

Annual Report 2018

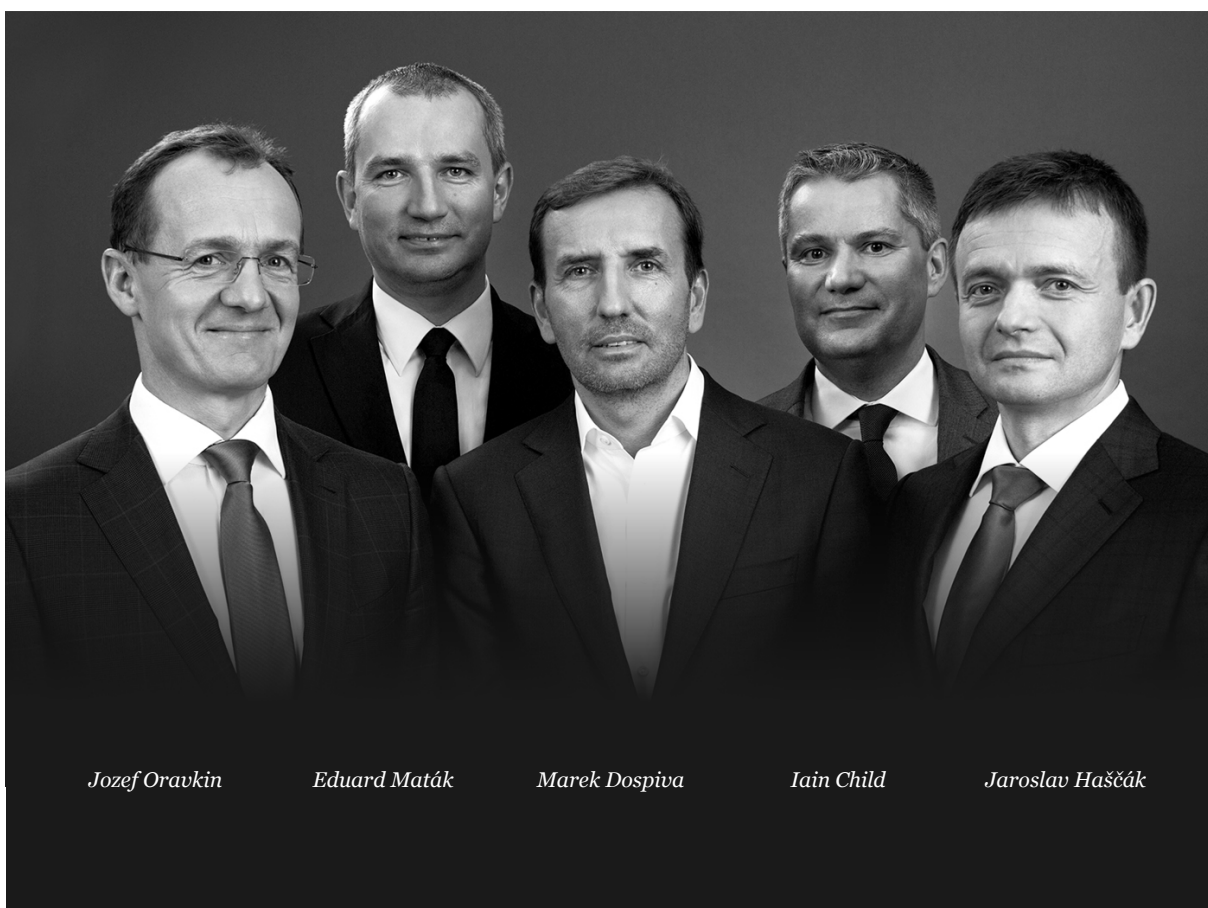
Penta Investments Limited

PENTA

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Partners



Jozef Oravkin

Eduard Maták

Marek Dospiva

Iain Child

Jaroslav Haščák

Corporate data

CORPORATE DATA OF PENTA INVESTMENTS LIMITED

COMPANY NAME:

PENTA INVESTMENTS LIMITED

REGISTRATION NUMBER:

109645

LEGAL FORM:

Private Company

SHARE CAPITAL AS AT 31 DECEMBER 2018:

EUR 2,000,000

**NUMBER AND CLASS OF SHARES IN ISSUE AS AT
31 DECEMBER 2018:**

1,000,000 Ordinary Shares

1,000,000 Redeemable Shares

NOMINAL VALUE PER SHARE:

EUR 1 per Ordinary Share

EUR 1 per Redeemable Share

PRINCIPAL ACTIVITIES:

Holding and Trade of Investments in Shares and other Securities.

REGISTERED OFFICE:

3rd Floor, Osprey House

5 / 7 Old Street

St Helier

JE2 3RG, Jersey

Channel Islands

DATE OF INCORPORATION:

13 December 2011

AUDITOR:

Deloitte LLP, Jersey, Channel Islands

BOARD OF DIRECTORS:

Radoslav Zuberec

Frederick John Deacon

Sophie Small (resigned 23 November 2018)

Director's Statement

Dear Shareholders,

The year to 31 December 2018 has again been a busy period for Penta and our team made significant progress in relation to maximising shareholder value to its full potential.

I am pleased to report EUR 288 million profit, one of the highest in our 25 year history.

The Company produced a return on equity of 16.8%, so that the total equity value as at 31 December 2018 was EUR 1.993 billion.

Our strategy is to invest for the long term and build the best businesses in our selected industry sectors, with strong management teams who can implement our strategy. We are proud of the progress we have made in building some of the best businesses in the Central and Eastern Europe (CEE) region. Our efforts were also helped by positive and stable macro-economic situations in the countries in which we operate.

Fortuna, Dr. Max and both our banks Privatbanka and Prima banka delivered excellent results. Penta's real estate development platform again contributed strongly to success in 2018.

Our CEE gaming business, Fortuna, achieved a very strong performance, well over our original estimates. Fortuna fully integrated Hatrick Sports Group and bought out all minority shareholders. Dr. Max pharmacy chain became the fourth largest in Europe through acquisitions of A&D Pharma, the largest wholesale and second largest pharmacy retail business in Romania. Dr. Max has further expanded into the Serbian market. We also made in-roads into the attractive Italian market by creating a management structure in the country and an initial acquisition of 12 pharmacies. Privatbanka and Prima banka both had a solid year with growth in assets under management above the market average.

Penta Hospitals International, comprising of Nemos Group (Czech Republic), Svet Zdravia (Slovakia) and EMC (Poland) made acquisitions to strengthen the position in their given markets. The Group started the construction of the Next Generation Hospital in Bratislava with opening expected in 2023. The meat production business, Carnibona, has been reorganised following the closure of the Pilsen factory as the company prepares for exit. The Czech market will be served from Slovakian Mecom facilities. Empik started construction of its new warehouse and distribution centre. AB Facility was fully exited with an MBO of the Polish operations. It was Aero Vodochody which turned out to be a negative surprise for us. Despite the positive event of the L-39NG roll out and the maiden flight towards the end of 2018, progress of finalisation and certification has slowed. Generally, the Aero situation did not develop according to plan.

The real estate investment portfolio witnessed another successful year and strongly contributed to Penta's overall year end results. The real estate investment portfolio profit reached EUR 78 million achieving 20% p.a. return. The real estate investments that contributed most to the 2018 performance were Masaryk Station, Waltrovka Offices, Churchill Square, Waltrovka Residential, Sky Park Residential and Penta's first Warsaw office development, D48.

In 2018 we had invested in 30 real estate projects, combining offices, retail and residential in the Czech Republic, Poland and Slovakia. The real estate team successfully finalised the tender for sale of Waltovka Offices, an office project in Prague, which was completed in early 2019.

We are proud to employ more than 44,000 staff across our portfolio companies, and this number continues to grow, both in existing regions and as we expand into new geographies. Social responsibility plays a large part in all of our business activities and we are committed to

improving and enhancing the communities in which we work. We do this in a number of ways, including through the robust corporate social responsibility programme we operate which focuses primarily on education and healthcare.

As always, I would like to thank my colleagues across Europe for their efforts and commitments throughout the year which led to 2018 being one of the most successful in our 25 years of operations. Also, my thanks goes to our stakeholders and business partners.



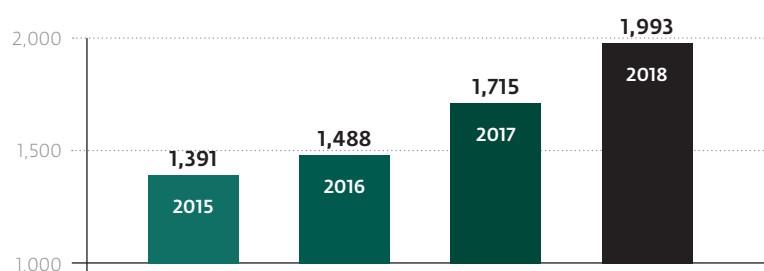
Radoslav Zuberec
Director



Financial Highlights

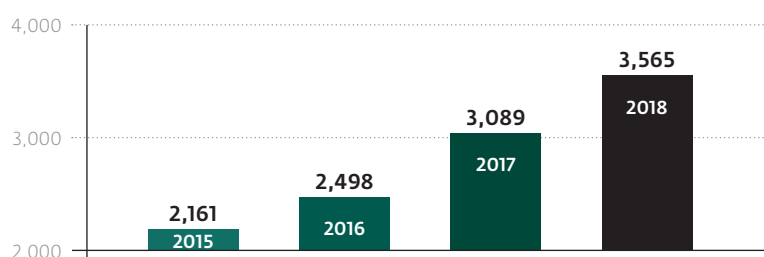
Equity Attributable to Shareholders

1,993
(in EUR million)



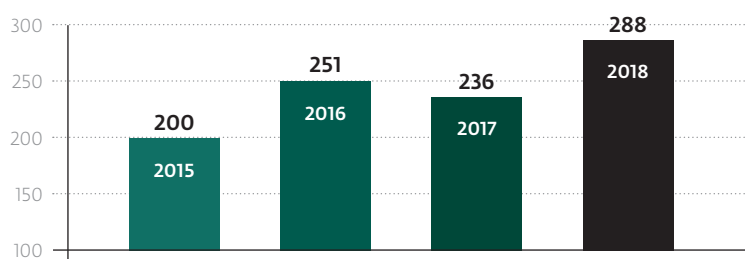
Total Assets

3,565
(in EUR million)



Consolidated Profit Attributable to Shareholders

288
(in EUR million)



2018 Penta Buyout's Activity



ACQUISITIONS

Dr. Max

Pharmaceutical company in CEE

- Dr. Max acquired A&D Pharma Group, the largest wholesale and the second largest retail pharmacy chain in Romania with 600 pharmacies.
- Dr. Max purchased and opened more than 100 pharmacies in Italy, Czech Republic, Slovakia and Serbia.

News and Media Holding

Media company in Slovakia

- Penta bought out the majority shareholder of News and Media Holding, now 100% owned by Penta.

Penta Hospitals International – Nemos Group

Owner of hospitals in Czech Republic

- Nemos Group acquired a chain of five Alzheimer facilities and a psychiatric hospital in Písek.

Iglotex

Frozen food distribution company in Poland

- Iglotex bought out minority shareholder with 2.4% share using internally generated resources thus Penta's share increased to 50%.



Fortuna

Gaming company in CEE

- Fortuna minority shareholders were fully bought, now 100% owned by Penta.
- Fortuna signed SPA to purchase 45% of RTSMunity.



Vltava Labe Media

Media company in Czech Republic

- Vltava Labe Media bought out a minority share of Česká distribuční, a Czech Distributor, now 100% owned by Penta.

DISPOSALS

AB Facility

A utility service company in CEE

- AB Facility's Polish subsidiary, Clar System, has been fully exited by an MBO. With this, AB Facility's project has been finalised.

2018 Penta Real Estate's Activity



ACQUISITIONS

Penta acquired the following land development plots:

Maison Ořechovka

Prestigious residential development project in Czech Republic, Prague 6, Ořechovka

- Acquisition of a plot to build a planned 128 luxurious residences in eight low-rise buildings in Prague's prestigious Ořechovka district.

Hotel Hybernská

Hotel development project in Czech Republic, Prague 1, Nové Město

- Acquisition of the plot of land for 12,000 m² of hotel development in the historic Prague city centre located near Masaryk train station.

Stroupežnického

Office development project in Czech Republic, Prague 5, Anděl

- Acquisition of the first section of land for 11,000 m² of intended office development secured in second half of 2018.



Victoria Palace

Residential development project in Czech Republic, Prague 6, Dejvice

- Acquisition of the plot of land for residential development project for 98 high-end apartments in Vítězné náměstí near Prague's city center. The completion is planned for year 2022.



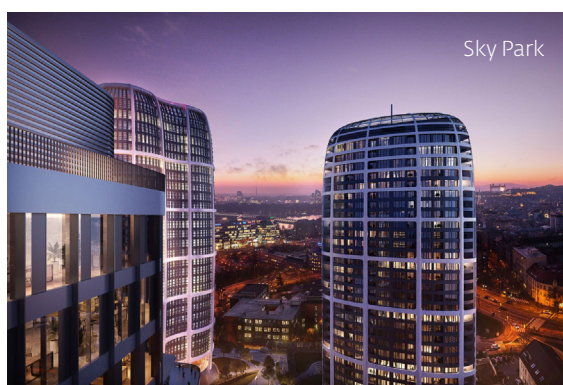
Churchill Square

Office development in Czech Republic, Prague 2, Vinohrady

- Land for buildings D & E for the Churchill project was acquired, and subsequently permitted. Delivery of the two phases is planned between 2019 and 2020.

RESIDENTIAL SALES

508 units sold, primarily in:



Sky Park Residences

Flagship residential development project in Slovakia, Bratislava I, Old Town

Bory Home II

Residential development project in Slovakia, Bratislava V, Lamač (part of Bory Zone)



Nová Terasa III

Final phase of residential development project in Slovakia, Košice II, West

Waltrovka II & III

Residential development project in Czech Republic, Prague 5, Jinonice

LEASING

45,000 m² of Class A office space was leased in the following projects:

Churchill Square I & II

Office development in Czech Republic, Prague 2, Vinohrady

Anchor tenants include Deloitte CZ and Fortuna.

Waltrovka Offices –

Mechanica & Dynamica

Office development in Czech Republic, Prague 5, Jinonice

Both buildings are part of the greater Waltrovka Offices development, which offers 75,000m² of office space and a has range of blue chip tenants.



Rosum

Office development in Slovakia, Bratislava II, Ružinov

23,000 m² of office and retail space with tenants including News and Media Holding, Takeda, and Covestro.

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF PENTA INVESTMENTS LIMITED

We have examined the summary financial statements for the year ended 31 December 2018 which comprise the Summary Consolidated Statement of Comprehensive Income and Summary Consolidated Statement of Financial Position.

This report is made solely to the company's members, as a body, in accordance with the terms of our addendum to the letter of engagement with the company dated 12 May 2020 and the letter of engagement dated 27 February 2019. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the summary financial statements and the supplementary material in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the full annual financial statements.

We also read the other information contained in the summary financial statements as described in the contents section, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

Our report on the group's full annual financial statements describes the basis of our opinion on those financial statements and the Directors' Report.

Opinion

In our opinion, the summary financial statements are consistent with the full annual financial statements and the Directors' Report of Penta Investments Limited for the year ended 31 December 2018.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements, 22 March 2019 and the date of this statement.



Deloitte LLP

St Helier, Jersey
13 May 2020

Summary Financial Results

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(EUR '000)	31. 12. 2018	31. 12. 2017
Realised gain on sale of financial investments	9,326	5,742
Other net changes in fair value of financial assets through profit or loss	451,800	355,025
Unrealised (loss)/ gain on other investments at fair value through profit or loss	-858	626
Total net income	460,268	361,393
Management fee	-24,415	-26,411
Legal and professional fee	-1,420	-1,598
Impairment on financial assets, net	-156	33,273
Carried interest charge	-83,097	-72,279
Change in fair value of Financial liabilities at FVTPL	-14,087	-8,937
Other operating expenses	-3,773	-3,497
Total operating expenses	-126,948	-79,449
Operating gain	333,320	281,944
Interest expense, net	-40,950	-30,844
Other finance expense, net	-3,835	-14,082
Finance loss, net	-44,785	-44,926
Profit before tax	288,535	237,018
Income tax	-926	-842
Profit after tax	287,609	236,176
Other comprehensive income		
Exchange difference on translating foreign operations	-1	-7
Total comprehensive income	287,608	236,169

The information on pages 14 to 18 was derived from the unmodified audited annual consolidated financial statements of Penta Investments Limited, which were approved by the Board of Directors on 22 March 2019 and signed on its behalf by Mr Radoslav Zuberec. These summary financial statements do not contain sufficient information to allow a full understanding of the results and state of affairs of the group as would be provided by the full annual financial statements.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(EUR'000)	31. 12. 2018	31. 12. 2017
ASSETS		
Non-current Assets		
Financial assets at fair value through profit or loss	3,189,268	2,932,512
Loans and advances	32,717	28,936
Other assets	743	1,172
	3,222,728	2,962,620
Current Assets		
Financial assets at fair value through profit or loss	190,160	4,810
Loans and advances	24,257	11,436
Other financial assets	10	40,795
Trade and other receivables	4,660	467
Cash and cash equivalents	123,058	68,930
	342,145	126,438
TOTAL ASSETS	3,564,873	3,089,058
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	2,000	2,000
Share premium	783,153	793,343
Retained earnings and other reserves	1,207,739	920,131
Total equity	1,992,892	1,715,474
Non-current liabilities		
Financial liabilities at fair value through profit or loss	155,031	144,351
Borrowings	619,629	444,313
Other liabilities	1,343	1,225
	776,003	589,889
Current liabilities		
Carried interest	83,930	72,279
Financial liabilities at fair value through profit or loss	71,096	34,596
Borrowings	639,073	671,452
Other liabilities	610	588
Trade and other creditors	1,269	4,780
	795,978	783,695
Total liabilities	1,571,981	1,373,584
TOTAL EQUITY AND LIABILITIES	3,564,873	3,089,058

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GENERAL INFORMATION

The consolidated financial statements of Penta Investments Limited (the "Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 were authorised for issue by the Company's Board of Directors' on 22 March 2019. The Company was incorporated in Jersey on 13 December 2011 as a private limited liability

company in accordance with the provisions of Companies (Jersey) Law 1991.

The Group is ultimately controlled by Penta Investments Group Limited which holds 100% (2017: 100%) of the shares of the Company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

Investment entity and consolidation

A) Investment Entity

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- the Company has obtained funds for the purpose of providing investors with professional investment management services;
- the Company's business purpose, which was communicated directly to the investors, is investing for capital appreciation and investment income; and
- the investments are measured and evaluated on a fair value basis.

B) Subsidiary

The Company has subsidiaries that provide investment-related services or activities to other parties and in line with the standard it shall consolidate those subsidiaries in accordance with IFRS 10.

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SUMMARY FINANCIAL RESULTS

The following subsidiaries of the Company are consolidated:

ENTITY	COUNTRY OF INCORPORATION	NATURE OF BUSINESS	PERCENTAGE OWNERSHIP	
			2018 %	2017 %
Penta Investments Limited	Cyprus	Funding vehicle	99.999%	99.999%
Penta Investments Cyprus Limited	Cyprus	Management Company	100%	100%
Penta Funding, a. s.	Slovak Republic	Funding vehicle	100%	100%
Penta Funding CR, a.s.	Czech Republic	Funding vehicle	100%	100%
Penta Funding Public, s.r.o.	Slovak Republic	Funding vehicle	100%	100%
Penta Funding Public II, s.r.o.	Slovak Republic	Funding vehicle	100%	100%
Jacksville s. r. o.	Slovak Republic	Funding vehicle	100%	100%
Penta Funding SOGE s.r.o.	Czech Republic	Funding vehicle	100%	100%
Penta Investments B.V.	Netherlands	Management Company	100%	100%

The non-controlling interest of Penta Investment Limited, Cyprus are held by a related party and is considered immaterial to the Company and therefore is not disclosed in the financial statements.

The Company also holds subsidiaries that are determined to be unconsolidated subsidiaries. Unconsolidated subsidiaries are measured at fair value through profit or loss.

The following indirect subsidiaries of the Company are measured at fair value through profit and loss and are material to the Group:

ENTITY	COUNTRY OF INCORPORATION	GROUP PERCENTAGE OWNERSHIP	
		2018	2017
Prima banka Slovensko, a.s	Slovak Republic	99.313%	99.308%
Privatbanka, a. s	Slovak Republic	100%	100%

The direct subsidiaries of the Company are measured at fair value through profit and loss and we are showing the Company percentage holding and the Group's percentage holding.

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SUMMARY FINANCIAL RESULTS

ENTITY	COUNTRY OF INCORPORATION	COMPANY PERCENTAGE OWNERSHIP		GROUP PERCENTAGE OWNERSHIP	
		2018 %	2017 %	2018 %	2017 %
AB Facility Holdings Limited	Cyprus	100%	100%	100%	100%
Bookzz Holdings Limited	Cyprus	100%	100%	100%	100%
Carnibona Holdings Limited	Cyprus	100%	100%	100%	100%
CRNAP Limited	Cyprus	100%	100%	100%	100%
Dovera Holdings Limited	Cyprus	100%	100%	100%	100%
ESEMGE Limited	Cyprus	100%	100%	100%	100%
Fortbet Holdings Limited	Cyprus	99.091%	99.091%	100%	100%
Gehring Holdings Limited	Cyprus	100%	100%	100%	100%
Gimborn Holdings Limited	Cyprus	99.900%	99.900%	99.900%	99.900%
Glebi Holdings Plc	Cyprus	99.979%	99.979%	99.997%	99.997%
Iglo Holdings Limited	Cyprus	100%	100%	100%	100%
Kure Limited	Cyprus	85.714%	99.778%	100%	100%
Lorea Investments Limited	Cyprus	99.999%	99.999%	99.999%	99.999%
Paroplyn Holdings Limited	Cyprus	100%	100%	100%	100%
PLNAP Holdings Limited	Cyprus	99.901%	99.901%	99.901%	99.901%
Penta Real Estate Holding Limited (formerly Venetsalo Holdings Limited)	Cyprus	99.972%	99.972%	100%	100%
SKNAP Holdings Limited	Cyprus	99.169%	99.169%	99.169%	99.169%
Tvali Investments Limited	Cyprus	99%	99%	99%	99%
Vodochody Holdings Limited	Cyprus	99.725%	100%	100%	100%
VSZ Kgokor Limited	Cyprus	–	100%	–	100%
Wilsonova Development Holdings Limited	Cyprus	100%	100%	100%	100%
ZSNP Holdings Limited	Cyprus	100%	100%	100%	100%

The Company does not hold any material non-controlling interests (2017: None).

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Contacts

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