

Prospectus of the

ČS nemovitostní fond, open-ended mutual fund of REICO investiční společnost

Česká spořitelna, a.s.

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Definition of terms

The terms below have the following meaning in this Prospectus:

Distributor

means Česká spořitelna, a. s., Olbrachtova 1929/62, postcode 140 00, Prague 4, company ID: 45244782, registered in the Commercial Register of the Municipal Court in Prague, Section B, Insert 1171, which distributes unit certificates and other services for the fund.

AKAT CR

means the Czech Capital Market Association associating major managers - investment companies and asset management companies operating in the Czech Republic.

Current value of the unit certificate

relevant classes of unit certificates means the value of the fund capital of the class in the mutual fund pertaining to one unit certificate of this class of unit certificates.

CNB

means the Czech National Bank which supervises the observance of the Act On Investment Companies, conditions set in the decision issued according to the Act on Investment Companies, the Prospectus of the fund, depository agreements, etc.

Member State

means a European Union Member State, or other contractual state of the Agreement on the European Economic Area

Forward

means a non-standard contract between two parties to buy or sell an underlying instrument for a predetermined price settled at a future date.

Investment funds

are collective investment funds and qualifying investor funds.

Fund capital

means the value of an investment fund asset reduced by the value of investment fund debts.

Real estate fund

means a special fund which according to its Prospectus invests in real estate and participates in real estate companies.

Collective investment funds

are standard funds and special funds.

Futures

means a standardised agreement between two parties to buy or sell a standardised amount of underlying instruments for a predetermined price settled on a given future date when the settlement of the contract is ensured by the clearing centre.

Investment companies

means REICO investiční společnost České spořitelny, a. s., its registered office at Antala Staška 2027/79, postcode 140 00, Prague 4, company ID: 275 67 117, registered in the Commercial Register of the Municipal Court in Prague in Section B, Insert 10850.

Assets in the mutual fund

means for the purposes of the calculation of investment limits and limits for the total exposure of the fund's assets.

Investment Regulation

means Government Regulation No. 243/2013 Coll., on the investment of investment funds and on their management techniques

AIFMD Directive

means Commission delegated Regulation (EU) No. 231/2013. Supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision.

Securities dealers

means, in relation to the Czech Republic, any entity with authorisation to provide investment services within the meaning of the Act on Capital Market Business and in relation to a different state of any entity which according to the law of such a state is authorised to provide the same services.

Option

means an agreement when the option buyer has the right to buy or sell the underlying instrument for a predetermined price with settlement on a given date in future or during a certain period in the future and also the option seller has the obligation to satisfy this right.

OTC (over-the-counter) financial derivatives

means financial derivatives not accepted for trading on the regulated or similar market.

Unit holder

means the owner of the unit certificate.

Mutual fund or fund

means the mutual fund specified in Part I of this Prospectus.

Unit certificate

The unit certificate is a security or book-entry security which represents the share of the unit holder in the mutual fund and with which the unit holder's rights are connected arising from the law or Prospectus of the mutual fund.

Selling price of the unit certificate

means the amount for which the investment company issued the unit certificate of the mutual fund and which is equal to the current price of the unit certificate announced as of the decisive date.

Underlying instrument

means assets or obligations making up a derivative.

Selling fee

means a margin to the selling price of the unit certificate within the meaning of Section 130 (2) of the Act on Investment Companies.

Loan of securities

means the transfer of securities to another entity with the simultaneous obligation of this entity to return the securities as of the agreed date.

Bond rating

means the rating of awarded to bonds, to an entity that provides a guarantee for the paying up of bonds, to an issuer or the issuer's parent company.

Repo transaction

means a repo or reverse repo.

Repo

means the provision of securities for funds with a simultaneous pledge to accept these securities as of the specified date for an amount equal to the original funds and interest (classic repo, sell-and-buy-back, provision of the loan of securities secured by funds).

Reverse repo

means the acceptance of securities for funds with a simultaneous pledge to accept these securities on a precise date for an amount equal to transferred funds and interest (classic reverse repo, buy-and-sell-back, acceptance of securities secured by funds).

Prospectus

means this Prospectus of the mutual fund ČS nemovitostní fond, open-ended mutual fund of REICO investiční společnosti České spořitelny, a. s., containing the requisites laid down by the Act on Investment Companies and the Decree on the Requisites for the Prospectus.

Swap

means an agreement between two parties on the mutual purchase and sale of underlying instruments for a predetermined price which is settled at certain times in the future.

Class (type) of unit certificates

means a group of unit certificates with which the same special rights are connected. Some of the rights connected with the unit certificate may differ between the individual classes which is regulated by the Prospectus.

Indicator of the total cost of the collective investment fund (hereinafter also "TER")

means an indicator in the percentage of the ratio of the total costs to the average monthly value of the fund capital. The total cost means the sum total of costs for fees and commission, administrative fees and other operating costs in the cost and profit or loss statement of the collective investment fund, after the deduction of fees and commission for investment instrument operations.

Decree on the regulation of certain rules of the Act on Investment Companies

means Decree No. 244/2013 Coll., on closer regulation of certain rules of the Act on Investment Companies and Investment Funds.

Decree on the Prospectus

means Decree No. 246/2013 Coll., on the Prospectus of the Collective Investment Fund.

Decree on separate records of investment instruments

means Decree No. 58/2006 Coll., on the manner of keeping separate records of investment instruments and records based on separate records of investment instruments, as amended.

Yield method

method of determining the fair value of real estate based on the sustainable yield from rent after the deduction of real estate administrative costs and considered risk of rent loss.

Act on Investment Companies or just the Act

means Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended.

Act on Capital Market Business

means Act No. 256/2004 Coll., on Capital Market Business, as amended.

Section I. Data on the collective investment fund

1. *Fund name*
ČS nemovitostní fond, open-ended fund of REICO investiční společnost České spořitelny, a.s.
2. *Fund incorporation date*
9 February 2007
3. *Data on the registration of the fund in the list of investment funds*
The fund is registered in the list of investment funds according to Section 597 (a) in connection with Section 662 (1) of the Act on Investment Companies incorporated on 9 February 2007.
4. *The period for which the fund is created or established* The fund is created for an indefinite period.
5. *Data on the type of fund*
The fund is a special fund. It is not a master or a feeder fund. It takes the form of an open-ended mutual fund.
6. *Historical data on the status matters of the fund*
There has been no change to the status matters of the collective investment fund since the establishment of the mutual fund.
7. *Data on whether an assembly of unit holders will be established* An assembly of unit holders is not being established.

Section II. Manager

8. *Data on the manager*
Company name: REICO investiční společnost České spořitelny, a.s.
Registered office: Antala Staška 2027/79, postcode 140 00, Prague 4
Identification number: 275 67 117
9. *Incorporation day*
13 June 2006
10. *Data on registration in the list of investment companies*
The manager is registered in the list of investment funds according to Section 596 (a) in connection with Section 662 (1) of the Act on Investment Companies with the specified date from 27 November 2006
11. *Amount of registered capital and data on paying up of registered capital*
The registered capital of the investment company is 25,200,000 CZK, 100% is paid up.
12. *Data on the decision to authorise the activity of the investment company*
The investment company was granted authorisation for activity based on the decision of the CNB, decision issue date 24 November 2006, ref. no. decision 41/N/101/2006/4 2006/10963/540, effective date of 27 November 2006, which simultaneously led to the approval of the managers of the investment company. The authorisation was later replaced by the authorisation of 23 March 2010, ref. no. 2010/2717/570 Sp/2010/124/571, with the effective date of 24 March 2010.
13. *Data on the consolidated unit into which the manager is included*
The investment company is part of the consolidated unit of Česká spořitelna, a. s., its registered office at Olbrachtova 1929/62, postcode 140 00, Prague 4, company ID: 45244782, registered in

the Commercial Register of the Municipal Court in Prague, Section B, Insert 1171, which is the direct controlling entity. The indirect controlling entity - entity controlling Česká spořitelna, a. s. is Erste Group Bank AG, its registered office at Graben 21, 1010 Vienna, Republic of Austria, through EGB Ceps Holding GmbH, EGB Ceps Beteiligungen GmbH respectively.

14. *List of managers of the investment company and their functions*

The managers of the investment company are Tomáš Jandík, CFA, MRICS, serving as Chairman of the Board of Directors, Miloš Novák, CSc. serving as Vice-Chairman of the Board of Directors and Dr. Darina Lišuchová serving as a member of the Board of Directors.

15. *Data on the functions that the managers perform outside the investment company if this is important in relation to the activity of the investment company or collective investment fund managed by the investment company*

The managers of the investment company perform the functions of the statutory bodies of real estate companies owned by the fund or company in the ČS financial group. This activity corresponds to their activity in the management of the property of the investment company's fund. Miloš Novák is a member of the supervisory board of CEE Property Development Portfolio 2 a.s., Czech and Slovak Property Fund B.V. and CEE Property Development Portfolio B.V., which is part of the financial group of Česká spořitelna.

16. *Data on the line of business of the investment company*

The line of business of the investment company is in accordance with the authorisation granted by the Czech National Bank:

- a) management of the investment funds or foreign investment funds
- b) administration of the investment funds or foreign investment funds.

The investment company specialises in the management of special funds, particularly special real estate funds and qualifying investor funds.

17. *List of investment funds managed by the investment company*

The investment company manages:

- ČS nemovitostní fond, open-ended mutual fund of REICO investiční společnosti České spořitelny, a. s., i.e. the mutual fund according to this Prospectus.
- REICO ČS LONG LEASE, open-ended mutual fund of REICO investiční společnosti České spořitelny, a. s.
- REICO nemovitostní fond SICAV a.s.

Section III. Administrator

The manager administers the fund.

Section IV. Delegation to another of the performance of individual activities

18. *Data on the delegation to another of the performance of individual activities which include fund management* The investment company delegates by ensuring co-operation of monitoring the statutory and Prospectus limits of Erste Asset Management GmbH, pobočka Česká republika, its registered office at Michle, Budějovická 1518/13a, postcode 140 00, Prague 4, ID No.: 04107128.

19. *Data on the delegation to another of the performance of individual activities which include administration*

The investment company delegated to Česká spořitelna, a.s., its registered office at Olbrachtova 1929/62, postcode 140 00, Prague 4, ID No.: 45244782 the performance of the following activities which are part of the fund's administration:

- *accounting*
 - *Support in Compliance*
 - *internal audit*
 - *securing co-operation in risk management, settling complaints and claims of investors related to the marketing of investments in the fund, keeping records of book-entry securities and the issue and redemption of unit certificates*
 - *valuation of its property and debts with the exception of the valuation of real estate assets*
 - *calculation of the current value of a book-entry security issued by the fund*
 - *ensuring the fulfilment of the obligations applying to taxes, fees or other pecuniary means*
 - *keeping a list of owners of book-entry securities issued by the fund*
 - *ensuring the issue and redemption of securities and book-entry securities issued by the fund*
 - *execution of promotional communications relating to the fund as part of the marketing of investments in the fund*
 - *publishing, accessing and providing data and documents to the fund's unit holders and other persons, particularly before making investments in the fund*
 - *distribution and payout of pecuniary means in connection with the dissolution of the fund*
 - *keeping records on the issue and redemption of book-entry securities issued by the fund*
 - *custody of securities and the keeping of records of book-entry securities issued by the fund*
 - *marketing of investments in this fund,*
 - *performance of the activity of the data protection officer.*
20. *The investment company delegates the securing of legal counselling for the fund (e.g. when acquiring real estate, during the transformation of real estate companies) external law firms. Likewise it ensures external tax, accounting, building consulting (particularly when acquiring real estate), by specialised companies. The external law firms and external consultants are selected in accordance with the requirements of ad hoc due diligence from the list of these persons who were selected by the investment company based on a tender. Other activities delegated by the investment company to Česká spořitelna, a.s., are administrative support in human resources management and support in IT Operations.*

The investment company, individual real estate companies respectively, entrusts the management of real estate owned by the mutual fund or owned by the real estate company, to entrepreneurs specialising in the management of this property. In economic management of real estate (particularly with dealing with lessees, ensuring the fulfilment of lease agreements by the lessees, recovering of receivables, etc.) these are property managers. In securing the regular running of real estate (particularly cleaning, minor repairs, etc.) these are facility managers. Strategic decisions, including the conclusion and termination of lease agreements (with the exception of short-term agreements of negligible scope) are managed by the investment company, through the statutory bodies of the real estate companies respectively, which are exclusively made up of the members of the Board of Directors or delegated employees of the investment company. The company's property and facility management are selected particularly with regard to the nature of the real estate, location and above all with regard to ensuring due diligence with the management of the real estate.

Section V. Depository

21. *Data on the entity of the depository*
- The depository of the investment fund (hereinafter also the "Depository") is Česká spořitelna, a. s., its registered office in Olbrachtova 1929/62, postcode 140 00, Prague 4, company ID: 45244782, registered in the Commercial Register of the Municipal Court in Prague, Section B, Insert 1171.
22. *Data on the registration in the list of depositories*
- The Depository is registered in the list of depositories according to Section 596 (e) in connection with Section 662 (1) of the Act on Investment Companies with the specified date from 30 December 1991.
23. *Description of the basic activities of the fund's Depository and his obligations to the fund, including the definition of his responsibilities*

The activity of the Depository arises particularly from the Act on Investment Companies and the manner of fulfilling the obligations of the Depository arises from the relevant provisions of the directly applicable regulation of the European Union which is implemented by the AIFMD Directive. The specification of the performance of these activities is then regulated in the depository agreement.

The Depository:

- has the custody of the substitutable investment instruments owned by the fund with their recording in the ownership account which the fund's Depository keeps for this fund in the central records of book-entry securities, in separate records of the investment instruments, in records related to them or in similar records kept according to the law of a foreign state,
 - has physically in custody the fund's property the nature of which it allows,
 - ensures records on the fund's property the nature of which it allows,
 - establishes or keeps cash accounts in the name of the investment company established in favour of the fund,
 - establishes or keeps cash accounts in its own name established in favour of the fund,
 - records all the fund's cash accounts and controls the activity of the funds in these accounts
 - controls whether in accordance with the Act on Investment Companies, directly applicable by the regulation of the European Union in the management of investment funds, the fund's Prospectus and arrangements of the depository agreement,
- a) unit certificates were issued and redeemed,
 - b) the current value of the unit certificate were calculated,
 - c) the fund's property and debts were valued,
 - d) consideration was paid out from transactions with the property of this fund in the usual time limits,
 - e) yields arising for the fund are used,
 - f) the fund's property is acquired and alienated.
- executes the instructions of the investment company in accordance with the law or Prospectus of the mutual fund,
 - controls fulfilment of the conditions of participation of the mutual fund in the real estate company.

The fund's Depository which causes loss to the manager of this fund, this fund or the fund's unit holder by breaching his obligations laid down or negotiated for its activity as the Depository, is obliged to compensate this loss. The Depository will only be relieved of its obligation to compensate if it proves that it did not cause the loss even due to negligence.

If investment instruments in the safe-keeping or custody of the fund's Depository are lost, the Depository will compensate the fund without undue delay for the incurred loss; at the same time it will not be decisive whether the Depository delegated the performance of some activity to another.

The Depository ensures the records of the fund's assets according to Section 71 (c) of the Act in relation to real estate assets, while ensuring that steps are taken that the registered assets are not ascribed, transferred, exchanged or delivered without the Depository being informed of such transactions.

24. *Description of other activities which the fund's Depository performs for the fund.*

The Depository also performs other activities for the fund described in Part IV (2) of the fund's Prospectus. The Depository ensures the separation of the performance of these other activities from the performance of the activities of the Depository in accordance with the provision of Section 65 of the Act on Investment Companies.

4. *Data on the consolidation unit into which the Depository is included*

The Depository is part of the consolidated unit of the Erste Group and is controlled by Erste Group Bank AG, its registered office at AM Belvedere 1, 1100 Vienna, Republic of Austria through EGB Ceps Holding GmbH, EGB Ceps Beteteiligungen GmbH respectively.

5. *Data on persons to whom the Depository entrusted the custody of the property of the collective investment fund* The custodian to which the Depository can delegate the custody of investment instruments belonging to the property of the mutual fund can be a bank or securities dealer which observes prudential rules, including the minimum capital requirements and is subject to the supervision of the state supervisory body in which it has its registered office, and is subject to a regular external audit which verifies that the relevant investment instruments are in its scope of authority.

The Depository currently uses the services of Clearstream Banking Luxembourg for settling and clearing foreign securities and services of Centrální depozitář cenných papírů, a. s. (Central Securities Depository) for the settling and clearing of stock exchange transactions with securities traded on the Burze cenných papírů Praha, a.s. (Prague Stock Exchange) and local custodians for markets in Poland, Slovakia, Hungary, Romania and Turkey. The co-operating entities may change over time, particularly when entering new markets.

Section VI. Investment strategy

6. *Types of assets which can be acquired for the fund*

The mutual fund particularly invests in real estate and real estate companies according to the law and as part of the limits laid down by the law.

The mutual fund particularly invests in the following types of real estate:

- administrative buildings and centres,
- multifunctional centres,
- logistic parks,
- residential projects,
- hotel complexes,
- etc.

Apart from achieving the target yield, the fund's key target is to invest in buildings with a potential for positive environmental and/or social impact and use this potential particularly in terms of the construction of a building, its operation or type of activity of the main lessee. The criterion for the assessment of the investment is, among other things, the potential for:

- mitigating climate change and adjusting to its change,
- sustainability of the use and protection of water and sea resources,
- transition to a circular economy,
- prevention and restriction of environmental pollution and
- protection and renewal of biological diversity and ecosystems.

Among these criteria are the energy consumption of a building, monitoring of internally recognised certificates for the identification of real estate, selection of property and facility managers specialising in energy saving (in the form of waste recycling, service water, decrease of electricity consumption, etc.).

The manner of financing real estate projects and particularly development activities is realised in accordance with the standards of such activities in the real estate market. The acquisition of real estate by purchase or their construction is usually financed from the mutual fund's own sources. Within the permitted limits the mutual fund can finance the purchase or construction of real estate by a loan only provided that such financing increases the economic effect of the entire transaction. The real estate is actually constructed by reputable construction companies (whether by real estate companies or other construction companies).

The real estate construction contract must be submitted to the Depository. Before the start of construction valuation of the project is required according to the expected state at the time of

completion. Then the above construction costs are valued independently by an independent expert. During construction funds are gradually released in accordance with the contract with the construction contractor based on the submitted invoice specifying the already constructed part and under the conditions of the approval of the actual state of construction by an independent site supervisor. The site supervisor will also check the invoiced items and their actual realisation.

Real estate accessories are items that belong to the investment company (the mutual fund respectively) as well as the real estate owner (main items) and are intended for it so they are used permanently with this real estate. The real estate accessories must contribute to the real estate value and must not encumber it with unnecessary costs. The standard accessories must be proportionate to the standard of the real estate. The accessories are in particular the furniture, technical facilities (air-conditioning, network lines), interior equipment, etc.

The real estate company is the joint stock company or limited liability company or similar legal entity according to foreign law, the line of business or activity is mainly the acquisition of real estate including their accessories, operation of real estate, paid transfer of the title to the real estate for the purpose of achieving profit. Development companies are reasonably considered to be real estate companies.

The mutual fund also invests in liquid assets:

- receivables for the payout of funds from an account in Czech or foreign currency according to Section 15 of the Investment Regulation with a maturity of no more than 1 year,
- Securities issued by a collective investment fund or comparable foreign investment fund if its manager has the authorisation of a state supervisory body in which it has a registered office and is subject to the supervision of this body and these securities are redeemed in the time limit of less than 1 year. However a security cannot be acquired that is issued by a real estate fund or comparable foreign investment fund,
- State treasury bills, Czech National Bank bills and comparable money market instruments,
- bonds and similar foreign securities which are accepted for trading on the European regulated market or in the multilateral trading system of an operator with a registered office in a member state or on a market of a similar regulated market with a registered office in the state which is not a member state or trades with them on a similar regulated market with a registered office in a state which is not a member state, if these markets are kept in a list of foreign markets of a similar regulated market with a registered office in a state that is not a member state kept by the Czech National Bank and have a residual maturity of no more than 3 years, the rating of these bonds must be at least at an investment level. If more than one rating is assigned according to the definition in the "Definition of Terms", then it will suffice if the state criterion meets at least one of these.

7. *Investment limits in relation to the property according to par. 1.*

The real estate value acquired as property of the fund cannot exceed 20% of the fund's asset at the time of acquisition. After its acquisition for the real estate fund's equity, it can exceed the set limit by more than 10% for no more than 3 years after the day when this limit was first exceeded.

The total real estate value which is valued by the comparative method must not exceed 25% of the value of the real estate fund's property. If the real estate fund has participation in the real estate company, the value of the real estate owned by the real estate company is also added to this limit at a ratio arising from this participation.

The total value of the land which is part of the ongoing construction and ongoing constructions that are not part of the land must not exceed 20% of the value of the real estate fund's property. The total value of the land which is intended for construction must not exceed 20% of the value of the real estate fund's property.

The maximum limit of the investments in all the real estate is 80% of the fund's property.

The maximum limit of the investment in one real estate company can be no more than 30% of the

value of the fund's property at the time of acquisition. The value of the participation in the real estate company must not exceed 40% of the value of the fund's property for a period lasting no more than 3 years at the time of the acquisition of this participation.

The maximum limit of the investments in all the real estate companies is 80% of the fund's property.

It invests at least 20% of its property in liquid assets.

8. *Data on the copying or monitoring of the index or other financial qualitatively expressed indicator*

The fund does not monitor or does not intend to monitor any certain index or financial indicator.

The fund does not copy or does not intend to copy any certain index or financial indicator.

9. *Data on the concentration of investments*

From its nature the mutual fund specialises in the investment of real estate and real estate companies that can account for up to 80% of the property in the fund. As part of its specialisation the fund does not strictly monitor the closer concentration in certain economic sectors.

In terms of the geographical area, the fund invests in real estate in the territory of the Czech Republic, in the territories of OECD member states and in the territories of states where the Erste Bank AG group is represented. OECD member states and states where the Erste Bank AG group is represented, continue to be collectively referred to as "Other States".

In the case of Other States the maximum limit of 80% of the value of the fund's property applies for investment in real estate in the territory of the relevant state.

The total limit for investment in real estate in the territory of Other States is a maximum of 80% of the value of the fund's property.

Here it needs to be pointed out that such investment may bring increased risk, although the fund invests in accordance with the principles of the set Prospectus and legal regulations, and that the individual risks connected with the stated investments are stated in the fund's risk profile.

10. *Hedging or guarantee of investments*

The fund is not a hedge or guaranteed fund.

11. *The possibilities and limits of the use of the accepted credit or loans in the fund's account*

The fund can accept credit or a loan with a maturity of up to 1 year under the standard conditions, i.e. up to 20% of the value of the fund's property. The fund accepts such short-term credit namely to overcome the short-term lack of liquid assets, such as immediately after the completion of the acquisition of real estate.

The credit or loan secured by a lien can be accepted by the fund only for the purpose of the acquisition of real estate for its property or maintaining or improving its state. The total amount of such credit must not exceed 70% of the value of the acquired real estate. The maturity of such credit or loan cannot be longer than 1 year.

The sum total of all credit and loans accepted by the fund must not exceed 100% of the value of the fund's property.

12. *The possibilities and limits of the use of the fund's property for providing credit, loans, a gift and security of the obligation of another person or payment of a debt which does not relate to its management*

The fund's property cannot be used to provide credit or a loan that does not relate to its management. The mutual fund can, in accordance with Section 74 of the Investment Regulation, provide credit or loans to real estate companies in which it has participation under the following conditions within the scope of the set limits.

The credit or loan must be secured and in event of forfeiture of the participation in the real estate

company, the credit or loan must be repaid within 6 months of the participation forfeiture date.

The sum total of all credit and loans provided from the fund's property to one real estate company must not exceed 50% of the value of all the real estate owned by this real estate company including the value of the acquired real estate.

The sum total of all credit and loans provided from the fund's property to real estate companies must not exceed 55% of the value of the fund's property.

The fund's property cannot be used to provide a gift, to secure the debt of another person or to pay a debt which does not relate to its management, unless the Investment Regulation stipulates otherwise.

13. *The possibilities and limits applying to the sale of assets in the fund's account which the fund does not own*

In view of the fund's specialisation in the real estate and conservative nature of investments in investment instruments, the mutual fund will not perform any hidden sales, i.e. sales of assets not owned by the fund.

14. *Data on techniques to manage the investment fund and the possibilities and limits of their use.*

The investment company can use financial derivatives and repo transactions for the effective management of property in the mutual fund. The fund cannot use commodity derivatives. The effective management of property means the realisation of operations for the purpose of reducing risk, for the purpose of reducing costs or for the purpose of achieving yields for the mutual fund provided that the risk undertaken is in accordance with the fund's risk profile. Exposure from these operations must always be fully covered by the property in the mutual fund so that the obligations from these operations can always be met.

The counter-party risk from financial derivatives expressed as a sum total of positive fair values of derivatives cannot exceed 10% of the value of the fund's property for one contractual party, for counter-parties that are non-banking entities 5%.

The types, limits and method of use of techniques and instruments that can be used for the effective management of property in the mutual fund, procedure for the assessment of the risk rate connected with investment and the method of fulfilling the information obligation on the types of OTC financial derivatives owned by the mutual fund, on the risks related to them, on the quantitative limits and methods which were selected for the assessment of risks related to operations using these financial derivatives are regulated by the Investment Regulation (see Definition of Terms).

Swaps, futures, forwards and options above all can be acquired as permissible financial derivatives for the mutual fund's property. The fund can arrange financial derivatives only for the purpose of hedging. This hedging is actively controlled, especially with the aid of the instruments stated below.

The underlying instruments of financial derivatives may only be the interest rate, exchange rate, currency, financial index which is sufficiently diversified, sufficiently representative and publicly available and the asset which according to the investment strategy stated in the Prospectus can be acquired for the equity of this fund.

It is permissible to invest only in those financial derivatives whose underlying instrument corresponds to the investment policy and risk profile of the mutual fund.

Financial derivative transactions can be made on the following markets: BSE (Budapest Stock Exchange), Eurex, Euronext, CME (Chicago Mercantile Exchange), LIFFE (London International Financial Futures Exchange), NYMEX (New York Mercantile Exchange), OSE (Osaka Securities Exchange), OTOB (Austrian Futures and Options Exchange), WSE (Warsaw Stock Exchange).

In case of the use of OTC financial derivatives (see Definition of Terms), the following conditions must be met:

- a) the value of this derivative only applies to the values which can be the underlying asset of the derivative,
- b) this derivative is valued reliably and verifiably every working day,
- c) the manager of this fund can at any time from its own incentive assign or cancel this derivative or otherwise terminate for an amount which can be achieved between the contractual parties under conditions that are not significantly unequal for any of the parties, or can conclude a new derivative for this amount which compensates the underlying asset of this derivative by the procedure stated in Section 37 of the Investment Regulation, and
- d) this derivative is arranged with the permissible counter-party which is subject to the supervision of the Czech National Bank, supervisory body of another member state or supervisory body of another state.

The basic economic characteristics of the most used financial derivatives operations is the following:

Options (see Definition of Terms)

Sale of buying options (short call)

The investment company can sell buying options for investment instruments already found in the mutual fund for example when no significant growth can be expected of the value of these securities. The investment instruments remain the property of the mutual fund for the time that the buyer of the buying option can use his option right. In case of the expected trend of the exchange rate the yield of titles can improve this way for whose purchase the option was sold, by the amount of the option premium (which is the amount for which payment needs to be made for the option). However in the event of rising exchange rates, there is the risk that it will be necessary to sell the titles for the agreed basic price (this is the predetermined price for which the option can be realised), i.e. below its current market value. Lost profit from the rise in exchange rates is mitigated by the collected option premium. Given that the investment company cannot sell the investment instruments for the option's maturity period from the property of the mutual fund for which the option is issued, it cannot be protected at this time even against the falling exchange rates of their sale.

The purchase of buying options for purchase (long call)

The purchase of buying options allows the investment company, in case of a positive trend on the market, to build with already relatively small capital (option premium payment) a diversified portfolio with promising changes for an increase in value. In the event of the corresponding trend of exchange rates, through the use of the right to buy investment instruments titles, they can be purchased for the acquisition price which lies below their market value. Moreover, there is the risk that the option premium will remain unused if the realisation of the buying option for the predetermined price is not meaningful in economic terms. Changes to the exchange rate of titles for which the option is issued can significantly reduce the value of the option right or result in its total worthlessness. Given the limited validity period, it cannot be guaranteed that the price of the option right will recover again in time. The costs related to the purchase, realisation or sale of the option or with the conclusion of the balancing transaction need to be taken into account with the calculation of the expected risk. If the expectations are not met and the investment company waives the realisation of the option, the option right ends with the expiry of the option validity period.

Purchase of the selling options (long put)

The purchase of the selling option authorises the investment company for the payment of premium to ask the seller for collection of certain titles for a basic price. The purchase of such selling options can be ensured by the mutual fund against exchange rate losses. If the exchange rate of securities falls below the basic price, the selling options can be realised and proceeds of the sale can be achieved of investment instruments owned by the mutual fund which lie above their current market price. Moreover, there is the risk of loss of the option premium if the exchange rates of the investment instruments for which the option is issued are on the same level or even

higher than the basic price.

Sale of selling options (short put)

With the sale of the selling option the investment company provides the buyer of this option the right, for the payment of the option premium, to ask the investment company to collect certain investment instruments for the property of the mutual fund. In the event of falling exchange rates, there is the risk that the investment instruments will need to be collected for the agreed price which could lie significantly above their market price. There is a previously unpredictable risk in this potential difference. However the investment company will try to limit this risk appropriately. If the investment company will immediately need to sell the titles which it will be obliged to collect, it must be pointed out that to find a buyer will most likely be very difficult. Depending on the market trend, the sale will only be possible with a significant price loss. On the other hand, it must be taken into account that the sale of the selling options can achieve higher yields.

Financial futures contracts (swaps, futures, forwards - see Definition of Terms)

Financial futures contracts are unconditionally binding purchase agreements for both contractual parties or the sale of a certain amount of the basic title (e.g. bond, share index), at a certain time, maturity date for a predetermined price.

Foreign exchange futures contracts

For the purpose of covering currency risks for example when investing in foreign currencies, foreign exchange can be sold at a certain time. These foreign exchange hedging operations, which normally hedge not just part of the property in the mutual fund and last a short time, serve to cover currency risks. However they cannot exclude a situation when changes in the currency exchange rate, even despite eventual hedging transactions, will negatively affect the trend of the value of the fund's property. It must also be taken into account that investments in foreign currencies are subject to the so-called transfer risk. The costs arising during exchange rate futures reduce the achieved profit or if losses arise, they affect the total performance of the fund.

Interest rate swaps

Interest rate swaps allow the exchange of variable interest rate claims for firmly fixed interest rate claims or firmly fixed interest rate claims for variable interest rate claims, or also firmly fixed interest rate claims for different firmly fixed claims or variable interest rate claims for different variable interest rate claims, if the payments of interest rates are balanced out by interest rate claims of the same type in the property of the mutual fund. Depending on the estimated trend of interest rates, the investment company - without selling property in the mutual fund - can limit the risk of the activity of interest rates, and thus prevent foreign exchange losses. When expecting a growth of interest rates, there may be a change in the firmly fixed interest rate part of the portfolio to variable interest rate claims or, on the contrary, when expecting falling interest rates, the variable interest rate part can be converted to firmly fixed interest rate claims.

The investment company can, when managing the property in the mutual fund, operate also with expressly not stated types of financial derivatives if they are consistent with the investment strategy of the mutual fund.

It is pointed out that individual risks related to the stated investments are stated in the fund's risk profile.

The mutual fund can execute repo and reverse repo (see Definition of Terms) within the limits of the permissible legal regulations. The conditions of the selection of counter-parties and characteristics of the securities which can be the subject of these transactions are the following.

Repo transactions (see Definition of Terms) can be made by the mutual fund for the effective management of the property in the mutual fund only with the fulfilment of the conditions of the Investment Regulation. A repo transaction can be arranged only with the permissible counter-party which is subject to the supervision of the supervisory body in the state in which it has a registered office.

Repo can be arranged only if the obligation thereof can be cancelled without a cancellation period or with a cancellation period of less than 7 days.

- Only the asset stated in Section 15 or Section 84 (1) (b) of the Investment Regulation or high quality bond can be acquired for funds gained from the repo,
- funds gained from the repo can be used to arrange a reverse repo the other contractual party of which is the person stated in Section 72 (2) of the Act on Investment Companies and Investment Funds, and from which the obligation can be cancelled without a cancellation period.

A reverse repo can be arranged only if the obligation thereof can be cancelled without a cancellation period or with a cancellation period of less than 7 days or if the funds which are the subject of the reverse repo can be reacquired at any time, including the yields or in the market value (mark-to-market), if the market value is used for the valuation of this reverse repo.

The assets that are the subject of the reverse repo

- must be highly liquid and must be accepted for trading on any of the markets stated in Section 3 (1) (a) (1) of the Investment Regulation,
- must be valued every working day and must not be highly volatile, unless its value during the valuation is proportionately reduced (haircut),
- must not be issued by a person that is not independent of the other contractual party or the issuer which was awarded a credit rating at other than the investment level, and
- must be the property of the fund or in the safekeeping of a person that is independent of the other contractual party.
- The mutual fund will not conclude a contract on the sale of investment instruments which it does not own.

The sum total of the value of the investment securities or instruments of the money market issued by one issuer, the value of receivables for the payout of funds from an account in Czech or foreign currency for this issuer and the values of the risks of the counter-party arising from the derivatives agreed with this issuer must not exceed 35% of the value of the fund's property.

15. *Limit of total exposure*

Limits for the rate of use of leverage corresponding to the limits set for the acceptance of credit and a loan and limits for derivatives.

The fund, as well as the investment fund, managed by the manager authorised to exceed the decisive limit, calculates the total exposure of the fund in accordance with the AIFMD Directive.

The limit of total exposure is 300% of the fund's capital.

Section VII. Risk profile

16. *Notice that the value of the investment can rise and fall and that the return on the original invested amount is not guaranteed*

In view of the possible unpredictable fluctuations on the financial markets and real estate markets, the investment company cannot guarantee achievement of the set targets. The investment company points out to investors that the previous performance of the mutual fund does not guarantee the same performance in a future period. The value of the unit certificate from its nature is unstable and can fluctuate in connection with the fluctuations in the value of individual components of the property in the mutual fund and in connection with the active changes of the composition of this property. As a consequence of this, the value of the investment in the mutual fund rises and falls and the investor has no guarantee that there will be a return on the originally invested amount.

The risk profile of the mutual fund:

1	2	3	4	5	6	7
lower risk			higher risk			

17. *notice of the risks connected particularly*

a. *with the construction defects or environmental burdens of the real estate,*

The investment company, when acquiring real estate, reduces the loss by proper due diligence of checks in construction and any environmental burdens, applies the appropriate legal hedging instruments. Although the loss cannot be excluded of the fund's property as a consequence of construction defects or undetected environmental burdens.

b. *with loss of the planned income from the lease of real estate,*

Loss of the planned income from the lease can come about randomly when it affects more important real estate lessees, or can be related to the total market situation such as in case of an economic recession, in this case it affects the behaviour of a large number of lessees or potential lessees. The investment company reduces this risk by investing above all in real estate of quality due to its location which lessees will retain even in an unfavourable period of economic recession and is so attractive that after the loss of a more important lessee it will allow the investment company to replace the lessee in a reasonably short time.

This risk is also reduced with the selection of top-rated lessees, if this involves the lease of premises with a significant effect on the amount of lease income. Last but not least, the investment company also maintains insurance in cases of the loss of lease income which covers the situation when premises cannot be leased due to a loss event. Such insurance can cover lease income for at least a period of 1 year.

If despite the above measures there is loss of lease income, this can lead to a decrease in the value of the unit certificate due to lower income. If there is a long-term loss of lease income, this fact is also reflected in the decrease of the value of the relevant real estate, which also negatively affects the value of the unit certificate.

c. *with the real estate fund being unable to repay the accepted credit, obligations from construction contracts or covers the costs of maintenance and operation of buildings,*

The real estate fund owns real estate directly owned by the fund or through participation of the fund in the real estate company which owns and operates the real estate. In case of acceptance of a credit of the real estate company, its repayment is secured by the property and income of this real estate company. If the real estate company is unable to repay the credit, it can lose all of its property. However this fact is negatively seen in the decrease or complete loss of the value of the real estate company which results in the decrease of the value of the unit certificate. In the event of acceptance of credit directly by the real estate fund, the fund's entire property is at risk as it is unable to repay the credit. The investment company accepts the credit under market conditions within the limits permitted by the Investment Regulation and in accordance with the rules of due diligence which reduces these risks. If the fund or real estate company is unable to pay its other obligations, the situation is similar and can also lead to a decrease in the fund's property and a decrease in the value of the unit certificate. The fund's inability to cover the costs of maintenance and operation of real estate can lead to interruption of their operation and loss of the fund's income. The costs of the operation and maintenance of real estate are paid by lessees as standard, if the real estate is leased, these costs are covered by payment from lessees and do not reduce the real estate lease income. The owner of real estate shares the costs of the operation and maintenance of the common parts of the building at the level of the appropriate rate of non-occupancy.

d. *with the risk of natural loss to real estate in the fund's portfolio,*

Natural loss can lead to damage or completely destroy real estate and lead to a decrease of their value and lease income of the damaged real estate. The investment company arranges real

estate insurance against natural loss in the amount corresponding to the costs of rebuilding or repairing the damaged real estate. The investment company also has insurance for loss of lease income for a period of at least 1 year.

e. with the acquisition of foreign real estate, particularly political, economic or legal instability,

In the case of foreign real estate, attention is drawn to the risk of loss of the fund's property in connection with economic, political or legal changes despite the fact that the fund does not focus on high-risk countries, see Part VI (4) of the Prospectus.

f. with the possibility of the failure of the real estate in which the fund has participation or with non-repayment of credit and loans provided by the fund to the investment company,

The investment company reduces the risk of the failure of the real estate company with the proper management, application of control mechanisms, but warns the unit holders that in case of failure of the real estate company or non-repayment of credit or loans provided by the fund, the mutual fund can lose property.

g. with the obligation to sell the fund's asset due to non-fulfilment of the conditions related to its holding We point out the risk of loss which can arise in case of breach of the conditions of the Investment Regulation for the acquisition and holding of participation of the fund in the real estate company according to Section 57 (1) of the Investment Regulation and the subsequent obligation of the fund to rectify the breach of the condition within 6 months. A situation may arise that the only solution will be the sale of the participation in the real estate company. Such forced sale can mean the loss of the value of the fund's participation if it is necessary to sell at an inappropriate time or in the time constraint.

h. with the possibility to suspend the issue and redemption of unit certificates for up to 2 days

The investment company is authorised to suspend the issue or redemption of unit certificates for a period of up to 2 days if this is necessary due to protection of the rights or right of the protected interests of the unit holders. This decision of the investment company is immediately published on the website of the investment company. The Czech National Bank is authorised to cancel this decision for statutory reasons, in such a case the investment company also publishes this decision on its website. As a consequence of the suspension of the redemption of unit certificates there is the risk that the unit certificate will not be redeemed from the unit holder in the expected time horizon, there is also the risk of the loss of the fund's property if it is necessary to convert the real estate assets into cash in the time constraint.

i. with the possibility of the lower liquidity of the real estate acquired for the purpose of its sale

In the event of the lower liquidity of the real estate acquired for the purpose of its sale there could be a decrease in the price for which the real estate can be sold or its sale is impossible within the expected timeframe. In such a case there is the risk of the loss of the fund's property, the risk of the insufficient liquidity or risk of the change in the value of the property in connection with the change in the purpose for which the real estate was acquired, and therefore also the real estate valuation method.

j. with the wrong valuation of the real estate or participation in the investment company by an expert or member of the committee of experts

We point out that in the event of wrong valuation of the real estate or real estate company by an expert, a committee of experts or wrong calculation made by the investment company, the fund's property could be under-valued or over-valued, which also affects the value of the unit certificate.

18. *depending on the fund's selected investment strategy, the description of all substantial risk related thereto.*

a. the credit risk involving the fact that the issuer or counter-party does not meet their obligation

The credit risk can particularly involve the fact that the entities that have payment obligations to

the mutual fund (such as real estate lessees, debtors from investment instruments) do not meet their obligation. This risk is minimised particularly by the selection of counter-parties achieving a certain level of rating, setting of volume limits on relationships with individual counter-parties and appropriate contractual arrangements.

b. risk of insufficient liquidity

It involves the fact that a certain fund asset will not be converted into cash promptly for an appropriate price and that for this reason the fund will not be able to meet its obligations from the request for the redemption of unit certificates or that there can be a suspension of the redemption of unit certificates issued by the collective investment fund.

In accordance with the Investment Regulation liquid assets must account for at least 20% of the value of the mutual fund's property within the meaning of Section 70 (4) of the Investment Regulation. Part of the risk management system is also the liquidity management system. In view of the nature of the real estate market which accounts for a basic part of the fund's property, it must be pointed out that converting the real estate into cash in an attempt to achieve a better price, including the relevant property registration takes time. In an extreme case the risk of liquidity may result in a liquid crisis which can result in restriction of liquidity of the actual unit certificates with the suspension of their redemption for up to a period of two years. The suspension of the redemption of the unit certificates is subject to subsequent revision by the CNB (see Part X (13) of the Prospectus).

c. settlement risk

This is connected with the fact that the settlement of the transaction will not take place as expected because the counter-party will not pay or deliver an investment instrument within the set time limit.

This risk is seen particularly as the failure of the counter-party at the time of the settlement of the transaction. These risks are minimised particularly with the selection of credible counter-parties, with the settlement of transactions with investment instruments within reliable settlement systems and in case of transactions with real estate assets being handled by quality legal institutes.

d. market risk

This arises from the effect of changes in the trend of the total market on the price and value of individual assets in the fund's property.

The trend of exchange rates and interest rates always has an effect on the value of assets in general. The rate of this effect depends on the exposure of the property in the mutual fund to these risks (such as payment of the rent in EUR, change of the market price of a bond with the change in the interest rate). However this risk can be eliminated to a certain extent and controlled with the use of derivatives. The fluctuation of the real estate market also has a significant effect on the value of a unit certificate with regard to the fund's specialisation.

e. operating risk

This involves the loss of the effect of the shortcomings or failure of internal processes or the human factor or the effect of external events and the risk of the loss of property entrusted for custody which could be caused particularly by insolvency, negligence or the intentional actions of a person which has custody of the fund's property or securities issued by the fund.

Operating risks are an eminent part of every business, i.e. also collective investment. The investment company monitors and manages the operating risks in accordance with valid legal regulations. The activity of the fund's Depository, internal and external audit and other internal control mechanisms also contribute to the decrease of risks. Despite these measures, there may be failure of internal processes, the human factor or the effect of external events that cause the loss of the fund's property.

The property in the mutual fund is entrusted to the custody of the Depository which is a reputable bank. Despite this, there may be the risk that as a consequence of insolvency, negligence or the intentional actions of this person there may be loss of this property. Similarly this applies to the

keeping of records of investment instruments (of unit certificates).

When financing the construction of real estate there is a risk arising from the specifics of the realisation of construction. These risks can, for example, be a result of force majeure making it difficult or impossible to construct, the size of the project and its stage construction, not adhering to the work schedule, etc. This risk can be limited by consistent selection of reputable development and construction companies together with the application of the control activities of the site supervisor.

f. the risk related to the fund's investment specialisation in certain economic sectors or its part, certain geographical area, different part of the market or certain type of asset

The investment specialisation of the mutual fund in certain economic sectors, states or regions brings about a systematic risk when the development in such a sector affects a considerable part of the portfolio of the mutual fund. This systematic risk is addressed by diversification, i.e. the distribution of investments. Primarily this risk needs to be mentioned in relation to the real estate market, particularly in the sense that the investment specialisation of the mutual fund applies to the real estate market (the concentration of risks connected with the fluctuations of the real estate market).

In view of the fact that the property in the mutual fund accounts for at least 51% of real estate property, the unit holder must be aware that despite the maximum efforts of the safe management and diversification of the property in the mutual fund in the event of fluctuation of the real estate market, there could also be a fluctuation in the value of the unit certificate of the mutual fund. In connection with the specialisation in investment in real estate, above all in the Czech Republic and in countries where the ERSTE Group operates, unfavourable economic or political development in these countries can have a negative impact on the value of the unit certificate through the fall in the values of real estate.

g. Risks for legally stated reasons

The fund could be dissolved particularly due to

- a decision of the transformation of the fund,
- removal of authorisation such as if the fund's capital does not reach the limit of 1,250,000 EUR within 6 months after its incorporation,
- removal of the authorisation of the investment company.

The Prospectus hereby explicitly points out the possibility and the related risk that the mutual fund can be dissolved for example for economic and restructuring (particularly in case of the mutual fund's economic problems), which can result in the unit holder not continuing in the mutual fund for the entire period of his intended investment horizon. The Prospectus hereby explicitly warns that there is no guarantee and no guarantee is provided within the meaning of the above continuance (or the possibility of continuance) of the unit holder (investor) in the mutual fund.

h. risks related to the use of fund management techniques

The fund uses management techniques particularly for the purpose of reducing currency and credit risks related to its investments, and particularly currency and credit swaps. Risks arising from the use of these derivatives are limited above all to the selection of the counter-parties of a transaction and maximum exposure limit.

In the event of the failure of the counter-party of a transaction or negative trend of the underlying asset there is the risk of decrease in the fund's property value.

i. risks applying to sustainability

The risk applying to sustainability means an event or situation in the environmental or social area or in administration and management which, if it were to arise, would have a real or possible significant negative impact on the value of the fund's investment.

The manager incorporates risks applying to sustainability into his investment decision in

accordance with the relevant internal regulations (particularly applying to the investment process and risk management).

Section VIII. Historical performance

Data on the historical performance of the mutual fund in the past is not an indicator of future performance. Investment in unit certificates in itself contains the risk of fluctuations of the current value of the unit certificate and there is no guarantee of a return on the original invested amount.

The mutual fund was incorporated in 2007.

The fees connected with the issue and redemption of unit certificates are not included in the fund's performance. The fund's historical performance is calculated in CZK.

Data on the historical performance of the mutual fund is presented in Annex 2 of the Prospectus.

Section IX. Policies for the management and payout of shares in the profit or yields

A. GENERAL POLICIES

1. *accounting period*

The fund's accounting period is the calendar year.

2. *Information on the approval of the fund's financial statements according to Section 212 of the Act on Investment Companies*

The approval of the financial statements of the mutual fund as well as the decision on the distribution of profit or other revenues from the mutual fund's profit pertains to the scope of the statutory body of the managing investment company. Section 212 of the Act does not apply to the mutual fund.

3. *Rules and time limits for the valuation of the fund's property and debts*

Property and debts from the fund's investment activity is valued by fair value according to international accounting standards regulated by European Union law. The procedures for determining the fair value of the fund's property and debts are also determined by the Decree on the regulation of certain rules of the Act on Investment Companies and the AIFMD Directive.

The investment company charges for the state and activity of property and other assets, obligations and other liabilities, also costs and revenues and income with the property in the mutual fund separated from the subject of its accounting and other mutual funds, and in the scope necessary for determining the value of the fund capital (see Definition of Terms) pertaining to individual classes of unit certificates. The balances of specific accounts recorded directly to class are considered as class property. The collective property and income of the fund is distributed among classes by an allocation ratio (see Part X, Article 8).

The investment company ensures, in accordance with the accounting methods according to the Act regulating accounting, the accounting of the subject of accounting in accounting books kept separately for individual mutual funds whose property it manages in such a way as to allow the production of financial statements for each mutual fund. The financial statements of the mutual fund must be verified by an auditor.

Valuation takes place in accordance with legal regulations, i.e. the property and debts of the investment fund from investment activity are valued at fair value (according to international accounting standards regulated by the law of the European Union) in that

- (i) for determining the fair value of a bond or similar security or book-entry security representing the right to the repayment of the nominal amount it is possible to use the average price between the best binding offer and the demand (mid-price) and
- (ii) for determining the fair value of the share or similar security or book-entry security representing the share in the trading company or other legal entity, it is possible to use the

value which is announced on the European regulated market or the foreign market similar to the regulated market and which is announced at the time no later than the time of valuation and the nearest approaching time of valuation.

- (iii) iii) the real estate that the manager of the collective investment fund intends to acquire for the property of this fund or sell from the property of this fund is valued in accordance with the purpose of its operation or resale and taking into account
 - a) their permanent or long-term sustainable attributes,
 - b) achievable yield during regular management with it,
 - c) their defects,
 - d) absolute and relative property rights related to it and
 - e) local conditions of the real estate market and its expected trend.

Real estate and participations in real estate companies are valued at least twice a year and regulated in more detail in Part IX, Section D. Other property and obligations in the mutual fund are valued every working day. In justified cases other property and obligation valuation can be determined over a longer period, however no less than once in 2 weeks. The value of the participation in the real estate company, after taking into account the activities of NAV in real estate companies, is determined monthly, always on the 15th day of the given month (or the following working day). The last determined value of real estate in the real estate company and the NAV of the real estate company determined as of the last day of the previous month are used for the determination. This procedure is not repeated until the next determination of the real estate value by the committee of experts, however no later than the next meeting of the committee of experts.

4. *method of use of profit or yields from the income with the fund's property*

The mutual fund is a growth fund, i.e. it does not use profit or yields to pay out shares of profit or yields from the income of property in the fund to unit holders, but all the profit is reinvested as part of the fund's management.

B. POLICIES IN RELATION TO REAL ESTATE

1. *rules for the acquisition and sale of real estate, particularly conditions for which real estate can be acquired encumbered by lien and right of use, and the procedure for determining the real estate price if the prices determined by the opinions of experts or members of the committee of experts differ*

The mutual fund acquires and sells real estate always for the price determined by the investment company. The value of the real estate is regularly determined based on the opinions of two independent experts in real estate valuation. The expert is selected by the investment company. The quality of expert opinions is assessed by the committee of experts. The price for which the fund acquires and sells real estate cannot differ from the price determined by independent experts by more than 10%.

The subject of assessment must also be the encumbering rights of third parties.

Real estate encumbered by lien can be acquired for the fund's equity only if a debt becomes a part of the fund's equity which is secured by this lien. Real estate encumbered by a different absolute property right can only be acquired if it does not substantially reduce its use.

If the opinions of the experts or committee of experts differ by more than 10% of the average price of these two opinions, the investment company is obliged to secure a new opinion of an expert or member of the committee of experts. Opinions that are closer to each other in absolute values can then be used as a determining value for the acquisition or sale of real estate. The mutual fund cannot buy real estate for its property for a price that is higher than the 10% of the average price of expert opinions determining the value for the acquisition of real estate, or sell for real estate for a price that is more than 10% lower than the average price of expert opinions determining the

value for the sale of real estate, unless there is an economic reason for the benefit of such an acquisition or such a sale.

2. *conditions for which*

- *to sell real estate which was acquired for the purpose of its operation*

The mutual fund can sell real estate even if it was acquired for the purpose of its operation under conditions when the selling price is more than or equal to the net current value of future cash-flow from operation or if such a sale is in provable interest to the unit holders. The Board of Directors of the investment company is obliged to provide proof of these conditions.

- *operate real estate which was acquired for the purpose of its resale*

The mutual fund can operate real estate even if it was acquired for the purpose of its resale under conditions when the selling price was lower than the net current value of future cash-flow from operation or if such a procedure is provably in the interest of the unit holders. The Board of Directors of the investment company is obliged to provide proof of these conditions.

3. *rules of the operation of real estate in the fund's property, particularly the rules for costs connected with the maintenance or improvement of its condition*

Real estate in the mutual fund's property is managed by the property management of companies, i.e. companies entrusted with ensuring the economic function of real estate, and the facility management of companies ensuring the technical operation of real estate, i.e. cleaning, maintenance, revision, repairs, etc. The mutual rights and obligations must be regulated by a written contract, in the best interest of the unit holders including regulation of the possibility of the performance of control by the investment company and the Depository, and any damage compensation. Costs related to the maintenance or improvement of the condition of the real estate must be assessed at the stage of the acquisition of the real estate, their amount is expertly quantified and planned.

4. *conditions under which real estate in the fund's property can be encumbered by lien, easement, pre-emption right as the right in rem and right of use of a third party (particularly a lease)*

Real estate in the property of the mutual fund can be encumbered by lien only for the purpose of the acceptance of credit. Real estate in the property of the mutual fund can be encumbered by easement, pre-emption right and right of use of a third party only if it does not substantially reduce its use.

The establishment of these rights will be paid or otherwise economically beneficial for the fund.

5. *if real estate is found in the territory of a different state*

- *policies for the acquisition, operation and sale of real estate in the territory of this set with regard to possible risks:*

The main policy to minimise these risks is above all to use the services of reputable specialist legal firms and real estate agents with knowledge of the relevant market and relevant legal regulation. The political risk in view of the list of other permitted states can be assessed as low.

- *information on the protection of investments including re-export of capital and its yields:*

Given the nature of the other permitted states, the regime is enforced of special international investment treaties and double tax treaties.

- *definition of the method by which the Depository will exercise its rights and meet its obligations with regard to such real estate:*

The condition for the acquisition of real estate in the territory of a different state is the possibility of the performance of the activity of the Depository which will, at the request of the Depository, give a special legal opinion or contract on the use of a third party.

C. POLICIES OF MANAGEMENT OF THE FUND'S PROPERTY IN RELATION TO THE PARTICIPATION IN THE REAL ESTATE COMPANY

1. *conditions under which participation in the real estate company can be acquired or held*

The mutual fund can be acquired or held only in the real estate company which only allows cash contributions of shareholders or members who have fully paid up their contributions, which invests only in real estate in the territory of the state in which it has a registered office, which similarly observes the conditions set in Sections 53, 55 and 56, or other provisions according to the obligations set by the Investment Regulation, which invests exclusively in real estate, which does not have participation in a different company and which invests funds in money market instruments stated in Section 48 (1) of the Investment Regulation, or the receivable according to Section 15 of the Investment Regulation and management techniques according to Section 59 of the Investment Regulation. When acquiring the real estate company, the real estate company can have participation in a different company provided that the conditions stated in Section 58 (1) of the Investment Regulation are observed. Under the conditions stated in Section 58 (5) of the Investment Regulation some of the above conditions need not be met at the time of acquisition, however these must be met within 6 months of the day of acquisition of the participation.

The mutual fund can acquire and has participation in the real estate company provided that this participation represents the majority required for amending the memorandum of association of this real estate company. The real estate that the real estate company acquires for its property or alienates from its property must be valued in the manner stated in the Act on Investment Companies for real estate valuation. The pre-conditions must be created for correct fulfilment of the manager's obligations in relation to the real estate company and the fund must have an arranged pre-emption right to the redemption of his share in case of decrease or forfeiture of the participation of any member in this real estate company.

The real estate company submits to the manager, administrator and Depository a list of real estate it owns once a month and financial statements verified by an auditor once a year.

The real estate company owned by the fund can be wound up with the transfer of its equity to a member (equity transfer), provided that this is not contrary to legal regulations, etc., while the property of such a real estate company is transferred to the fund's property. This Prospectus hereby allows the transfer of equity in accordance with legal regulations, i.e. particularly provided that the mutual fund owns at least 90% of the share in the real estate company, the transferred equity of the dissolved real estate company (acquired property) corresponds to the property whose acquisition for the mutual fund is allowed by this Prospectus, and that there is no breach of the relevant investment limits according to the legal regulations and this Prospectus.

Investments can be made in the real estate company exclusively under the conditions and as part of the restrictions laid down by legal regulations, only in collective investment (e.g. restrictions due to participation in a financial institution group, etc.).

2. *rules for ensuring the fulfilment of the conditions according to the previous par. 1, including ensuring the fulfilment of the Depository's obligations*

As part of the acquisition of the participation in the real estate company, the mutual fund must assess the fulfilment of the above conditions and ensure the possibility of the performance of their continuous control and performance of the activity of the Depository, particularly on a contractual basis. It is particularly necessary to perform a legal audit of said real estate company regarding the verification of the requirements of legal-status conditions, accounting audit regarding the fulfilment of the conditions of an economic nature. The manager also ensures the inspection of the actual state of the real estate company (held real estate, completeness and accuracy of the submitted data) etc. All related outputs (audit reports) must also be available to the Depository. The manager will provide the Depository with the necessary information, accesses and inspections on site for the purpose of the performance of his activities.

3. *conditions under which the fund can acquire participation in the real estate company which intends to acquire for its property real estate encumbered by rights (previous point B, par. 1.) or already has such real estate in its property*

The conditions according to the previous point B, par. 1 and 4 apply likewise.

D. POLICIES OF PROPERTY MANAGEMENT IN RELATION TO PROPERTY VALUATION

1. *rules for the selection of an expert of the investment company*

Experts for the purpose of property valuation are selected from a list of experts with authorisation according to the relevant legal regulations who meet the precondition of independence (impartiality). The investment company selects independent experts from a circle of reputable experts.

2. *rules for the remuneration of experts*

Experts are remunerated on the basis of a concluded contract. The above remuneration is the outcome of a tender according to the procedures of the investment company and corresponds to the usual price.

3. *rules for the establishment of a committee of experts, selection of its members, duration and forfeiture of membership,*

A member of the committee of experts can only be a natural person who is independent (Section 266 (2) of the Act on Investment Companies), trustworthy and professionally qualified and has experience of determining the value of real estate. The investment company establishes the committee of experts as its body. The tenure of the members must not be more than 3 years. Membership can end

- with the expiry of the tenure for which the member of the committee was appointed;
- resignation of the member of the committee during the tenure;
- death of the member of the committee of experts;
- recall by the investment company (particularly if the member stops meeting the conditions laid down by the law for the performance of the function).

The committee of experts must have at least three members and the number must always be odd.

4. *rules of the activity of the committee of experts in the scope of the requirements according to Section 269 of the Act on Investment Companies*

The course of procedure of the committee of experts is laid down by this Prospectus. The more detailed conditions of procedure can be laid down by its procedure rules or a decision of the Board of Directors of the investment company and must comply with this Prospectus. The committee of experts decides by a resolution. The resolution is accepted if all the members of the committee of experts are in favour and an absolute majority of members votes to accept it. It is possible to accept a per rollam resolution.

The committee of experts monitors the state, use and other facts that can have an effect on the value of the real estate owned by the fund, real estate owned by the real estate company in which the fund has participation. For these purposes the members of the committee of experts requires continuous reports which the manager has at his disposal for this. If the investment company neglects the fulfilment of the obligation of a proper manager to gain continuous information about the state of the real estate owned by the fund, real estate owned by the real estate company in which the mutual fund has participation, the committee of experts is authorised to obtain this information independent of the costs of investment company.

The committee of experts is obliged at least twice a year to determine the value of:

- real estate owned by the mutual fund;
- real estate owned by the real estate company in which the mutual fund has participation;

The committee of experts ensures at least twice a year the determination of the value of the fund's participation in the investment company basically always also with the valuation of the real estate owned by the real estate company, and then every month in accordance with the methodology laid down in the Company's internal regulation, i.e. without the current valuation of the real estate owned by the real estate company.

The committee of experts assesses the valuation of the real estate owned by the fund or the real

estate company before taking a legal step for which the valuation is made.

For the purposes of monitoring and determining the value of the real estate owned by the fund or the real estate company, the committee of experts uses the acquisition price or final opinion of the expert or member of the committee of experts. The methods for determining said values which the committee of experts will use must be based on the relevant legal regulations, particularly the Act on Investment Companies and the Investment Regulation.

The members of the committee of experts are obliged to consistently and continuously assess the criteria, pre-conditions, initial information and supporting documents and other factors (hereinafter collectively "Factors"), which were applied when determining the value according to the above point, particularly within the meaning of their topicality, relevant changes or completeness.

The members of the committee of experts are obliged to immediately organise a meeting of the committee of experts and determine the values within the meaning of the above point if the following circumstances arise:

- important change to the criteria which were used for the previous determination of the values of the real estate;
- significant changes in market factors which could affect the topicality of the determination of the values of the real estate;
- changes in the conditions or trend on the relevant markets (not just real estate, but also currency, interest (including the determination of discount rates and others), which can affect the topicality of the determination of the value of the real estate;
- any other similar circumstances which can have a significant effect on determining the value of the real estate.

New values must be determined without undue delay after the occurrence of circumstances relevant for an extraordinary determination of the value. The members of the committee of experts are obliged to responsibly respond to any request of the investment company or its bodies regarding the need for an extraordinary determination of the value of the real estate.

The members of the committee of experts are obliged, as part of the performance of the function with due diligence, to carefully monitor all factors that are relevant in terms of the topicality of the fair value of the real estate.

The committee of experts is obliged to report to the supervisory board of the investment company and the Depository in writing without undue delay the following facts:

- cases when the investment company, according to its assessment, is neglecting the continuous inspection of the state of the real estate owned by the mutual fund, real estate owned by the real estate company in which the fund has participation;
- fundamental negative changes to the values of the real estate;
- fundamental negative changes and trends on the real estate market;
- cases of the restriction of the independent performance of the activity of the committee of experts;
- cases of the committee of experts not able to constitute a quorum;
- and other similar facts at the discretion of the committee of experts.

The member of the committee of experts performs his function with due diligence, duly and prudently and is liable to the investment company and the unit holders for any loss which he caused by breaching his obligations or unprofessional performance of the function.

The committee of experts can, in justified cases, recommend to the manager ensuring the new valuation of the real estate by one independent expert.

5. *rules of the remuneration of members of the committee of experts*

The members of the committee of experts are remunerated based on the decision of the Board of Directors of the manager on the amount of remuneration, while the remuneration corresponds to the demands of the activities with regard to the characteristics of specific assessed real estate.

Remuneration is awarded for each meeting which the members of the committee of experts attended.

6. *list of members of the committee of experts, date they began their function and data on the professional qualifications and experience in determining the value of real estate*

Richard Hogg, starting date 18 February 2019; a graduate in Real Estate Management at Nottingham Trent University, since 1999 engaged in real estate work in the Czech Republic and the United Kingdom. From 2006 to 2010 he was a member of the Board of Directors of the Royal Institution of Chartered Surveyors (RICS) CR, since 2012 he has been a member of the RICS European Valuation Network. In 2018 he became the manager of a three-member team in the Research Department of Cushman & Wakefield.

Dušan Štastník, starting date 18 February 2019; a graduate of the Faculty of Economics of the Czech University of Life Sciences Prague and the University of Reading - College of Estate Management, he has been working in real estate since 2004 in Prague and London. Since 2008 he has been a member of the RICS where he works as an instructor and examiner at admission interviews. Besides this he is an external lecturer of the MBA Real Estate programme at Prague University of Economics and Business, an external instructor in business techniques, financial modelling, property valuation and provides external training in property valuation in the Czech Republic and abroad.

Petr Urbánek, starting date 18 February 2019; a Secondary School of Civil Engineering leaver with 28 years of experience in the real estate market, since 2010 he has been providing expert advice in this area to various clients. In 2001 he became the founding member of the Association for Real Estate Market Development, and since 2005 he has been a member of the Urban Land Institute. From 2006-2013 he was a member of the Royal Institution of Chartered Surveyors (RICS).

7. *rules in case the committee of experts or the Depository recommends to the fund ensuring a new valuation of the real estate by one independent expert or the Czech National Bank orders such a valuation including the time period in which the new valuation of the real estate should take place*

In said case it must be ensured that the new valuation bears in mind the reasons for the recommendation of the new valuation, particularly taking into account the maximum current state of the valued real estate. Valuation will take place without undue delay, within the timeframe set in the recommendation respectively, no later than within 3 months.

8. *rules of real estate valuation*

Real estate acquired for the purpose of the operation even of real estate intended for sale is valued by a fair value while taking into account the purpose for which each individual real estate was acquired.

The Board of Directors of the investment company can decide to change the purpose for which the real estate is owned. This decision must be justified and a change of the purpose for which the real estate is owned must be supported by the relevant reasons.

9. *Information about person exercising in favour of the fund the rights of a partner in real estate companies and the rules for the selection of these persons.*

The rights of the partner in real estate companies are exercised by the members of the statutory bodies of the investment company. On an operational basis real estate companies are managed by employees of the investment company in accordance with the internal regulations of the investment companies. The investment company does not authorise a third party to exercise the rights of a partner in real estate companies.

Section X. Data on securities issued by the fund

10. *security*

The mutual fund issues unit certificates in book-entry form.

11. *data whether these are securities accepted for trading on the European regulated market or accepted for trading in a multilateral trading system*

The mutual fund issues unit certificates which are not accepted for trading on the European regulated market nor accepted for trading in a multilateral trading system. These markets do not even publish information about the price of these unit certificates.

12. *nominal value of securities, if determined*

All unit certificates have the same nominal value, i.e. 1 CZK (in words one Czech crown). Unit certificates of different classes can be issued (see Definition of Terms). Unit certificates of every class have allocated independent securities identification according to the International Securities Identification Number ("ISIN") system different for individual classes:

Class identification	Class description	Class code	ISIN
CZK C	CZK, retail type of investors, reinvestment	CZKC	CZ0008472545
CZK DPM C	CZK, institutional type of investors, reinvestment	CZKDPMC	CZ0008475373
CZK CS C	CZK, institutional type of investor - manager's shareholder	CZKCSC	CZ0008476132

The Board of Directors of REICO investiční společnost České spořitelny, a.s. decides the start or end of the issue of unit certificates of said specific class of unit certificates.

The owner of the RETAIL class of unit certificates can be any investor meeting the general conditions for investment in unit certificates unless the distributor decides otherwise. The owner of INSTITUTION class unit certificates can only be investors that have concluded with Česká spořitelna, a.s. a contract on the management of the property of a customer, if a part of it is an investment instrument, based on free consideration within a contractual arrangement ("Contract on the Management of Investment Instruments") and only within this contract, as well as the investment company Erste Asset Management, GmbH, and also investment funds managed by this investment company or managed by different investment companies of the financial group Erste Group Bank AG.

The owner of CZK CS C class unit certificates can only be a shareholder of the fund's manager who meets the conditions of the definition of professional customer according to Section 2a and Section 2b of the Act on Capital Market Business. The amount of minimum investment of the unit holder investing in CZK CS C class unit certificates corresponds to the sum of 100,000,000 CZK. The total amount of investment as a consequence of the action of the owner of CZK CS C class unit certificates must not fall below the minimum investment set in the previous sentence; the possibility of the owner of CZK CS C class unit certificates stopping being a unit holder of the mutual fund is not affected by this.

13. *identification of the currency in which the value of securities is provided*

The value of unit certificates of the mutual fund is provided in Czech crowns (CZK).

14. *securities identification according to the International Securities Identification Number ("ISIN") system, if allocated*

The unit certificate has the allocated securities identification according to the International Securities Identification Number (ISIN) system, which is CZ0008472545 for the retail class, CZ0008475373 for the institutional class and CZ0008476132 for the CS class.

15. *data on the person that records securities in book-entry form and a brief description of the method of this recording*

The records of unit certificates are kept by Česká spořitelna, a. s. Unit certificates are recorded in the register of the issuer and in the accounts of owners of unit certificates in separate records of investment instruments kept according to Section 93 of the Act on Capital Market Business, in the manner set by the Decree on separate records of investment instruments.

16. *description of special rights connected with securities.*

Unit certificates of the mutual fund establishing the same rights of unit holders; breach of these policies is not the difference in the value of fund capital attributable to individual classes of unit certificates. The unit holder has the right to the redemption of his unit certificate of the investment company which is obliged to redeem this unit certificate for the conditions set in the Act and in this Prospectus. The investment company redeems unit certificates with the use of the property in the mutual fund. Unit holders are not authorised to request the distribution of property in the mutual fund nor the dissolution of the mutual fund. In accordance with this Prospectus the unit holder does not have the right to pay out a share of the profit or yield of the management of property in the mutual fund, since the mutual fund is a growth fund. The investment company, mutual fund respectively, is not establishing an assembly of unit holders.

17. *method of determination and the time limit for the current value of the unit certificate*

Method of determination of the current value of the unit certificate: current value of the unit certificate of each class on D day is set on day D+1 as a share of the value of the fund capital of each class on day D and the sum total of the nominal values of issued unit certificates of each class in circulation on day D rounded to four decimal points.

Accruals of current costs will be taken into account in the fund capital, including expected tax liabilities.

time limit for the calculation of the current value of the unit certificate: The current value of the unit certificate of each class is set daily. The investment company can in justified cases set the current value of a unit certificate valid for several days.

The current value of the unit certificate of a relevant class is determined as a share of the value of the fund capital of the class and number of issued unit certificates of this class.

Firstly the fund capital is set (see Definition of Terms) of the mutual fund on the valuation day, which is the sum total of the values of property participations, investment instruments, funds in bank accounts, receivables and other assets owned by the mutual fund, reduced by debts against the investment company, unit holders, creditors and state and temporary asset accounts. The accrual of current costs is taken into account such as payment for the management and administration of property in the mutual fund, payment for the performance of activity of the Depository in the mutual fund, costs of an accounting and tax audit and expected tax liability on the day for which the fund capital is calculated.

The value of fund capital is subsequently set as a product of the fund capital of the mutual fund before taking into account specific costs and yields of the class and allocation ratio for said class of unit certificates of the mutual fund (hereinafter "Class Allocation Ratio"); the resulting product is regulated by specific costs and yields of said class. Unit holders of the same class participate in the value of the fund capital of the class at a ratio of the number of the unit certificates of this class that they hold to the total number of issued unit certificate of this class.

The Class Allocation Ratio on D day is set according to the following formula:

$$AP_{TD} = (VK_{T(D-1)} + PLV_{T(D-1)} - PLO_{T(D-1)}) / (VK_{F(D-1)} + PLV_{F(D-1)} - PLO_{F(D-1)})$$

where

AP_{TD} is the Class Allocation Ratio on day D,

VK_{T(D-1)} is the value of the fund capital of the class, including all specific costs and yields of said class set as of the day preceding day D when the property and debts of the mutual fund were last valued before day D (hereinafter "D-1 Day"),

PLV_{T(D-1)} is the value of newly issued unit certificates of said class as of day D-1 to day D,

PLV_{T(D-1)} is the value of redeemed unit certificates of said class as of day D-1 to day D,

$VK_{F(D-1)}$ is the value of the fund capital of the mutual fund on day D-1,

$PLV_{F(D-1)}$ is the value of all newly issued unit certificates of the mutual fund from day D-1 to day D,

$PLO_{T(D-1)}$ is the value of all redeemed unit certificates of the mutual fund from day D-1 to day D,

The allocation ratio is calculated with the accuracy of eight decimal points.

The specific costs and yields of said class means all costs and yields of the mutual fund connected only with said class.

18. *Notice that the administrator will issue unit certificates of the open-ended mutual fund for the amount according to Section 130 (2) of the Act,*

As of the date of production of this Prospectus the procedure is irrelevant according to Section 130 (2) of the Act.

19. *place and frequency of the publication of the current value of the unit certificate*

The current value of the unit certificate of each class is published in electronic form. On the website www.reico.cz.

The current value of the unit certificate of each class is published daily. The current value of the unit certificate of said class on day D is published on day D+2.

20. *procedures and conditions of the issue of unit certificates, particularly the determination of the decisive date during the issue of unit certificates, minimum amount or amount of unit certificates during the issue, method of rounding the value of the unit certificate, dates for the settlement of the request for the issue of unit certificates, including the settlement of underpayments or overpayments*

The investment company issues a unit certificate of the mutual fund of said class for an amount which is equal to its current value announced as of the decisive date. The decisive date for the issue of the unit certificate is the date of the credit of funds of the unit holder to the account of the mutual fund. Payments made into the fund's nominee account outside working days are considered as payments made on the following working day. minimum amount or amount of unit certificates during the issue: 300 CZK (including initial margin or fee to the distributor). Investments according to contracts on regular investment concluded before 2 December 2014 with the Distributor are not affected by this.

method of rounding the value of the unit certificate: to four decimal points

dates for the filing of the request for the issue of unit certificates: daily (working days) time limits for the settlement of the request for the issue of unit certificates: The issue day is the first working day following the day on which the invested funds were credited in the agreed amount to the current account maintained for the mutual fund of the relevant class, if these funds could be allocated for the order for purchase of unit certificates entered in the administrator's trading system. On the issue day the administrator will credit the relevant number of unit certificates to the asset account of the owner of the unit certificates. The rights from the unit certificate arise on its issue day. settlement of underpayments or overpayments: For the agreed amount received in the current account maintained for the mutual fund of the relevant class, the unit holder has credited to his unit certificate owner account the corresponding nearest lower entire number of unit certificates calculated as an integral part of the received amount and the selling price of the unit certificate increased by the selling fee. The remaining received amount which will no longer be enough for the purchase of the entire one unit certificate is recorded and included with the next unit holder's purchase of unit certificates or redemption of his unit certificates by the investment company. In the event of the redemption of all unit certificates, it is paid out with the amount for the redeemed unit certificates.

21. *Procedures and conditions for the redemption of unit certificates, particularly the time limits for the redemption of unit certificates, method of rounding the value of the unit certificate, including the settlement of underpayments or overpayments.* Each unit holder has the right to the

redemption of its unit certificates by the investment company in the above selected financial amount or number of unit certificates. The unit certificate is redeemed by the investment company for the current value of the unit certificate of the relevant class (see Definition of Terms) announced as of the day on which the administrator received a request for the redemption of the unit certificate. The order to sell a unit certificate submitted to the administrator outside working days is considered a redemption request received on the following working day after the submission of the order.

dates for the redemption of unit certificates, i.e. debiting from the asset account: daily (working days)

time limits for the payout of the amount for the redemption of the unit certificate (hereinafter the settlement of the request for redemption of unit certificates):

In view of the nature of real estate assets, particularly their low liquidity, the time limit for the settlement of the request for redemption is divided into zones so that with the redemption of a greater number of unit certificates by one unit holder the time limit for settlement is extended.

The zones and time limits are shown in Tab. 1 and are regulated by these rules:

- (i) The day when the administrator receives the request for redemption of a unit certificate is hereinafter also called "Redemption Day" or "Day D";
- (ii) for determining the zone in which the specific request of the unit holder for redemption will be settled, only redemptions and submitted requests for redemption of the specific unit holder are decisive in the test period;
- (iii) determination of the zone in which the specific request of the unit holder for redemption will be settled is determined on day D and regardless of the subsequently the entered orders for redemption are no longer re-assessed;
- (iv) test period - period of 6 months retroactively as of the redemption day;
- (v) for determining the time limit for the settlement of a specific redemption of unit certificates of the unit holder, decisive is the amount of funds redeemed by the unit holder in the test period;
- (vi) amount of funds redeemed by the unit holder in the test period is the amount of the unit certificates redeemed by the unit holder (i.e. of unit certificates redeemed at this time from the unit holder's asset account), including the amount of funds corresponding to the request of the unit holder for redemption which the administrator will receive on the Redemption Day or day D-1;
- (vii) amount of funds according to the requests for redemption submitted by the unit holder that the administrator will receive on the Redemption Day or on D-1 Day for the purpose of assessing the zones and time limits for settlement of redemption corresponds to the entered financial amount for redemption in case of entry of the request for redemption in the form of the amount of fund and if a request is submitted in the form of a request for redemption of a certain number of unit certificates, or all unit certificates of the unit holder, then the relevant number of unit certificates multiplied by the current value of the unit certificate on day D-2 is used to determine the amount of funds;
- (viii) if the unit holder submits a request for redemption as of the date set for a certain day in future, the Redemption Day or day D is determined by the unit holder in the request for redemption. In this case it is not possible at the time of submitting the request for redemption to determine the zone into which the unit holder's relevant order for redemption will be assigned on the Redemption Day. The test period in this case is calculated just as is stated in point (iv), 6 months retroactively as of the Redemption Day;
- (ix) The 6-month test period will serve only to assign the unit holder's specific request for redemption to the relevant zone according to Tab. 1 and does not in itself extend the time limit for settlement of the request for redemption. The maximum time limit for settlement of

the request for redemption can be 12 months as of the Redemption Day.

The calculation of time limits is regulated by these rules: the start and end of the time limit is the day which has the same number identification as the decisive day which is determining for the time limit. If there is no such day in the relevant month then the last day of the relevant month is used. If the last day of the time limit for settlement of a request for redemption falls on a day which is not a working day, the last day of the time limit will be moved to the next immediate working day. The settlement of the request for redemption occurs at the time of the debiting of funds from the fund's account.

Tab. 1

Amount of funds in the test period of 6 months	The request for the redemption of unit certificates will be settled within the time limit
0 - 5 mil. CZK	without undue delay, however no later than within 1 month
above 0 - 5 mil. CZK however a maximum of 10 mil. CZK	in 3 months
above 10 mil. CZK however a maximum of 50 mil. CZK	in 6 months
above 0 - 50 mil. CZK	in 12 months

The above time limits apply, unless

- (i) there has been a suspension of the redemption of unit certificates, or
- (ii) the earlier settlement of the request for redemption of unit certificates, in justified cases, is in compliance with due diligence.

The above time limits applying to the request for redemption of unit certificates does not apply to the CZK CS C class; any redemption from this class will be settled without undue delay, however no later than within 1 month.

Method of rounding the value of the unit certificate: to four decimal points of the settlement of underpayments or overpayments: To the payment of the requested amount by the unit holder for payout, the corresponding nearest higher entire number of unit certificates is debited from the unit holder's account, calculated as a whole number of the rounded up share of the requested amount and the selling price of the unit certificate. The financial difference between the selling price of the nearest higher entire number of redeemed unit certificates and the requested amount is recorded and included in the next unit holder's sale or purchase of unit certificates. If the investment company redeems the unit holder's unit certificates, this financial difference is paid out together with the amount for the redeemed unit certificates.

22. *reasons the redemption of unit certificates can be suspended*

The investment company can suspend the issue or redemption of unit certificates of the mutual fund for up to a period of 2 years if necessary due to the protection of the rights or legally protected interests of the unit holders (e.g. run on the fund, price turbulence etc.).

The investment company can decide to suspend the issue or redemption of unit certificates for a necessary period or to set the current value of the unit certificate valid for several days and temporarily change the determination of the decisive day also for operational reasons, particularly in relation to the activity connected with the processing of the regular financial statements and related activities at the end of the year; in this case it does not, for the period of suspension, calculate the current value of the unit certificates and the current value for the period of suspension is considered to be the last known current value before this suspension.

The Board of Directors of the investment company, which is obliged to draw up minutes of its decision, decides the suspension of the issue or redemption of unit certificates. The minutes will contain the date and precise time of the decision for the suspension, reasons for the suspension, period for which the issue or redemption of unit certificates is suspended and the time from which

the issue or redemption of unit certificates is suspended.

The investment company will immediately deliver the minutes on the suspension or redemption of unit certificates of the open-ended fund to the CNB and also publish the minutes in a manner allowing remote access on the fund's website.

If the suspension of the issue or redemption of the mutual fund's unit certificates threatens the interests of the unit holders, the CNB will cancel this decision. The CNB will start said administrative proceedings with the issue of a decision which it will send to the investment company and make an announcement by a public decree. A remedy against this decision has no suspensive effect. The investment company will immediately publish information that the CNB has cancelled the suspension of the issue or redemption of the mutual funds unit certificates in a manner allowing remote access on the fund's website.

23. *data on the place of issue and redemption of unit certificates*

Unit certificates are issued and redeemed in the distributor's distribution network - Česká spořitelna, a. s.

24. *joint provisions*

The unit certificate is issued for the selling price which is equal to its current value announced as of the day of the credit of the unit holder's funds to the mutual fund's account (decisive day). On the day of the start of the issue of new class unit certificates when unit certificates are issued for a nominal value, unit certificates can already be issued on the day of the credit of the invested funds in the current account maintained for the mutual fund. On the day of the start of the issue of new class of unit certificates, the unit certificates of this class are issued for the amount which is equal to their nominal value.

The rights from the unit certificate arise on its issue day. The day of the issue is the first working day following the day on which the invested funds in the agreed amount were credited to the current account maintained for the mutual fund at the Depository if, with the order for purchase of the unit certificates entered in the Česká spořitelna trading system, these funds could be clearly allocated.

On the day of the issue Česká spořitelna will credit the relevant number of unit certificates to the client's asset account.

If the amount credited to the mutual fund's account cannot be clearly allocated to the client's order for the purchase of the unit certificates on the first working day following the day on which it was credited to the mutual fund's account, the administrator will not issue the unit certificates and will refund the amount no later than on the following working day to the account from which the funds were sent.

An initial margin whose maximum amount is set by this Prospectus can be included in the selling price in the event of issue of the unit certificate (including issue in the form of an exchange). This margin can be different for individual classes of unit certificates.

The selling price and initial margin of the issued unit certificates of said class of unit certificates can be paid by non-cash bank transfer or by a cash deposit in a selected branch of the distributor or in a different form of payment determined by the investment company or distributor in connection with the introduction of new forms of sale.

Owners of sporogiro and current accounts have the possibility of submitting an order for the regular purchase of unit certificates of a selected class of unit certificates for the amount agreed in this order while maintaining the minimum amount with the issue of the unit certificates.

To maintain the stability of the mutual fund or credibility, the investment company reserves the right to decide which orders of clients (unit holders) for the purchase of unit certificates it accepts and which orders it does not accept.

When paying the amount for redeemed unit certificates, this amount, depending on the choice of the unit holder when submitting the order for sale of unit certificates, is either sent by non-cash

bank transfer to the selected account in a financial institution in the Czech Republic, or paid out in cash at a selected branch of the distributor.

Each individual redemption of unit certificates is paid by the investment company only in one way (non-cash or cash).

The specific level of rates of the initial margin and deduction during redemption is announced in advance in the list of fees which is available at selected branches of the distributor and at the registered office of the investment company, at investment brokers upon request. The percentage rate, which is valid on the day of issue and redemption of the unit certificate is used to calculate the initial margin or deduction during redemption. This rate can be set differently for individual classes of unit certificates.

The rights from a unit certificate end:

- with the redemption of the unit certificates of the investment company on the day of the debit of sold unit certificates from the account of the unit certificate owner,
- as of the decisive day of the acquisition or consolidation of mutual funds,
- on the day of the payout of the share in the liquidation balance with the dissolution of the mutual fund. This provision does not apply to the dissolution of a mutual fund by consolidation or acquisition.

It is deemed that the first to be redeemed are unit certificates that were the first to be acquired by the unit holder.

After the renewal of the issue and redemption of unit certificates, the investment company will issue said class of unit certificates or redeem unit certificates whose issue and redemption was suspended, for the current value as of the day of the renewal of the issue and redemption of unit certificates. This amount can be increased by a margin or deduction.

The unit holder has no right to default interest for the period of suspension of the issue and redemption of unit certificates, unless the investment company is already in default as of the suspension day with the payout of the amount for the redemption or if the CNB cancelled the decision to suspend the issue and redemption of unit certificates. In such a case, the investment company will pay default interest from its property.

The unit holder can be charged the relevant fee according to the distributor's list of fees for banking transactions for banking and investment services provided by the distributor to the unit holder in connection with the unit certificates.

Section XI. Fees and costs

The data on the amounts charged to investors and costs paid from the fund's property are shown in the table in Annex No. 1.

25. method of determining and level of payment to the manager managing the fund's property and the fund's administrator

The investment company is the fund's manager and also the administrator. For these activities the investment company is entitled to payment made from the property in the mutual fund, while payment for the management and administration of the fund's property is set by a share from the average value of the fund capital for the accounting period. The level of payment (share according to the previous sentence) is set by the Board of Directors of the investment company and is a maximum of 2%. The level of payment for management can be set differently for individual classes of unit certificates. The average annual value of the fund capital will be calculated as a simple arithmetic mean of daily values of the fund capital.

Payment for the management and administration of the fund is made monthly.

26. method of determining and level of payment to the Depository

For performance of the function of the fund's Depository, the Depository is entitled to payment

made from the fund's property which is a maximum of 0.20% of the average annual value of the fund capital increased by value-added tax at the statutory rate. The current level of the Depository's fee is 0.13%. The average annual value of the fund capital is calculated as a simple arithmetic mean of the daily values of the fund capital of the mutual fund. The specific level of payment is set by the depository agreement and can be set differently for individual classes of unit certificates.

Payment for the performance of the function of the Depository of the fund is made monthly based on an invoice issued by the Depository.

27. *method of determination and amount of payment to persons authorised with the performance of individual activities involving the management and administration of the fund if such entrusting arises and if the fee is paid from the fund's property*

The fund's property is managed exclusively by the investment company.

The investment company authorised Česká spořitelna, a.s., with the performance of individual activities which is administration as is stated in Part IV (2) of the Prospectus. The amount of remuneration for this activity is set in the relevant outsourcing contracts either with a fixed amount or by a percentage from the fund capital or percentage derived from payment for the management of the property in the mutual fund. The remuneration particularly takes into account compensation of costs incurred by Česká spořitelna, a.s., which also as entities in the group must apply prices not disadvantageous and usual to the investment company. These outsourcing costs will be proportionately distributed in the case of the management of several collective investment funds among the individual collective investment funds. The maximum amount of costs for these activities paid from the fund's property is 0.1% p.a. of the fund's property and can be set differently for individual classes of unit certificates.

In the case of the consent of the Board of Directors of the investment company, the investment company can also pay these costs from the payment under par. 1 of this part of the Prospectus.

The fees paid by the unit holder in connection with the maintenance of an asset account of Česká spořitelna, a. s. are stated in the List of Fees of Česká spořitelna, a. s., which is available at all branches and also published on the website of Česká spořitelna, a. s. (www.csas.cz).

28. *overview of other costs paid from the fund's property which are not included in payment according to par. 1. to 3.*

Other costs paid from the property in the mutual fund are:

- Costs arising in connection with the acquisition, operation or sale of real estate including their accessories and management costs (this particularly concerns related legal services, fees of the real estate register, costs of a real estate broker, energy, services, maintenance repairs, insurance, development, operating costs, due diligence costs),
- costs arising in connection with participations in real estate companies (costs in connection with the acquisition and sale of participation in real estate companies, this particularly concerns consulting services - legal, accounting, tax, building, audit, real estate brokers; during the course of holding of real estate companies related legal services, audit, etc.),
- costs of foreign capital (i.e. interest from credit and loans received in connection with the management of the property in the mutual fund),
- costs arising in connection with the acquisition, operation and sale of assets from real estate accessories (this particularly concerns a related legal service, restoration, maintenance, repair, energy, etc.),
- costs of the establishment of the activity of the committee of experts and independent experts,
- costs connected with investment instrument transactions (commission, fees of market organisers and securities dealers),
- remuneration for the deposit and management of investment instruments,
- remuneration for the maintenance of investment instrument asset accounts
- costs connected with repo operations and reverse repo operations,
- costs from option, futures and other derivative operations,
- fees of banks for the maintenance of accounts and handling of funds,
- accounting and tax audit,

- court fees,
- taxes.

All other expenses and costs connected with the management and administration of the fund which are not stated in par. 1 to 4 are included in the payment for the management and administration of the fund and are fully paid by the investment company. In the case of consent of the Board of Directors of the investment company, the investment company can also pay the costs stated in this par. 4.

Section XII.

Other data necessary for investors for the well-informed assessment of investment

A. INFORMATION ABOUT THE PROSPECTUS

1. *rules for the update of the Prospectus and method of publication of the Prospectus and its changes* The data contained in the Prospectus must be continuously updated.

All employees of the investment company are obliged to monitor whether there exists or is a need to update the Prospectus. If the relevant bodies of the investment company reach the opinion that the regulation of the Prospectus is relevant, they primarily inform the Board of Directors including the submission of a proposal of the relevant changes. The Board of Directors of the investment company subsequently decides (approve), whether and how to change the Prospectus.

The change to the Prospectus is not subject to prior approval of the Czech National Bank.

The current version of the Prospectus and its changes are published without undue delay on the fund's website www.reico.cz.

Every investor has the right to request the Prospectus in hard copy at the branches of the distributor and at the registered office of the investment company.

2. *notice that apart from the Prospectus, a communication is also published of the key information and that the data stated in it must be consistent with the data contained in the Prospectus*

Apart from the Prospectus of the mutual fund, it also publishes a communication of key information which is a document containing key information for the investors and data contained therein must be consistent with the data contained in the Prospectus. It contains brief basic characteristics of the mutual fund necessary for investors for the well-informed assessment of the nature and risks of investments offered to them, prepared in a form intelligible to the ordinary investor. The communication of key information is published on the fund's website www.reico.cz.

Every investor has the right to request communication of key information in hard copy at the branches of the distributor and at the registered office of the investment company.

3. *The identification of the manager's body whose scope includes the approval of the Prospectus and its changes* Changes of the Prospectus must be approved by the Board of Directors of the investment company.

4. *date of the signature of the valid version of the Prospectus by the statutory body or member of the statutory body of the manager stating his full name and function*

The date and said signature of the valid version of the Prospectus is provided at the end of this Prospectus.

B. ADDITIONAL DATA ON THE FUND

1. *The identification of the fund according to the assets which can be acquired for the fund's equity if such identification is usually used*

The mutual fund cannot be simply assigned to the traditional category of funds, in terms of the types of acquired assets it can be stated that this is more of a conservative mutual fund which acquires lower risk assets, however in connection with the nature of real estate assets it must be stated that they are not quickly liquid during their professional management.

According to the classification binding for members of the AKAT CR as of the day of the approval of this Prospectus, it is possible to use the identification for the mutual fund of a special real estate fund as a sub-category of "other fund" in the classification according to the type of assets.

2. *Characteristics of the typical investor for which the collective investment fund is intended*

Investments in the fund are suitable for unit holders which want to broaden their basic portfolio of investments with real estate through a mutual fund. The unit certificates of the mutual fund are particularly suitable for unit holders with little to average experience of securities and lesser to average willingness to bear risk. The unit holder should have an idea about mid- to long-term investment prospects. To limit the overall risk of the mutual fund, the mutual fund is actively managed against currency risk. The investor should be able to also accept a longer period of the negative trend in the value of a unit certificate. Therefore the mutual fund is suitable for investors who can afford to delay the invested capital for at least 5 years. In view of the risks, to which the investments of the mutual fund can be exposed, we do not recommend acquiring unit certificates on credit. It is also characteristic for real estate funds for real estate assets in the property of the mutual fund to have lower liquidity which means that their sale for an adequate price requires waiting several months. As a consequence of the negative trend of the liquidity of the property in the mutual fund there could even be a limitation to the liquidity of the unit certificates, in an extreme case the suspension of their redemption for a period of up to two years.

3. *A brief explanation of the manner of decision-making about investments in assets which can be acquired for the fund's equity*

The fund's manager decides the acquisition of assets for the fund's equity. The manager, based on the decision on the fund's investment strategy and with due diligence, selects investments corresponding to the fund's risk profile in order to ensure the maximum yield for the fund in this risk profile.

The Board of Directors of the investment company always decides about investments in real estate assets. The supporting document for the decision is a detailed analysis of the planned investment with regard to its yield and risk. The Board of Directors also has at its disposal checks (legal, technical, accounting and tax and other).

The relevant portfolio manager decides about investments in assets besides real estate.

4. *Data on the auditor of the fund*

The auditor of the fund is KPMG Česká republika AUDIT, s. r. o., Pobřežní 648/1a, postcode 186 00, Prague 8, registered in the Commercial Register of the Municipal Court in Prague, Section C, Insert 24185, IČ: 49619187

5. *Data on the main fund supporter* The fund does not have a main supporter.

6. *information about the conditions under which a decision can be made about the liquidation or transformation of the fund, including the time limit in which investors will be informed about this intention, and the procedure for dissolution or transformation*

A. dissolution of the fund with liquidation

According to the Act on Investment Companies, the mutual fund is dissolved with liquidation if

- a) its manager so decides,
- b) its manager was dissolved with liquidation unless the Czech National Bank decides to transfer the management of this fund to a different manager,
- c) the authorisation of the mutual fund's manager to manage this fund ends, unless the Czech National Bank decides to transfer the management of this fund to a different manager,
- d) the Czech National Bank or a court so decides, or
- e) the period for which it was created has expired.

The Czech National Bank can decide to dissolve the fund with liquidation if

- a) the average level of this fund's capital in the last 6 months does not reach the amount corresponding to at least 1,250,000 EUR,
- b) the level of the fund's capital within 6 months does not reach the amount corresponding to at least 1,250,000 EUR, or
- c) it has removed the manager's authorisation for the activity of the investment company.

The Czech National Bank removes the authorisation for the activity of the investment company

- a) if a decision was made on the bankruptcy of the investment company,
- b) if an insolvency petition was denied due to lack of property of the investment company,
- c) if the investment company has requested the removal of authorisation for activity.

The investment company is obliged as of the day of the dissolution of the mutual fund to draw up extraordinary financial statements of this fund according to the law regulating accounting.

The manager of the mutual fund will convert the property in this fund into cash and pay the debts in this fund within 6 months of the day of dissolution of this fund.

The administrator of the mutual fund will pay out to the unit holders their shares in the liquidation balance within 3 months of the day the property in this fund is converted into cash and the debts in this fund are paid.

The Act on Investment Companies sets out more specific conditions.

Informing the unit holders about the intention to dissolve the mutual fund and the time limit reasonable with regard to the investment horizon, in which they will be informed will be stated as follows: if the investment company decides to dissolve the mutual fund, it will publish this intention, including its justification, in a manner allowing remote access through the website www.reico.cz, and in the press at selected branches of the administrator and at the registered office of the investment company. Publication in the press means publication in the Czech economic daily newspaper *Hospodářské noviny*, or in a different nationally distributed daily newspaper. The investment company must provide unit holders with a reasonable timeframe to acquaint themselves with the intention. With regard to the recommended investment horizon of the mutual fund, the time limit for informing and acquainting unit holders with the intention is considered to be six months as of its publication.

B. The transformation of the fund according to this Prospectus

- d) consolidation of mutual funds,
- e) acquisition of mutual funds,
- f) transformation of the mutual fund to a joint stock company,
- e) transformation of a special fund into a standard fund.

The consent of the Czech National Bank is required for all transformations of the mutual fund according to this Institute. The fund's manager decides transformations.

During the consolidation and acquisition the administrator will publish on the dissolved fund's website the decision of the Czech National Bank on the authorisation of the consolidation or acquisition within 1 month of the decision coming into legal effect. With the publication of the notice the unit holders of the dissolved fund will become entitled to the right of redemption of a unit certificate without a deduction, only the amount corresponding expediently to costs connected with the redemption of the unit certificate can be deducted. This right will end if not enforced within 2 months of the day of the publication of the notice.

Consolidated or acquired mutual funds are dissolved and their unit holders become the unit holders of the newly established mutual fund (accepting mutual fund respectively) with the expiry of the set time limit as of the decisive day of consolidation, acquisition respectively. The administrator of the mutual fund is obliged, within 3 months of the day of the dissolution of the consolidated mutual funds (acquired mutual funds), to exchange the unit holder's unit certificate of the dissolved mutual fund for a unit certificate of the newly established mutual fund (accepting mutual fund respectively) in the ratio specified according to the Act on Investment Companies.

The Act on Investment Companies sets out more specific conditions.

During the transformation of the mutual fund into a joint stock company the administrator will publish on the dissolved fund's website the decision of the Czech National Bank on the authorisation of the transformation within 1 month of the decision coming into legal effect. With the publication of the notice the unit holders of the transformed fund will become entitled to the right of redemption of a unit certificate without a deduction, only the amount corresponding

expediently to costs connected with the redemption of the unit certificate can be deducted. This right will end if not enforced within 2 months of the day of the publication of the notice.

The Act on Investment Companies sets out more specific conditions.

7. *stating the contact point where it is possible, if needed, to gain additional information*

address: Česká spořitelna, a.s., with its registered office at Olbrachtova 1929/62, 140 00, Prague 4.

telephone: free infoline 800 207 207 on working days,

e-mail: csas@csas.cz

website of the investment company (URL address): www.reico.cz

Data on contact persons, employees or departments: Česká spořitelna, a.s. branch network
working hours: 8:00 a.m. - 3:00 p.m.

8. *basic information about the tax system, which applies to the fund, holding and transfer of securities of this fund, including notice that the system of the taxation of income or profit of individual investors depends on valid tax regulations which need not be the same for every investor, and that if the investor is unsure about the tax system applying to this investor, he should seek professional advice,*

The taxation of the mutual fund and unit holders is subject to the tax regulations of the Czech Republic, particularly Act No. 586/1992 Coll., on Income Tax, as amended. An income tax rate of 5% applies to taxation of the income of the mutual fund.

For legal entity and individual tax residents in the Czech Republic that have unit certificates included in commercial property, the income from the redemption of unit certificates is subject to a standard tax system.

For individuals that have no unit certificates included in commercial property, the income from the redemption of unit certificates is exempt income tax if the unit holder has owned these unit certificates for more than 3 years or if income from the redemption of unit certificates does not exceed in the tax period 100,000 crowns. Otherwise, this income needs to be included in other income in a personal income tax return.

If there is income from the redemption of the unit certificate or from the payout of shares in the profit of the beneficiary - tax non-resident of the EU member-state or other state within the European Economic Area, the investment company is obliged in statutory cases to deduct from the amount of a redeemed unit certificate income tax in the amount according to valid legal regulations. Therefore before the redemption of unit certificates or before the payout of shares of profit the administrator can ask for proof of the tax domicile of the beneficiary.

It is noted that the income tax system of individual unit holders depends on the valid tax regulations which could change over time. The income tax of individual investors depends on the tax regulations valid at this time and may not be the same for every investor. Neither the investment company nor the distributor is authorised to provide tax advice beyond the scope of the information obligation arising from the law. Therefore the investment company recommends that the unit holder, in case of doubt regarding the tax system which applies to him, seeks professional advice (of a tax advisor).

9. *Method and frequency of publication of reports about the management of the collective investment fund* The fund's administrator is obliged to publish the fund's annual report within 4 months of the end of the accounting period. Part of the annual report is the financial statements verified by an auditor.

The fund's administrator is obliged to draw up and publish the fund's midterm report within 2 months of expiry of the first 6 months of the accounting period. The mid-term report contains the fund's balance sheet.

The administrator provides every unit holder, at the latter's request, the final published annual or mid-term report in hard copy.

The administrator publishes

- a) for every day when the fund's unit certificates are issued and redeemed, data on the current value of the fund capital and on the amount for which the unit certificates are issued and redeemed, as well as data on the current value of the unit certificate of the individual classes of unit certificates,
- b) for every calendar month, data on the number of issued and redeemed unit certificates and on the amounts for which these unit certificates were issued and redeemed,
- c) for every calendar month, data on the structure of property in the mutual fund as of the last day of the month.

Information is published on the fund's website: www.reico.cz.

10. *data on the Czech National Bank as the fund's supervisory body*

The Czech National Bank supervises the observance of the law, conditions set in the decision issued according to the law, Prospectus of the collective investment fund and other legal obligations

which is the state supervisory body of the capital market

address: Na Příkopě 28, postcode 115 03, Prague 1

telephone: 800 160 170

e-mail: podatelna@cnb.cz

website (URL address): <http://www.cnb.cz>.

11. *Information on remuneration*

The investment company has accepted the Policies of Remuneration of REICO investiční společnosti České spořitelny, a.s., which prevents any conflict of interest and ensures compliance with the binding rules for awarding remuneration to employees and managers of the investment company. The policies of remuneration are available on the fund's website: www.reico.cz in the About Us/Information Obligation section.

12. *Notice to investors*

The unit holders hereby expressly note that the authorisation for the activity of the investment company, performance of supervision by the Czech National Bank are no guarantee of a return on the investment or performance of the fund, cannot exclude the possibility of a breach of legal obligations or the Prospectus by the manager of the collective investment fund, administrator of the collective investment fund, Depository of the collective investment fund or other person and cannot guarantee that any damage caused by such breach will be compensated.

Date: 9 March 2021

Signature of the members of the statutory body

Tomáš Jandík m.p.
Chairman of the Board of Directors

Darina Lišuchová m.p.
Member of the Board of Directors

Effective date of the Prospectus - 10. March 2021

Annex 1 The Prospectus of ČS nemovitostní fond, open-ended mutual fund of REICO investiční společnosti České spořitelny, a.s.

Fee structure

a) for the type of unit certificates identified as CZK C Class

The amounts charged to investors and costs paid from the property in the mutual fund serve to ensure the management of the mutual fund's property, including the issue or sale and redemption of its unit certificates. These fees and costs reduce the potential yield of investment for the investor.

Single fees charged before and after the investment (This is a higher amount which can be directly charged to the investor before the investment or after the payout of the investment.)	
Upfront fee (margin)	max. 1.5% of the investment
Exit fee (deduction)	0%
Costs paid from the property of the collective investment fund during the course of the year (These costs are not charged directly to the investor, but are paid from the fund's property, therefore reduce the fund's performance)	
Total costs*	1.88% (for 2020)
Costs paid from the fund's property under special conditions (These costs are not charged directly to the investor, but are paid from the fund's property, therefore reduce the fund's performance)	
Performance fee	0%

b) for the type of unit certificates identified as CZK DPM C Class

Single fees charged before and after the investment (This is a higher amount which can be directly charged to the investor before the investment or after the payout of the investment.)	
Upfront fee (margin)	max. 1.5% of the investment
Exit fee (deduction)	0%
Costs paid from the property of the collective investment fund during the course of the year (These costs are not charged directly to the investor, but are paid from the fund's property, therefore reduce the fund's performance)	
Total costs*	1.03 % (for 2020)
Costs paid from the fund's property under special conditions (These costs are not charged directly to the investor, but are paid from the fund's property, therefore reduce the fund's performance)	
Performance fee	0%

c) for the type of unit certificates identified as CZK C Class

Single fees charged before and after the investment (This is a higher amount which can be directly charged to the investor before the investment or after the payout of the investment.)	
Upfront fee (margin)	max. 1.5% of the investment
Exit fee (deduction)	0%
Costs paid from the property of the collective investment fund during the course of the year (These costs are not charged directly to the investor, but are paid from the fund's property, therefore reduce the fund's performance)	
Total costs*	-
Costs paid from the fund's property under special conditions (These costs are not charged directly to the investor, but are paid from the fund's property, therefore reduce the fund's performance)	
Performance fee	0%

*The total cost indicator is equal to the ratio of the total costs of the mutual fund to the average monthly value of the fund capital of the mutual fund for the previous accounting period while taking into account the specific costs of said class. The total costs mean the sum total of costs for charges and commission, administrative costs and other operating costs in the statement of costs, revenue and profit or losses according to the Decree on reporting to the Czech National Bank (see Definition of Terms), after

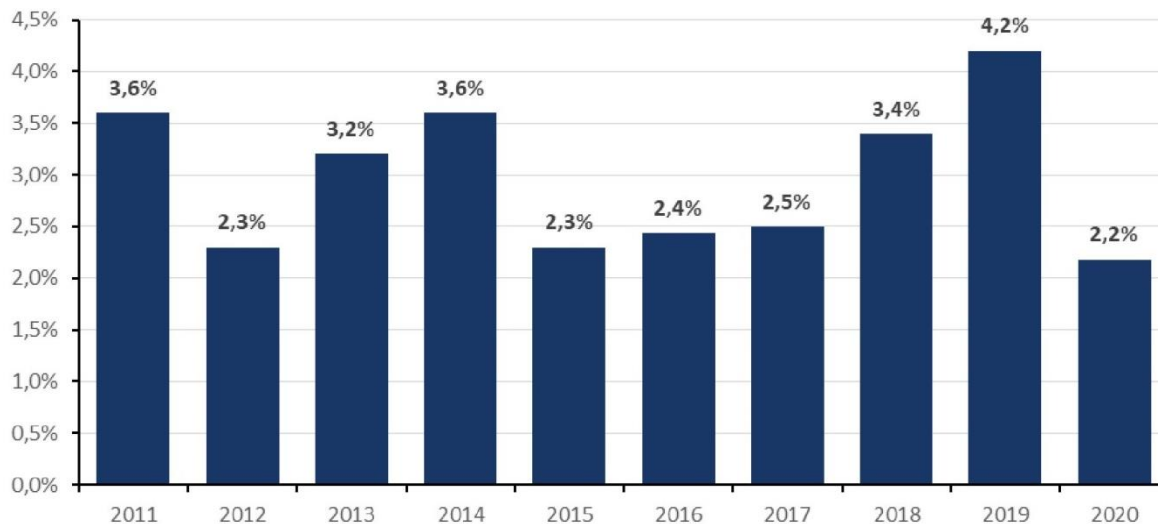
deduction of charges and commission for investment instrument operations. The total cost indicator thereby indicates how the property in the mutual fund is encumbered by all the fund's costs, not just with the management fee.

Annex 2 The Prospectus of ČS nemovitostní fond, open-ended mutual fund of REICO investiční společnosti České spořitelny, a.s.

Fund performance

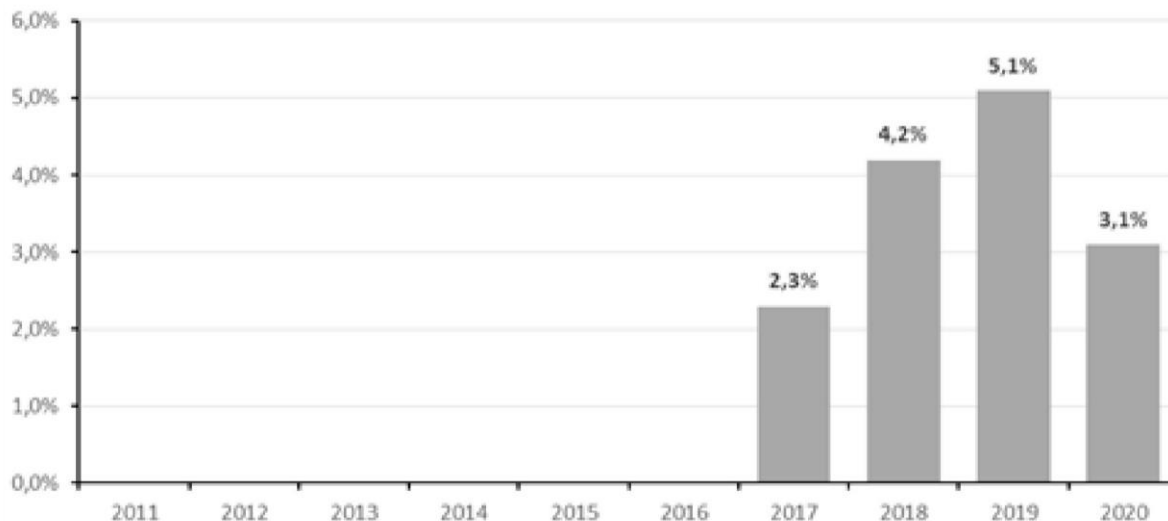
a) for the type of unit certificates identified as CZK C Class

The data used apply to the past and past performance is not a reliable indicator of future yields. Therefore the diagram below only has a limited explanatory power if this concerns the future performance of the mutual fund.



b) for the type of unit certificates identified as CZK DPM C Class

Based on the change to the Prospectus which came into effect on 2 November 2017, the only existing type of unit certificates up to this time was identified as CZK C Class and a new type of unit certificates identified as CZK DPM C Class was introduced. Performance in the past is not a reliable indicator of future yields. Therefore the diagram below only has a limited explanatory power if this concerns the future performance of the mutual fund.



c) for the type of unit certificates identified as CZK CS C Class

Data on the historical performance of this class of unit certificates cannot be provided yet in this Prospectus for the newly created class of CZK CS C unit certificates. The performance value of the current (incomplete) calendar year of the existence of said class of unit certificates of the mutual fund is not provided. Performance in the past is not a reliable indicator of future yields.