key assumptions and market indicators in the real estate assets valuation as of 31 December 2022 are as follows:

The fair value of the Group's investment property at 31 December 2022 and at 31 December 2021 has been arrived at on the basis of a valuation carried out at that date by Deloitte Advisory, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Key assumptions and market indicators in the real estate assets valuation as of 31 December 2022 are as follows:

The current average asking price in Prague as of 9-10/2022 is 155 800 CZK per sqm. The prices are highest in Prague 1 followed by Prague 2 and Prague 3. On the other hand, the lowest asking price during the September and October 2022 was in Prague 9 in the amount of 136 200 CZK per sqm.

The Prague's rental market was significantly affected by the pandemic in 2020 and 2021 and gradually decreased from 332 CZK per sqm to 278 CZK per sqm. The main reasons for the significant decrease were the increase of apartment offers in the city centre, which were previously offered for short-term rent and the outflow of students.

The rental market bounced back during the summer of 2021 and the rents started to grow again. The average rent reached 297 CZK per sqm at the end of 2021. The further significant growth was during the year 2022 when the rent reached 367 CZK per sqm in September.

Current prime yields are approximately 4,50 % for offices, 4,50 % for high streets, 4,25 % for industrial, 5,50 % for shopping centres and 5,75 % for retail parks.
The prime rent for office segments currently stands at 26,50 EUR per sqm and the vacancy slightly increased to 8,1 %.

Capitalisation rate used in valuation of Tenement houses is 4,0 – 6,0 % and Location and liquidity discounts used in valuation of Tenement houses is 5 – 12 %.

Market comparisons were performed using Transaction Price Map, database covering transaction prices of residential real estate transactions in Prague.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value measurement for all the investment properties has been categorized as a Level 3 fair value.

Category	Subcategory	Valuation technique	Valuation description
TENEMENT HOUSES	Commercial units	Income appro-ach	The commercial units is calculated based on the income approach, specifically direct capi-talization method, which was based on com--parable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into per-petuity.
	Attic	Residual valua-tion with market approach	Residual calculation works back-wards by en-visaging a completed development and ascri-bing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the mar-ket approach using the market transaction price model ad-justed for unit-specific cha-racteris-tics using the hedonic price model.
SHARES IN TENEMENT HOUSES	Residential units	Market approach	For the valuation of residential units, we have used the market ap-proach using the market transaction price model adjusted for unit-spe-cific characteristics using the hedonic price model.
	Parking spaces	Market approach	Parking spaces was valued based on the com-parable evidence of offer listings.
	Commercial units	Income appro-ach	The commercial units is calculated based on the income approach, specifically direct capi-talization method, which was based on com--parable evidence of leasing listings we have assess the Net Operating Income (NOI) from the Estimated Market Rental Value (EMRV) of the unit, which we have capitalized into per-petuity.
	Attic	Residual valua-tion with market approach	Residual calculation works back-wards by en-visaging a completed development and ascri-bing a capital value to it, which is referred to as the gross development value (GDV). The GDV value was calculated based on the mar-ket approach using the market transaction price model ad-justed for unit-specific cha-racteris-tics using the hedonic price model.

The Group has pledged some of its investment property to secure general banking facilities granted to the Group.

14. Investments in Associates

Details of material associates

The advanced payment for the purchase of the remaining share at project Polská 7 is reported. The acqu-isition was made by a company purchase carried out in March 2023, provided that acquired company would be included in the Group.

The Group does not have any other material associates at the end of the reporting period.

15. Deferred tax

The following are the major deferred tax liabilities recognized by the Group and movements thereon du-ring the current and prior reporting period.

	Revaluation of building thousands CZK	Tax losses thousands CZK	Total thousands CZK
AT 31 DECEMBER 2020	**-66 184**	**0**	**-66 184**
Charge to profit or loss	-67 067	3 800	-63 267
AT 31 DECEMBER 2021	**-133 251**	**3 800**	**-129 451**
Charge/(credit) to profit or loss	-14 387	1 419	-13 466
AT 31 DECEMBER 2022	**-147 638**	**5 219**	**-142 917**

At the reporting date, the Group has unused tax losses of CZK 31 508 ths. (2021: CZK 33 397 ths.) avai-lable for offset against future profits. No deferred tax asset has been recognized as it is not considered probable that there will be future taxable profits available. Included in unrecognized tax losses are losses of CZK 6 374 ths. (2021: CZK 13 397 ths.).

The unused tax losses will expire in year:

IN YEAR	2023	2024	2025	2026	2027	TOTAL
unused tax losses	0	0	0	0	6 374	6 374

16. Trade and other receivables

	31.12.2022	31.12.2021
Trade receivables	9 551	9 861
Loss allowance	-2 392	-2 338
	7 159	7 523
Loans	148 623	122 153
Prepayments	1 717	367
Accrued income	1 308	6 348
Other receivables	0	3 288
	158 807	**139 679**

Trade receivables

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience. The following table details the risk profile of trade receivables based on the Group's provision matrix.

Trade receivables – days past due

in thousands of CZK								
31/12/2022	**NOT PAST DUE**	**<30**	**31-60**	**61-90**	**91-180**	**181-360**	**>360**	**TOTAL**
Expected credit loss rate	0%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	7 159	0	0	0	0	0	2 392	9 551
Lifetime ECL	0	0	0	0	0	0	-2 392	-2 392
Net carrying amount	0	0	0	0	0	0	0	7 159

Trade receivables – days past due

in thousands of CZK								
31/12/2021	**NOT PAST DUE**	**<30**	**31-60**	**61-90**	**91-180**	**181-360**	**>360**	**TOTAL**
Expected credit loss rate	0,5%	2%	5%	10%	25%	50%	100%	
Gross carrying amount	4 546	0	0	0	3 983	0	1 332	9 861
Lifetime ECL	-10	0	0	0	-996	0	-1 332	-2 338
Net carrying amount	4 536	0	0	0	2 987	0	0	7 523

17. Cash and cash equivalents

	31.12.2022	31.12.2021
Cash on hand	3	17
Bank balances	36 645	7 359
	36 648	**7 376**

18. Equity

During 2021, the Company´s registered capital was increased from CZK 200,000 to CZK 2,000,000; the aggregated amount of share premium decreased from CZK 99,800,000 to CZK 98,000,000. There are no changes of registered capital during 2022.

Foreign exchange translation reserve

Functional currency of the Group is CZK and all subsidiaries prepare their accounts in CZK, no foreign exchange translation reserve is identified.

Dividends

No dividends were paid during 2022.
Decision about dividend for year 2022 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

19. Borrowings

	31.12.2022	31.12.2021
Bank loans	125 630	137 594
Issued bonds	618 617	614 390
TOTAL BORROWINGS	**744 247**	**751 984**
NON-CURRENT	**534 247**	**677 390**
CURRENT	**210 000**	**74 594**

The Group´s borrowings are denominated in CZK.

Issued bonds as of 31.12.2022:

Debtor	Creditor	Due date	Coupon p.a.	Total nominal value of bonds as of 31.12.2022 in thousands of CZK
City Home Invest III, s.r.o.	Owners of bonds	15.10.2023	5,00 %	210 000
City Home Invest III, s.r.o.	Owners of bonds	15.06.2025	6,00 %	210 000
City Home Invest III, s.r.o.	Owners of bonds	09.11.2025	5,25 %	210 000

Bank loans with fixed interest rate as of 31.12.2022.

Debtor	Creditor	Due date	Loan purpose	Interest rate	Loan principal in thousands of CZK
City Home Project VIII, s.r.o.	TRINITY BANK a.s.	30.09.2024	refinancing of the project's equity	8,19 % p.a.	81 180
City Home Project XI, s.r.o.	Raiffeisenbank a.s	31.10.2024	refinancing of the project's equity	8,00 % p.a.	21 000
City Home Project IX, s.r.o.	Raiffeisenbank a.s	31.12.2024	refinancing of the pro-ject's equity	5,75 % p.a.	23 450

Security

The Group had three bank loans at the end of 2022 (2021: two bank loans). Bank generally applies the following methods for securing it´s receivables from bank loans: pledge over immovable property, pledge over claim from deposit, pledge over receivables, pledge over business share, third party guarantee, bill of exchange, aval, subordination of debt (subordination of other liabilities after liabilities to the bank) subordination agreement, agreement to recognize the debt in the form of notarial protocol with consent to enforce.

There were three unpaid bond emissions as at the end of 2022. Bonds are secured through the security agent by pledges over business shares of the Company and selected ideal shares in properties.

Pledges

The Company´s bond issuances are secured by the lien on the business share of the company, liens on immovable property and the position of bondholders is strengthened by the existence of a hedging agent in total amount of up to CZK 1,200,000 ths.

The Group has pledged its assets (investment property, shares in subsidiaries, work-in-progress, inventories, receivables, cash balances) in favour of the banks as bank loan pledges to cover the principal debt, interest and other potential related claims in the amount of up to CZK 253,700 ths.

The weighted average interest rates paid during the year were as follows:

	31.12.2022	31.12.2021
	%	%
Issued bonds	5,42	5,42

20. Contract liabilities

Contract liabilities relate to residential construction contracts. They arise from milestone payments from customers during the construction process.

AT 31 DECEMBER 2020	**120**
Additions	3 188
Disposals	-120
AT 31 DECEMBER 2021	**3 188**
Additions	447
Disposals	-3 043
AT 31 DECEMBER 2022	**592**

21. Trade and other payables

	31.12.2022	31.12.2021
Trade payables	19 399	9 281
Other payables	5 371	5 613
Accruals	2 573	1 086
	27 343	**15 980**

The directors consider that the carrying amount of trade payables approximates to their fair value.

22. Financial risk management

(a) Financial risk management objectives

The Group's management co-ordinates access to financing, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks.

(b) Market risk

The Group's activities expose it primarily to the financial risks of changes in prices of residential properties in Prague.

(b)(i) Price of residential properties

Demand for housing and investment property continues. It can be assumed that prices will certainly not fall. On the contrary, further, albeit less dynamic growth can be predicted. The Group is active mainly in Prague and the Central Bohemian Region, where is a very strong real estate market. The real estate analysis predicts that apartment prices in Prague will rise in the long run. The group is exposed to the risk of a sudden fall in real estate prices.

(b)(ii) Interest rate risk management

The Group is exposed to limited interest rate risk because entities in the Group borrow funds predominantly at fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

All the Group bonds have a fixed interest rate.

(c) Credit risk management

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and customers, obtaining sufficient collateral or advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management and operative management of cash flow and short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

	Weighted average effective interest rate	Until 3 months	3-12 months	Be-tween 1-5 years	Over 5 years	Total
	%	CZK ths.	CZK ths.	CZK ths.	CZK ths.	CZK ths.
31 DECEMBER 2022						
Issued bonds	5,24	0	210 000	408 617	0	618 617
Bank loans		0	0	125 630	0	125 630
Contract liabilities		0	592	0	0	592
31 DECEMBER 2021	**%**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**	**CZK ths.**
Issued bonds	5,24	0	0	5,24	0	614 390
Contract liabilities		0	3 188		0	3 188

(e) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings disclosed in note 19 after deducting cash and bank balances) and equity of the Group (comprising issued capital and reserves).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the year-end is as follows:

	31.12.2022	31.12.2021
Debt	744 247	751 984
Cash and cash equivalents	-36 648	-7 376
NET DEBT	**707 599**	**744 608**
EQUITY	**795 269**	**647 995**
Net debt to equity ratio	89 %	115 %

Debt is defined as long- and short-term borrowings as detailed in note 19.
Equity includes all capital and reserves of the Group that are managed as capital.

23. Contingencies and commitments

As at 31.12.2022, the Group is not aware of any contingent liability or commitment.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

	Sales to related parties		Purchases from related parties		Amounts owed by related parties*		Amounts owed to related parties*	
Associates:	31.12.2022 CZK ths.	31.12.2021 CZK ths.	31.12.2022 CZK ths.	31.12.2021 CZK ths.	31.12.2022 CZK ths.	31.12.2021 CZK ths.	31.12.2022 CZK ths.	31.12.2021 CZK ths.
City Home s.r.o.	12 120	9 933	0	0	148 623	122 153	0	0
SATPO Group B.V.	0	184	0	0	0	0	0	0
SATPO management, s.r.o.	0	0	54 087	34 833	0	0	14 352	7 369
Endowment Fund SATPO	0	0	3 400	0	0	0	0	0

* The amounts are classified as other receivables and trade payables.

25. Audit fees

Fees paid to the Group's auditor for 2022 are:

TPA Audit s.r.o. CZK 180 000

Audit fees of financial statements include the fees for professional services rendered TPA Audit s.r.o. and relate to the audit of the Company's statutory and Consolidated financial statements

26. COVID-19 and Russia's invasion of Ukraine

Despite the uncertainties regarding the COVID-19 pandemic and Russia's invasion of Ukraine, based on an assessment of all currently available information, the Company believes that the going concern assumption is not compromised and therefore the use of this assumption for the preparation of the financial statements is appropriate and there is currently no significant uncertainty regarding this assumption.

27. Subsequent events after the reporting period

In subsequent period, the purchase of the remaining share at project Polská 7 was realized and successfully settled into units in March 2023. This acquisition strengthened investment property portfolio.

In the subsequent period, in the ordinary course of business, three new bank loans were drawn.

No other events have occurred subsequent to the balance sheet date that would have a material impact on the financial statements of the Group as of 31 December 2022, which shall be disclosed in the notes to the financial statements or adjusted.

SIGNING OF THE FINANCIAL STATEMENTS

Prague, May 10, 2023

Management Board:

Jiří Pokorný
Board Member

Jiří Polanský
Board Member

Dana Knížková
Board Member

CORPORATE INFORMATION

MANAGEMENT BOARD
Jiří Pokorný, Chairman of the Board
Jiří Polanský, Board Member
Dana Knížková, Board Member

SUPERVISORY BOARD
Karel Němeček, Chairman of the Supervisory Board
Vladimír Jaroš, Member of the Supervisory Board
Tomáš Kolář, Member of the Supervisory Board

TRADE NAME
City Home Invest III, a.s.

ID REGISTRATION
045 48 817 | Registered in the commercial register maintained by the Municipal Court in Prague under no. stamp B 27415

REGISTERED OFFICE
Holečkova 3331/35, 150 00 Praha 5 – Smíchov, the Czech Republic
T: +420 296 336 900 | E: info@city-home.cz | www.city-home.cz

Independent Auditor's Report

City Home Invest III, a.s.

Accounting period
from 1.1.2022 to 31.12.2022

Identification of the Company

Company:	**City Home Invest III, a.s.**
Identification No.:	04548817
Registered Office:	Holečkova 3331/35, 150 00 Praha 5 Smíchov
Legal Form:	Joint Stock Company
File Number:	C 249549, Trade Register Court Prague

TPA Audit s.r.o.
140 00 Praha 4, Antala Staška 2027/79
Tel.: +420 222 826 311, E-mail: audit@tpa-group.cz, www.tpa-group.cz
Pobočky: 746 01 Opava, Veleslavínova 240/8, Tel.: +420 553 622 565
IČO: 60203480, Městský soud v Praze, spisová zn. C.25463
Číslo oprávnění 80 Komory auditorů ČR

The auditor's report is for shareholders of the company

Auditor's Opinion

We have audited the accompanying consolidated financial statements of the company City Home Invest III, a.s. and its subsidiaries (the Group) prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, which comprise of the consolidated statement of financial position as at 31.12.2022, consolidated statement of profit or loss, consolidated statement of changes in equity, consolidated statement of cash-flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the company City Home Invest III, a.s. see Note 1 to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31.12.2022, and of its consolidated financial performance and cash-flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

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 clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Management Board´s Report other than the consolidated financial statements and auditor's report thereon. The Directors of the company are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements is, in all material respects, consistent with consolidated 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 Group 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.

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Responsibility of the Board of Directors and Supervisory Board for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Responsibility for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of consolidated 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 Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Directors.

• Conclude on the appropriateness of the Management´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 Group'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 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 Group to cease to continue as a going concern.

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

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Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Statutory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague, on 11.5.2023

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Auditor:
Ing. Radek Stein
Certificate No. 2193 KAČR

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TPA Audit s.r.o.
Antala Staška 2027/79, Praha 4
Certificate No. 080 KAČR


21.88
18.96
15.15
11.36
7.55
3.77
0.00
0.10
-2.47
2850
3350
3500
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