

ČS nemovitostní fond
2020 Annual Report



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Basic information

Basic information on the Fund as at 31 December 2020

Fund identification:	ČS nemovitostní fond, open-ended mutual fund
Fund manager and administrator:	REICO investiční společnost České spořitelny a.s.
Depository:	Česká spořitelna, a.s.*
Auditor:	KPMG Česká republika Audit, s.r.o.
Date of establishment of the Fund:	9 February 2007
Frequency of valuation and trading:	daily
Recommended investment horizon:	min. 5 years
First and every subsequent investment:	min. CZK 300
Fund bank account number:	35-2001349369/0800
ISIN:	CZ0008472545
Currency of the Fund:	CZK
Sale fee:	did not exceed 1.5% in 2020
Management fee:	1.75%
(*over the entire period of the Fund's existence)	

Selected key financial information as at 31 December 2020

ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s. (ČS real estate fund, open-ended mutual fund of REICO investment company of Česká spořitelna)

Key financial indicators for the accounting period	TCZK CZK
Total assets	28 236 584
Total value of real estate (market valuation)	31 961 197
- owned directly by the Fund	0
- owned through a real estate company	31 961 197
Number of real estate	19
- owned directly by the Fund	0
- owned through a real estate company	19
Occupancy rate of real estate	93.4%
Changes in the real estate portfolio in 2020:	
Purchases of real estate	2
- owned directly by the Fund	0
- owned through a real estate company	2
Sales of real estate	0
- owned directly by the Fund	0
- owned through a real estate company	0
Performance of the Fund in the period from 1 January 2020 to 31 December 2020	2.2%
Equity	27 644 843
Equity per unit (CZK C class)	1.2685
Equity per unit (CZK DPM class)	1.1554
Revenue paid to unitholders	0¹

¹ ČS nemovitostní fond is a growth fund and does not pay any revenue to its unitholders.

Introduction by the chairman of the board of directors



Tomáš Jandík, CFA, MRICS

Chairman of the board of directors
REICO investiční společnost České spořitelny, a.s.

Ladies and gentlemen, dear unitholders.

It is my pleasure to present to you the annual report of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s. for 2020.

Despite a promising start of the year we experienced an unprecedented pandemic outbreak which impacted us all and the global economy and resulted in a steep decline of financial markets by tens of percent, among other effects. Responding to government measures and the general uncertainty the GDP of the Czech Republic dropped by 5.6% y-o-y and the CZK/EUR exchange rate devalued significantly. The situation materially impacted most commercial real estate sectors with hotels oriented on foreign clientele in the forefront. Retail sector had to deal with frequent lockdowns of most of their facilities, while selected segments, such as food stores, enjoyed higher sales. The general drop in GDP led to a slowdown of the office market and did not favour production companies either. However, logistics companies focusing on e-commerce largely benefited due to an accelerated change in customer behaviour. Investment markets then reflected different pressures on the leasing markets but, due to an unprecedented monetary and fiscal expansion, real estate prices remained relatively stable.

Despite this difficult environment, ČS nemovitostní fond managed to achieve an appreciation of 2.18% y-o-y, not only through our strategy focusing on a diversified portfolio of prime assets, but also thanks to our asset management team's work. In the Park One building, we leased 6 541 m² to the Government Office of the Slovak Republic, representing one of the largest lease transactions on the Bratislava market in 2020. In spite of the problems with the lockdown of shopping centres, we managed to attract many new brands into the Forum Nová Karolína, including Mango, GAP, Karl Lagerfeld, and Under Armour. These and other transactions materially mitigated the negative impact of the pandemic on the office and retail portion of the Fund's portfolio. The average occupancy rate of our real estate portfolio at the end of 2020 was still high at 93.41% and the weighted average unexpired lease term stood at 3.5 years.

In terms of 2020 transaction business, we managed to acquire two new PNK Park Sered' buildings in western Slovakia. Hall DC 31 is leased to the automotive supplier Wegu, and hall DC 32 is used as a central e-commerce warehouse for the LPP retail chain, which comprises fashion brands including Reserved, Cropp, House, Mojito and Sinsay. The buildings benefit from a 10 year lease term and thus represent the core of the logistics allocation of ČS nemovitostní fond. The logistics segment withstood the events of 2020 best of all sectors and we can expect a continuous increase in our logistics allocation in the following years as well. The buildings were secured through the Fund's equity without the need for external financing which further helped to reduce the Fund's average indebtedness. The loan-to-value ratio (LTV) at the end of the year was at a very conservative level of under 35% of assets under management.

Last year ČS nemovitostní fond managed to defend its position of the largest and oldest mutual property Fund in the Czech Republic. Through its fourteen-year history and the continuing trust of over 90 thousand unitholders, we today manage a portfolio with a market value of approximately CZK 32 billion. Through its size the Fund offers wide diversification among three countries (the Czech Republic, Slovakia, Poland) and four sectors (office space, retail logistics, and main shopping streets). The Fund focuses almost solely on dominant prime assets and its proven historical performance in the last 10 years achieved some 3 % p.a. This encompasses the attributes of a conservative investment strategy, the corner stone of the real estate allocation of an investment portfolio.

Tomáš Jandík, CFA, MRICS
Chairman of the board of directors
REICO investiční společnost České spořitelny, a.s.

Macroeconomic overview

Last year's economic situation was affected by the COVID-19 outbreak and the related negative macroeconomic effects. The GDP dropped by 5.6%, although the results differed in the individual quarters. In January and February, the development of the Czech economy remained positive, mainly due to signs of economic recovery in Germany. However, after March 2020, the Czech economy faced the first wave of the COVID-19 outbreak followed by a steep drop in both domestic and foreign demand. After the second half of May, the economy began to recover again in relation to a lessening of the pandemic, which was rather more rapid than expected at that time. Unfortunately, the second wave of the pandemic struck in the autumn, and new restrictive measures again resulted in a drop of domestic demand. However, the development of foreign demand differed from that of the spring, as it was supported by more favourable epidemical developments in Germany.

Average inflation in 2020 reached 3.2% and therefore was above the upper limit of the tolerance area around the inflation objective of 3%. High inflation was due to favourable economic developments in 2019 with an extremely strong labour market, which continued to impact price developments in 2020. Fiscal support aimed at preventing a higher unemployment rate after the COVID-19 outbreak was another major factor. The final major factor was the increase in the price of food. However, throughout 2020, inflation slowly decreased towards 2%, the CNB's inflation objective, with December's y-o-y inflation rate at 2.3%. This slowdown in price growth was mainly caused by the development in food prices, as well as by anti-inflation developments related to muted domestic demand.

Last year, the labour market did not deteriorate as badly as the first outlook after the COVID-19 outbreak had predicted. The major overhang of demand for jobs over the supply, which dominated the Czech labour market in 2019, was lower in 2020 but remained positive, principally due to two reasons: the first being the government's measures to support employment, and the second was the recovery of foreign demand in the second quarter (since the end of May), which continued until the end of the year. Thus, the December unemployment rate was only 3.2%.

The CNB's monetary policy reflected the economic development. In February, the main CNB interest rate was increased to 2.25% due to expected growth of inflation. However, after the COVID-19 outbreak and economic slowdown, interest rates were relatively quickly reduced, and in May 2020, the main interest rate was set at 0.25%. From May until the end of the year, interest rates remained unchanged, and strong inflation and the relatively good development of the labour market together with a weak CZK were the main reasons why CNB did not lower the rates even further.

The same factors affected the changes in the CZK/EUR exchange rate. At the beginning of the year, the foreign exchange rate strengthened in reaction to the growth in CNB's interest rate and positive economic developments. After the COVID-19 outbreak and the rapid reduction of interest rates, the Czech crown materially devalued and remained weak in the following months, as the negative market sentiment reinforced by worries over Brexit and the results of the US presidential election prevented its strengthening. However, the fourth quarter saw improved market sentiment supported by the results of the US election and the news of successful vaccine testing.

Prices of residential real estate continued to grow quite quickly last year. The major economic slowdown therefore did not have any significant impact on the prices, one of the reasons being the strong labour market. Although last year saw a deterioration of the labour market, in absolute measures this was only a very slight one, and household income was not affected enough to cause a reduction in residential real estate prices. The second reason is the continuing overhang of the housing demand over supply. Although previous years saw a significant increase in new apartment construction, it has not been sufficient to meet demand, which has resulted in price growth. A major decrease in CNB rates followed by a decrease in market rates can be seen as another contributing factor. Some households thus could use the period of significantly lower rates to get a mortgage to purchase housing before CNB rates start to grow again.



Developments in real estate markets

At the end of 2020, the Company was invested in the office space segment on the Czech, Slovak and Polish markets, in the retail segment on the Czech and Polish markets, and in logistics on the Slovak market. Developments on the above markets were negatively impacted by the global COVID-19 outbreak, resulting in a major slowdown of the global economy, impacting primarily the hotel, catering, retail and service sectors in general. The retail sector was seriously affected by a series of lockdowns throughout the year, with inessential retail shops closed for extended periods of time. The office sector faced a mandatory home office regime, and some companies offered their vacant spaces for sublease. However, companies decided to leave major decisions on changes in the lease of premises or on new leases until after the end of the pandemic, so that the resumption of business as usual would allow the assessment of the effectiveness of home office regimes. On the other hand, the industrial real estate sector became a winner from the coronavirus crisis. The attractiveness of industrial sector gained momentum and investors began to invest more capital into logistics real estate after a restrained beginning of the year. This led to a change in the volume of invested capital in disfavour of the traditionally stronger office segment.

Commercial real estate investment market in Central Europe

Due to the pandemic, the commercial real estate investment market in Central Europe reported a decrease in investments of 27.3% compared to the previous year, i.e. investments totalled EUR 9.54 billion in 2020 compared to EUR 13.13 billion in 2019. Traditionally, the biggest market was again Poland (EUR 5.26 billion, a y-o-y drop of 31.78%), followed by the Czech Republic (EUR 2.66 billion, a y-o-y drop of 12.8%). This negative trend was visible also in Hungary (EUR 1.10 billion, a y-o-y drop of 36.04%), and Slovakia (MEUR 517, a y-o-y drop of 19.3%).

The largest Czech transaction was undertaken by the Swedish group Heimstaden Bostad in the first quarter of 2020, purchasing the Residomo residential portfolio from Round Hill Capital in the total value of MEUR 1,300, which at the end of the year represented almost 50% of the total invested volume in the Czech Republic. Another major transaction was the sale of new office complex Churchill Square I & II, sold by Penta Real Estate to Českomoravská nemovitostní and Corporate Finance Group for the price of MEUR 152. This transaction was important for the Prague office market, as it confirmed the market's stability in an environment affected by the pandemic. The Australian investor Cromwell carried out a major investment in the logistics segment by purchasing the industrial ARETE INVEST CEE II Portfolio from ARETE real estate fund for MEUR 113.2. In the retail sector, Generali Real Estate purchased the Kotva department store from PSN for MEUR 157 in the first quarter. In the hotel sector, the most significant investment was in the first quarter of 2020, when Covivio purchased the Carlo IV hotel from Värde Partners for MEUR 126.

The Slovakia market predominated with investments into the logistics sector which totalled to 49% of the total volume. The largest transaction was the sale of the Goodman logistics portfolio

including industrial real estate in Senec and Košice, for the price of MEUR 105. Goodman International sold its portfolio to GLP. Another major logistics transaction was carried out by REICO, which on behalf of ČS nemovitostní fond purchased two buildings in the Sered' Industrial Park from PNK Group, for the price of MEUR 30.6. A major office space transaction was the purchase of the Rosum office Building in Bratislava, purchased for MEUR 60 by private Austrian investor European City Estates from Penta Real Estate.

In Poland, the majority of investments went to the logistics sector (50%) with investment volumes growing significantly against 2019 (MEUR 2.62, y-o-y +70.4%). The largest Polish transaction in 2020 was carried out by Goodman Group selling its portfolio to GLP. The Polish share of this transaction was approximately MEUR 550. Other transactions comprise a portfolio of five industrial parks of developer Panattoni purchased by Savills IM for MEUR 188, and the acquisition of six Hines industrial parks by CGL for MEUR 140. The acquisition of a 61.49% share in GTC comprising offices and shopping centres carried out by Hungarian Optima Investment was another major transaction. The largest office transaction was the sale of the Lixa A&B buildings purchased by Hana Financial Investment through Commerz Real for the price of MEUR 138.

At the end of 2020, the prime yield in the Czech Republic amounted to 4.25% in respect of offices, 5.75% in respect of retail, 4.25% in respect of Prague's main shopping streets, and 5.00% in respect of the prime logistic facilities. The revenues of the most affected segments (i.e. retail and main shopping streets) reported the highest growth, both by 75 bps compared to the end of 2019, while revenues in the logistics and office sectors remained unchanged. Revenue development was similar in Poland, apart from a difference in the office sector, where the prime yield went to 4.60% in 2020 from the original 4.25%. Revenues from retail also grew by 75 bps to 5.75%, and industrial real estate reported a revenue compression by 25 bps to 5.50%. Slovakia reported the most modest changes in revenues. Premium office and industrial revenues decreased by 10bps, with offices reaching 5.50% and logistics 6.15%. Retail prime yield grew to 6.00% (+25 bps).

Commercial real estate market in the Czech Republic

In 2020, the Prague office market grew by 149,700 m² of new premises to a total of 3.82 million m², which is a 4.1% year-on-year increase in the overall office area in Prague. Net absorption amounted to 77,300 m² in 2020, almost doubled by the area of newly built premises. As a result, the vacancy rate increased to 7% in Prague at the end of 2020 (+150 bps year-on-year). Prime rents in Prague remained unchanged year-on-year, and at the end of 2020 totalled EUR 22.50-23.00/m²/month, the same as in 2019. The largest lease transaction in 2020 was the renegotiation of the lease contract of Unicredit Bank in BB Centrum's Filadelfie office project, totalling 22,900 m²; the largest new transaction was the release of 7,800 m² by an undisclosed tenant in the Hagibor 05 building.

The Brno office market grew by 24,300 m² in 2020, to a total of 658,000 m². The vacancy rate rose year-on-year by 160 bps and amounted to 11.9 % at the end of 2020. Prime rents in Brno remained the same at EUR 16.00/m²/month.

Due to the restrictions on retail just to the essentials during the first and second wave of the pandemic, revenues from retail decreased y-o-y by 0.9% in 2020. However, several sectors benefited from this situation, primarily e-shops, which reported a 28.2% growth. Due to closed restaurants, forced home office and closed schools, the food segment also increased significantly. No major shopping centres were opened in 2020. The total retail area in the Czech Republic was 2.45 million m², increasing only slightly compared to 2019 thanks to completed smaller projects. Despite the difficult retail environment, several brands entered the Czech market, including Action, ASOS, DSQUARED 2, El Gaucho, Rebel Queen, Saint Laurent, Steve Madden and TEDI. Prime rents in Prague shopping centres decreased year-on-year by EUR 5/m²/month to EUR 145/m²/month and rent rates in the shopping streets also dropped by EUR 5/m²/month to EUR 230/m²/month. Outside Prague, prime rents decreased only by 3 EUR/m²/month, and the current prime rent in shopping centres in other Czech regions amounts to 62 EUR/m²/month.

Commercial real estate market in Poland

In 2020, 314,000 m² (a year-on-year increase of 152,000 m²) of new office areas were completed in Warsaw, and the office stock reached 5.9 million m². Net absorption reached 176,000 m² (y-o-y decrease of 12.0%), not exceeding the volume of newly completed offices, which was by 138,000 m² higher. As a result, the vacancy rate increased year-on-year by 210 bps to 9.9%. Instead of the usual volume of 700-800,000 m², only 570,000 m² of new office premises was under construction at the end of the reporting period. This stems from the increased caution of developers in launching new projects. This construction slowdown can thus result in the failure to meet the demand for new office premises in the next years. Prime rent in the centre of Warsaw remains at EUR 20.50-24.00 /m²/month, and at EUR 13.50-16.00 /m²/month outside the city centre. Although lease activity in 2020 was at its lowest in the last eight years, a record transaction was reported at the same time, which comprised the pre-lease of 46 500 m² in the Generation Park Y building by PZU, a Polish insurance company.

In 2020, a total of 240,000 m² new retail spaces in shopping centres were completed. A further 240,000 m² of business centres are under construction, to be completed in 2021. Major projects

which are to be opened in 2021 include Galeria Karuzela Kołobrzeg in Kołobrzeg (30,000 m²), Fabryka Norblina in Warsaw (26,000 m²), Color Park in Nowy Targ (25,000 m²), and Galeria Andrychów in Andrychów (24,000 m²). Prime rents decreased compared to 2019 by EUR 10/ m²/ month and amounted to EUR 125/m²/month in Warsaw, and EUR 45-60/m²/month in regional cities.

Commercial real estate market in Slovakia

The office stock in Bratislava consists of approx. 1.93 million m² of modern office areas. In 2020, 89,600 m² of new office areas were completed; the office stock thus increased year-on-year by 5.2%. The net absorption reached only 27,500 m². As a result, the average vacancy rate in the Bratislava market increased to 11.1% at the end of 2020 (+240 bps y-o-y). More than 194,000 m² of new office areas are under construction in Bratislava, which will result in a further increase in the vacancy rate after completion due to limited demand. The rent rates in prime office buildings in Bratislava remain stable at EUR 17 /m²/month.

At the end of 2020, the size of the business centre market in Slovakia was approx. 1.8 million m², with the Bratislava market with its 19 shopping centres accounting for approx. 0.6 million m². The relatively high saturation of the business centres in the Slovak capital (over 1,200 m² of areas per 1,000 citizens) is expected to grow further after the announced completion of Stanica Nivy by HB Reavis (70,000 m²), which was postponed to 2021 due to the pandemic, and the extension of the Eurovea II shopping centre (+25,000 m²) in 2022. The only shopping centre completed in 2020 was Novum Prešov. Its opening was complicated due to the government restrictions and the shopping centre has only opened one third of its retail premises so far. Compared to last year, the prime rent decreased by EUR 5/m²/month, and in the premium Bratislava shopping centres reached EUR 65/m²/month.

The size of the Slovak industrial stock is approx. 2.9 million m² and year-on-year, its overall area rose by 5.5%, which represents almost 216,000 m² of newly completed area in 2020. Compared to the previous year, net absorption decreased by 29% to 197,600 m², and due to the completion of a large number of premises, the vacancy rate began to grow from 6.0% in 2019 to 7.7% in 2020. Currently, there are more than 248,600 m² of new industrial areas under construction, 74% of which have already been pre-leased. The average rent rate remains unchanged at EUR 3.45-4.90 /m²/month.

Information for investors

Objective and strategy of the Fund

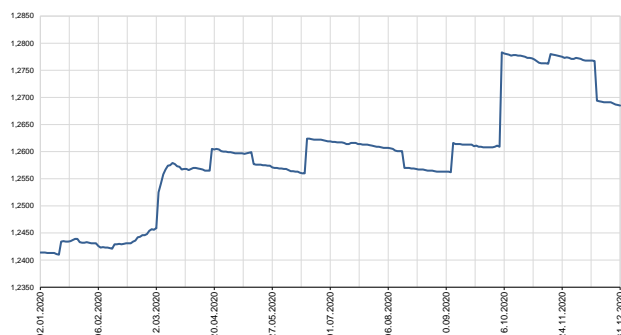
The Fund's objective is to achieve stable long-term appreciation of the funds invested in by the unitholders. The Fund primarily focuses on investments in commercial real estate (administrative buildings, shopping centres and logistic parks), selecting those which generate or have the potential to generate revenues in form of income from leases. The Fund does not pay out any dividends and all revenues are reinvested.

The real estate portfolio is being gradually extended and renewed. Apart from acquisitions of attractive commercial real estates, the extension and renewal of the portfolio also includes the sale of real estates from the portfolio. The Fund is currently not planning to change its strategy. Part of its strategy is to hold real estates in its portfolio for extended periods of time. Hence, the Fund usually does not sell any real estate within two years from acquisition.

Performance of the Fund, value of its equity and the value of equity per unit

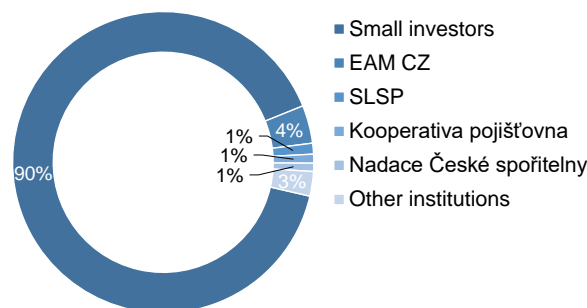
The liquid component of the Fund is valued on a daily basis. The real estate component is valued at least twice a year. The visible steps on the chart of the Fund's performance have been caused by reflecting the valuation of the real estate component in the Fund's assets. Once a month, the Fund accounts for an estimated item for the valuation of the real estate companies based on the value of the current assets and liabilities of the real estate companies owned by the Fund. As a result, the Fund obtains a truer view of the collected lease payments for the lease of the real estate held by the real estate companies on the Fund level in time. The estimated item is subsequently replaced by its actual value based on the value of the real estate determined by the Expert Committee within the ordinary valuation of the Fund's ownership interest in the real estate company carried out at least twice a year in compliance with the law.

Development of the unit value CZK, 1 Jan 2020 – 31 Dec 2020



Structure of investors

In % by the ownership interest in CZK



Data on development of fund capital

Date	Fund capital of the mutual fund (in TCZK)	Fund capital per CZK C class unit (in CZK)	Fund capital per CZK DPM class unit (in CZK)
31 December 2018	21 594 803	1.1914	1.0662
31 December 2019	25 796 366	1.2414	1.1205
31 December 2020	27 644 843	1.2685	1.1554

Number of issued units

As at 31 December 2020, the number of units was 20 118 834 863 in the CZK C class, and 1 838 681 014 in the CZK DPM class.

Number of issued units in the period from 1 January 2020 to 31 December 2020

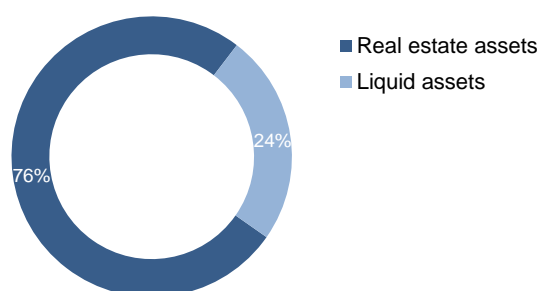
Issued and redeemed units	CZK C class	CZK DPM class
Number of units issued by the Fund	3 546 099 665	184 419 179
Amount collected into the Fund's assets for issued units in CZK	4 462 459 721	209 306 998
Number of units redeemed by the Fund	2 321 137 130	434 997 694
Amount paid from the Fund's assets for redeemed units in CZK	2 919 693 402	495 400 063

Real estate portfolio

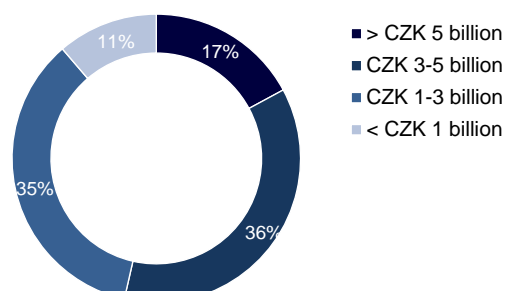
Brief overview

To minimise the risks connected with real estate portfolio management, the portfolio is diversified both in terms of geography and the size and type of real estate. The size of the real estate and its market value are important parameters. Larger real estate usually offer a higher flexibility of use, generate more stable lease income, and their value can be maintained on a high level over a long period of time. The charts show the geographic structure of the portfolio and the structure of the real estate' market value.

Share of real estate assets on the Fund's total assets
% share of the total value of the fund capital



Market value of buildings
% share of the total market value

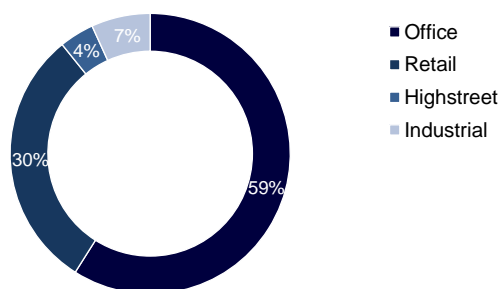


Real estate assets: values of the ownership interests in the real estate companies and values of loans provided by the Fund to the real estate companies.

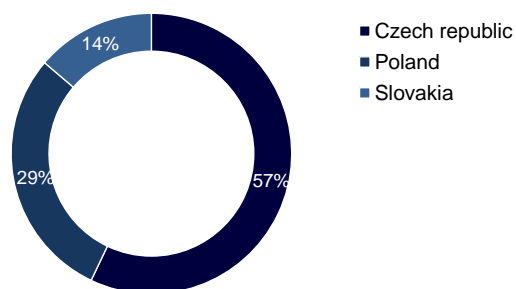
Potential of portfolio utilisation

The following chart shows the utilisation of the real estate in the Fund's portfolio based on the type of the premises. A suitable combination of various types and utilisation of the premises in the portfolio contributes to its stability.

Sector diversification
% share of the total market value



Geographical diversification
% share of the total market value



Occupancy rate of the real estate portfolio

As at 31 December 2020, the average vacancy rate of the real estate included in the portfolio was 6.6%. The vacancy rate is determined as the percentage of the vacant (office, retail, warehouse and other leasable) areas towards the total leasable areas in the Fund's portfolio recognised as at the relevant date. Parking spaces are not included into the vacancy rate calculation.

Financial information as at 31 December 2020

Summary of assets	Value of assets (in TCZK)
I. Real estate part of the Fund	19 151 835
I.I Tangible fixed assets	0
- land and buildings (directly owned real estate)	0
I.II Equity investments with controlling influence	19 151 835
- real estate companies in the Czech Republic (real estate held through real estate companies)	11 601 742
- real estate companies outside the Czech Republic (real estate held through real estate companies)	7 550 093
II. Receivables from non-banking entities	2 213 007
- loans granted to real estate companies	2 213 007
III. Liquid portion of the fund	6 741 609
III.I Receivables from banks	6 741 609
- current accounts	463 508
- fixed-term deposits	6 147 601
- compound margins	130 500
III.II Debt securities	0
- issued by government institutions	0
- issued by other entities	0
IV. Other assets	130 133
- other assets	130 133
TOTAL ASSETS	28 236 584

Bank loans and overdrafts

As at 31 December 2020, the Fund recognised indirect liabilities of approx. CZK 12.8 billion from loans to the financing banks, arising from funding of the real estate companies, and liabilities from issued bonds in the nominal amount of MCZK 600. All 19 real estate were owned through 19 real estate companies in 2020.

- REICO Investment ALFA, a.s.	- Sloneczna Radom sp. z.o.o.
- REICO Investment BETA, s.r.o.	- Proximo One, sp. z.o.o.
- REICO Investment GAMA, a.s.	- Proximo Two, sp.z.o.o.
- JRA, s.r.o.	- Industrial Park Dubnica I, s. r. o.
- Trianon Building Prague, s.r.o.	- METRONOM BC s.r.o.
- Qubix Building Prague s.r.o.	- New Karolina Shopping Center Development, s.r.o.
- FORUM BC I s.r.o.	- Industrial Park Dubnica II, s. r. o.
- Topas REAL spol. s r.o.	- Sered' Logistics and Industry 1, s.r.o.
- CITY TOWER, a.s.	- Sered' Logistics and Industry 2, s.r.o.
- Park One Bratislava, s.r.o.	

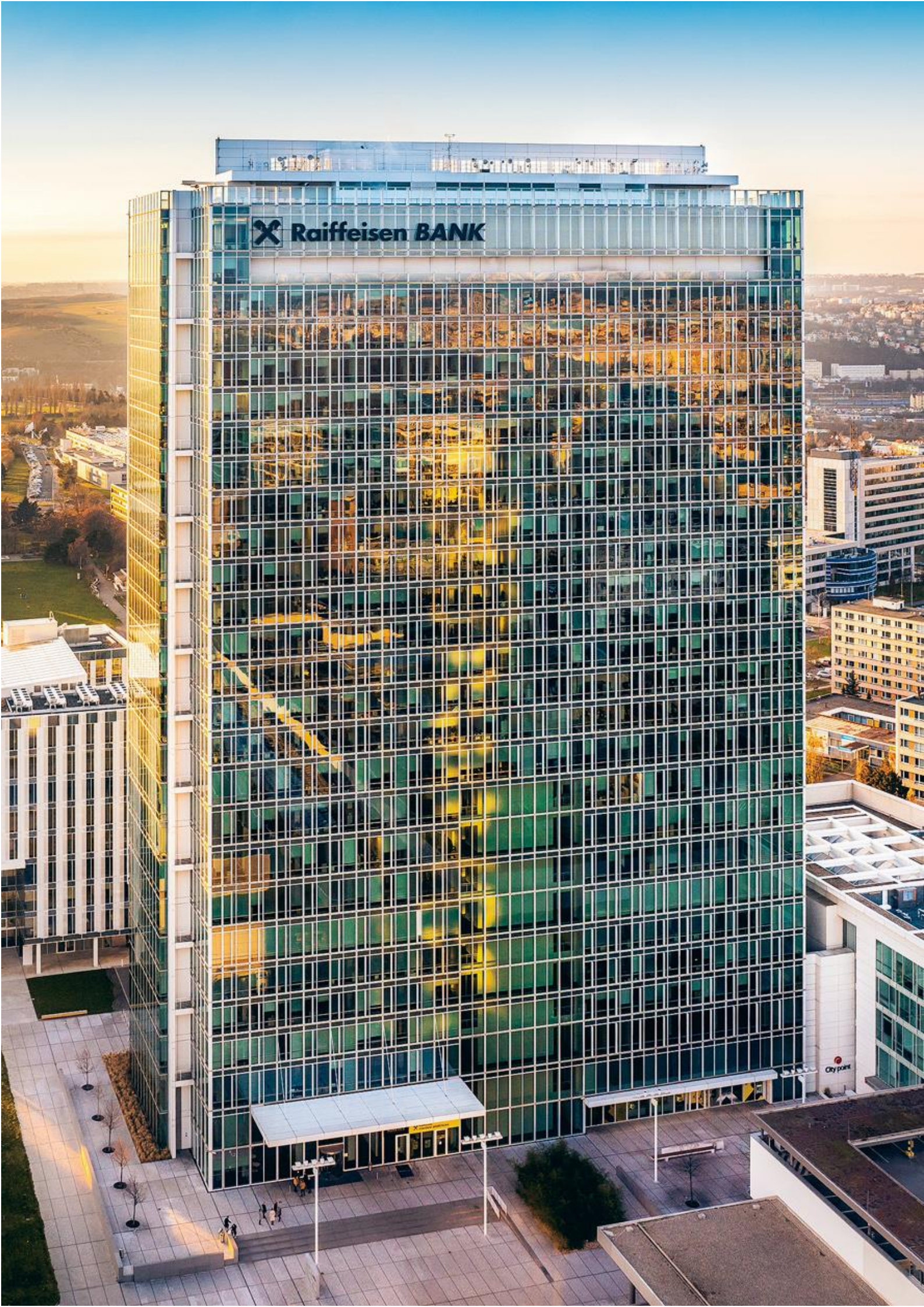
Some real estate companies are financed through bank loans provided by various banks and having various maturity dates. As at 31 December 2020, the ratio of the value of the loans to the market values of the financed real estate was 46.83%.

Overview of bank loans

Bank loans	Overall loans (directly owned real estate) in TCZK	Overall loans (indirectly owned real estate) in TCZK	Remaining period of duration of the loan agreement In % of the total volume of loans			
			Under 1 year	1-2 years	2-5 years	5+ years
CZK-denominated loans in the Czech Republic	0	260 400	0.00%	2.04%	0.00%	0.00%
EUR-denominated loans in the Czech Republic	0	5 793 938	0.00%	0.00%	45.28%	0.00%
EUR-denominated loans outside the Czech Republic	0	6 741 176	0.00%	13.10%	36.34%	3.25%
Total	0	12 795 514	0.00%	15.13%	81.62%	3.25%

In 2020, the real estate company Trianon Building Prague s.r.o. was funded through an issue of hedged bonds in the nominal value of MCZK 600 with a 5-year maturity, issued in December 2018. As at 31 December 2020, this represents a 32.17 % ratio of the bonds to the value of the Trianon real estate.

As at 31 December 2020, the total ratio of all external funding of the real estate companies (i.e. bank loans and issued bonds) to the market value of all real estate in the Fund's portfolio was 40.03%.



REAL ESTATE INDEX

as at 31 December 2020

Order	Equity investment	Name of the real estate	Country	Name of the real estate company, address, country	Value of the ownership interest and value of the shareholder loan	Type of real estate	Purpose of lease	Date of real estate acquisition	Date of issue of the use permit for the real estate	Size of the lot of land in m ²	No. of parking spaces	Legal title to land	Leasable area in m ²	Equipment of real estate	Market value in TCZK	Share of the total portfolio value	Bank loan in TCZK	Ratio of the bank loan to the real estate's market value	Vacancy rate of the premises by floor space	Average period remaining until expiration of the lease agreements, in years	Income from leases for 2020 in TCZK	Planned income from leases for 2020 in TCZK	Income from leases determined by expert in TCZK per year
1	100%	Platinum	CR	JRA s.r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 559 mil. CZK Shareholder loan: 131 mil. CZK	Offices	O (88.5%) C (5.0%) X (6.5%)	1.8.2007	2005	4 371	165	F	9 340	AC, SL PL	581 600	1,8%	0	0,0%	93,1%	2,9	37 441	36 351	42 351
2	100%	Čtyři Dvory	CR	REICO investment ALFA a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 190 mil. CZK Shareholder loan: 112 mil. CZK	Shopping centres	C (99.5%) X (0.5%)	7.12.2007	2002	22 437	300	F	10 540	AC, D PL	287 000	0,9%	0	0,0%	87,2%	2,4	21 713	22 968	25 463
3	100%	Office Box	SR	REICO investment BETA s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Ownership interest: 71 mil. CZK Shareholder loan: 41 mil. CZK	Offices	O (86.0%) C (2.6%) X (11.2%)	1.6.2008	2008 2016 ¹	3 566	103	F	4 281	AC, PL	104 980	0,3%	0	0,0%	59,3%	1,4	6 240	9 390	11 488
4	100%	Melantrich	CR	REICO investment GAMA a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 1 046 mil. CZK Shareholder loan: 80 mil. CZK	Highstreet	O (2.3%) C (47.8%) R (48.3%) X (1.6%)	1.11.2010	1913 2020 ¹	1 838	36	F	11 155	AC, E SL, PL	1 368 000	4,3%	260 400	19,0%	100,0%	6,1	49 496	68 735	67 693
5	100%	Trianon	CR	Trianon Building Prague, s.r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 1 571 mil. CZK Shareholder loan: 0 mil. CZK ²	Offices	O (86.2%) C (5.3%) X (8.5%)	2.3.2013	2009	7 581	298	F	20 805	AC, SL PL	1 865 000	5,8%	600 000	32,2%	100,0%	5,2	120 068	119 415	107 923
6	100%	Qubix	CR	Qubix Building Prague s.r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 427 mil. CZK Shareholder loan: 255 mil. CZK	Offices	O (81.8%) C (14.1%) X (4.1%)	2.3.2014	2012	3 185	108	F	13 914	AC, SL PL	1 005 184	3,1%	353 937	35,2%	79,3%	2,7	49 723	51 563	61 691
7	100%	Forum BC	SR	FORUM BC I s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Ownership interest: 328 mil. CZK Shareholder loan: 322 mil. CZK	Offices	O (84.7%) C (3.4%) X (11.9%)	2.12.2015	2013	5 992	391	F	19 356	AC, SL PL	1 272 883	4,0%	720 163	56,6%	86,9%	9,2	67 462	67 835	92 437
8	100%	Rohan BC	CR	Topas REAL spol. s r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 483 mil. CZK Shareholder loan: 331 mil. CZK	Offices	O (85.0%) C (8.3%) X (6.7%)	28.4.2016	2012	4 135	100	F	9 435	AC, PL	742 734	2,3%	0	0,0%	97,6%	2,7	39 426	41 740	45 579
9	100%	City Tower	CR	CITY TOWER, a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Ownership interest: 3 514 mil. CZK Shareholder loan: 0 mil. CZK	Offices	O (89.8%) C (5.5%) X (4.7%)	27.9.2016	1993 2007 ¹	9 891	793	F	48 673	AC, SL PL, D	4 435 405	13,9%	1 223 741	27,6%	90,6%	3,7	232 285	230 191	253 899
10	100%	Park One	SR	Park One Bratislava, s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Ownership interest: 565 mil. CZK Shareholder loan: 0 mil. CZK	Offices	O (89.8%) C (8.0%) X (2.2%)	3.2.2017	2007	1 800	167	F	13 216	AC, PL D	834 591	2,6%	415 350	49,8%	16,3%	2,5	24 377	29 291	66 303
11	100%	Proximo One	PL	Proximo One sp. z o.o. ul.Przyokopowa 33, 01-208 Warszawa Poland	Ownership interest: 2 034 mil. CZK Shareholder loan: 0 mil. CZK	Offices	O (92.7%) C (4.6%) X (2.7%)	9.8.2017	2016	8 394	428	RPU	29 194	AC, D SL, PL	3 343 613	10,5%	1 675 874	50,1%	99,7%	2,3	182 667	180 046	186 518
12	100%	Galeria Słoneczna	PL	Słoneczna Radom sp. z o.o. ul. Zajęcza 2B 00-351 Warsaw Poland	Ownership interest: 2010 mil. CZK Shareholder loan: 0 mil. CZK	Shopping centres	O (1.5%) C (97.0%) X (1.5%)	26.9.2017	2011	49 778	1 161	RPU	42 731	AC, E, D SL, PL	3 865 889	12,1%	2 325 438	60,2%	91,0%	2,3	213 160	252 847	267 580
13	100%	Industrial Park Dubnica	SR	Industrial Park Dubnica I, s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Ownership interest: 590 mil. CZK Shareholder loan: 98 mil. CZK	Logistics	W (95.7%) O (2.2%) X (2.1%)	17.3.2018	2016	152 790	29	F	89 259	AC	1 112 788	3,5%	509 671	45,8%	100,0%	4,9	77 507	74 615	90 408
14	100%	Metronom BC	CR	METRONOM BC s.r.o. Antala Staška 2027/79, 140 00 Praha 4 Czech Republic	Ownership interest: 919 mil. CZK Shareholder loan: 361 mil. CZK	Offices	O (90.0%) C (8.3%) X (1.7%)	14.6.2018	2015	11 553	528	F	35 649	AC, PL, D	2 385 671	7,5%	1 250 574	52,4%	97,7%	3,4	146 792	143 005	156 967
15	100%	Proximo Two	PL	Proximo Two sp. z o.o. ul.Przyokopowa 33, 01-208 Warszawa Poland	Ownership interest: 1 303 mil. CZK Shareholder loan: 0 mil. CZK	Offices	O (96.4%) C (3.4%) X (0.2%)	12.9.2018	2018	4 917	219	RPU	20 703	AC, D, SL, PL	2 225 576	7,0%	1 094 679	49,2%	99,8%	3,1	117 695	117 914	125 499

REAL ESTATE INDEX

as at 31 December 2020

Order	Equity investment	Name of the real estate	Country	Name of the real estate company, address, country	Value of the ownership interest and value of the shareholder loan	Type of real estate	Purpose of lease	Date of real estate acquisition	Date of issue of the use permit for the real estate	Size of the lot of land in m ²	No. of parking spaces	Legal title to land	Leasable area in m ²	Equipment of real estate	Market value in TCZK	Share of the total portfolio value	Bank loan in TCZK	Ratio of the bank loan to the real estate's market value	Vacancy rate of the premises by floor space	Average period remaining until the expiration of the lease agreements, in years	Income from leases for 2020 in TCZK	Planned income from leases for 2020 in TCZK	Income from leases determined by expert in TCZK per year
16	100%	Forum Nová Karolina	CR	New Karolina Shopping Center Development, s.r.o., Antala Staška 2027/79, Krč, 140 00 Praha 4, Czech Republic	Ownership interest: 2 893 mil. CZK Shareholder loan: 0 mil. CZK	Shopping centres	O (0.37%) C (96.5%) X (3.1%)	5.12.2018	2012	29 377	1 500	F	58 516	SL, PL, E, D	5 474 707	17,1%	2 965 685	54,2%	94,9%	2,2	322 837	369 286	398 647
17	100%	Industrial Park Dubnica 2	SR	Industrial Park Dubnica II, s.r.o. 811 01 Bratislava Slovak Republic	Ownership interest: 149 mil. CZK Shareholder loan: 123 mil. CZK	Logistics	W (93.9%) O (5.2%) X (0.9%)	27.11.2019	2018	39 678	0	F	16 629	AC	259 826	0,8%	0	0,0%	99,5%	2,2	20 313	19 701	20 289
18	100%	Industrial Park Sered I	SR	Sered Logistics and Industry 1, s.r.o. Laurinská 18, 811 01 Bratislava Slovak Republic	Ownership interest: 162 mil. CZK Shareholder loan: 113 mil. CZK	Logistics	W (93.9%) O (6.1%) X (0.0%)	13.5.2020	2019	28 318	0	F	11 971	AC	255 859	0,8%	0	0,0%	100,0%	9,1	9 912 ²⁾	10 956	16 255
19	100%	Industrial Park Sered II	SR	Sered Logistics and Industry 2, s.r.o. Laurinská 18, 811 01 Bratislava Slovak Republic	Ownership interest: 337 mil. CZK Shareholder loan: 238 mil. CZK	Logistics	W (94.7%) O (5.1%) X (0.2%)	16.5.2020	2019	70 001	0	F	33 181	AC	539 894	1,7%	0	0,0%	100,0%	9,9	16 612 ²⁾	15 999	28 772
Total real estate assets											6 326		498 547		31 961 197	100,0%	13 395 514	41,91%	93,41%	3,52	1 755 726	1 861 870	2 065 785

¹⁾ Date of real estate renovation

²⁾ Trianon – this amount refers to a bond issue; this real estate does not have a bank loan.

³⁾ Industrial Park Sered I and II, the Revenue on lease and the Planned revenue for 2020 are calculated proportionally since the acquisition date (May 2020)

Note: The values for real properties valued in EUR are translated using the exchange rate valid as at 31 December 2020.



Explanation of the terms relating to the real estate index:

7	Purpose of lease	The structure of the type of utilisation is calculated according to the usual value of rent (irrespective of the current income from lease) as at the date of the last real estate valuation prepared by an approved independent expert and approved by the Expert Committee Abbreviations: O ... Office; C ... Commercial; W ... Warehouse, R... Residential; X ... Other;
8	Date of real estate acquisition	MM/YYYY ... Date of conclusion of the transaction;
8	Date of issue of the use permit for the real estate	YYYY ... The year of issue of the original use permit; in the event of an annex/renovation the year in which the use permit was issued after having finished the annex/renovation;
10	Size of the lot of land	Area according to the Land Register;
12	Legal title to land	Abbreviations: Abbreviations: F ... Freehold / Ownership title; L ... Leasehold/Lease title; RPU ... Right of Perpetual Usufruct Right of Perpetual Usufruct
13	Leasable area	m ² corresponds to the sum of the actual leased and free areas. Free areas are listed in accordance with the latest expert opinion;
14	Equipment of real estate	Abbreviations: Abbreviations: AC ... Air conditioning; SL ... Service lift; PL ... Passenger lift; E ... Escalator; D ... District heating;
15	Market value	Market value as at the date of the last expert report prepared by an approved independent expert and approved by the Expert Committee;
19	Occupancy rate by floor area	Percentage of occupancy of leasable area;
20	Average period remaining until the termination of the lease agreements, in years	Stated in years and calculated according to current value of rent (before discount on rent). Lease agreements with no fixed expiry date are included for the one year period;
21	Income from leases for 2020	Current income from leases in 2020, in case of acquisition or sale only for the period of ownership of the real estate (irrespective of VAT and service fees);
22	Planned income from leases for 2020	Planned income from leases (irrespective of VAT and service fees)
23	Income from leases at full-occupancy determined by expert	Annual income from leases based on full-occupancy assumption as at the date of the last real estate valuation prepared by approved independent expert and approved by the Expert Committee (in case of acquisition or sale only for the period of ownership of the real estate); foreign currency exchange rates calculated based on the exchange rate valid as at the date determined by decision of the Expert Committee.



Information on real estate portfolio

All real estate included in the Fund's portfolio are owned in form of a 100% ownership interest in real estate companies holding one or more real estate.

JRA, s.r.o., a real estate company

On 31 August 2007, the Fund acquired a 100% ownership interest in JRA, s.r.o., with its registered office at Antala Staška 2027/79, Krč, 140 00 Praha 4.

The real estate company's assets include one real estate as defined in Government Regulation No. 243/2013 Coll.



Platinum administrative building, Brno, Czech Republic

Platinum

Identification of the real estate

The real estate is located at Veveří 3163/111, Žabovřesky, 616 00 Brno 16. Cadastral area code: 610470 Žabovřesky; District: CZ0642 Ostrava - město; Municipality: 582786 Brno; Ownership certificate: 1751.

Cadastral area code: 610470 Žabovřesky; District: CZ0642 Ostrava - město; Municipality: 582786 Brno; Ownership certificate: 1751. Type of real estate under Act No. 256/2013 Coll.: land in the form of plots a part of which are buildings connected with land through a solid foundation.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The real estate consists of one commercial real estate together with the relevant land located at an attractive place in Brno, well accessible via both public and individual transport. The building was officially approved for use and put into operation in 2005 as a modern office centre meeting top standards. The building is in very good technical condition and is leased primarily for office purposes. A small portion of premises is leased for retail purposes. The major lessees are ČSOB, Cyrrus, Gardner Denver International, and KPMG. Cash flows connected with the real estate are stable and no significant changes are expected.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by Savills CZ s.r.o., Identification No.: 055 61 281, Praha 1, Na Florenci 2116/15, post code 110 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- T-Mobile Czech Republic – telecommunication networks
- Masaryk university – communications wiring
- E. ON distribuce – transformer station
- Česká telekomunikační infrastruktura a.s. – telecommunication networks

Pledges

- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s. (second pledge in order), acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

REICO Investment ALFA, a. s. , a real estate company

On 7 December 2007, ČSNF acquired a 100% ownership interest in REICO Investment ALFA, s.r.o. In 2016, the company was transformed into a joint stock company. The registered office of the company is located at Praha 4, Antala Staška 2027/79, post code 14000, identification number: 271 08 619.

Čtyři Dvory shopping centre

Identification of the real estate

The real estate is located at Milady Horákové 1498, České Budějovice 2.

Cadastral area code and name: 621943 České Budějovice 2; District: CZ0311 České Budějovice; code and name of municipality: 544256 České Budějovice; Ownership certificate: 1861.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The property is a retail centre complex consisting of two connected buildings. The shopping part of the building was built in 2001 and the leisure part in 2002. In 2018/2019, the property underwent extensive reconstruction of all common areas (new

arcade, unified design of shop fronts, completion of the main entrance to the shopping centre, new food-court), the layout of some leased premises changed, building technologies were completed and improved (cooling system, air-conditioning, electric systems, data network (new public WIFI)), new layout of the stalls, revitalisation of the building façade. The non-residential premises are leased for retail, catering, and entertainment purposes. The major lessees are Ahold and Cinestar.

The Fund has acquired the real estate to operate it. The purpose of the acquisition has not changed.



Čtyři Dvory shopping centre, České Budějovice, Czech Republic

Real estate administration

The real estate administration is provided by Active Retail Asset Management s.r.o. Identification No. 024 85 575, Praha 3, Laubova 1729/8, postcode 130 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- Technické služby města České Budějovice (Technical services of České Budějovice) – above ground networks
- Dopravní podnik města České Budějovice (Public Transport Company of České Budějovice) – placement of overhead traction trolley and cable lines
- CETIN a.s. (underground services)
- České Budějovice heating plant (heat line)

Pledges

- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s., acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by Colliers International, s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

REICO Investment BETA, s.r.o., a real estate company

On 12 May 2008, the Fund acquired a 100% ownership interest in REICO Investment BETA, s. r. o., with its registered office at

Laurinská 18, Bratislava 811 03, Slovakia, identification number: 36 856 711.

Office Box building

Identification of the real estate

The real estate is located at Mokráň Záhon 2, Trnávka, Bratislava II, Slovakia. Cadastral area name: Trnávka; Municipality name: BA-city quarter RUŽINOV, District: Bratislava II, Slovakia; Ownership certificate: 3716. Type of real estate under Act No. 256/2013 Coll.: land in the form of plots a part of which are buildings connected with land through a solid foundation.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The Office Box building was finished at the end of 2007. It is a standard office building located close to the Milan Rastislav Štefánik Airport in Bratislava. The renovation of the real estate was commenced in the second half of 2015. The building was fenced in, the façade was repaired and painted, air conditioning was installed and the unused ground floor parterre was utilised to create additional parking spaces. Starting from March 2016, the building was again ready for lease under its new name Office Box. The major lessees are TERNO Real Estate and Celltex.

The Fund has acquired the building in order to operate it. This purpose has not changed.

Real estate administration

The administration of the real estate is carried out by Cushman & Wakefield Property Services Slovakia, s.r.o., identification number 35 963 981, Pribinova 10, 811 09 Bratislava, Slovakia, based on a contract for administration.



Office Box administrative building, Bratislava, Slovakia

Rights encumbering the building (excluding lease relations)

Easements

- Easement – suffering the placement of utilities network for Kristián Lauko and František Žáček
- Easement – suffering the placement of utilities network for BLUE BOX s.r.o

Pledges

Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s., acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

REICO Investment GAMA, a.s., a real estate company

On 11 November 2010, the Fund acquired a 100% ownership interest in La Salle, a.s., which was subsequently renamed to REICO Investment GAMA, a.s., Identification No.: 261 92 896, with its registered office in Praha 4, Antala Staška 2027/79, post code 140 00. The real estate company's assets include one real estate as defined in Government Regulation No. 243/2013 Coll. It is the multifunctional building Melantrich, a highly attractive commercial real estate located in a prestigious location. It presents a significant stable and sustainable value in the real estate fund's portfolio.

Melantrich

Identification of the real estate

The real estate is located at Václavské náměstí 793, Praha 1. Cadastral area code and name: 727181 Nové Město; code and name of municipality: 554782 Praha; District: CZ 0100 Capital of Prague; Ownership certificate: 582.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The building was built in 1913 for the needs of Česká strana národně sociální (Czech National Socialist Party). Over most of the 20th century, publishing houses and a printing office were seated in the building. In the period from 2003 to 2004, the building underwent complete renovation and an annex was added to the rear wing. The building is in good technical condition. Repairs and maintenance are carried out with due care. The whole real estate represents a significant investment value in the Fund's portfolio. Due to the nature of this real estate, its size, and the attractiveness of the location, low volatility of the building's market value and its long-term sustainability can be expected. The major lessees are Marks & Spencer and EuroAgentur Hotels & Travel.

The Fund has acquired the building in order to operate it. This purpose has not changed.

Real estate administration

The administration of the real estate is carried out by Savills CZ s.r.o., Identification No.: 055 61 281, Praha 1, Na Florenci 2116/15, post code 110 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Location of the building (street elevators)

Encumbering the real estate:

- PRE distribuce, a.s. - transformer station

Pledges

- Real estate pledged in favour of Česká spořitelna, a.s.
- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s. (second pledge in order), acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by Colliers International, s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.



Melantrich multifunctional building, Prague, Czech Republic

Trianon Building Prague, s.r.o., a real estate company

On 27 March 2013, the Fund acquired a 100% ownership interest in the real estate company Trianon Building Prague s.r.o., with its registered office at Antala Staška 2027/79, 140 00 Praha 4, identification number: 265 04 006. The real estate company's assets include one real estate as defined in Government Regulation No. 243/2013 Coll.

Trianon

Identification of the real estate

The real estate is located at Budějovická 1518/13a, Praha 4 - Michle, post code 140 00, on the corner of the Budějovická and Vyskočilova Streets. Cadastral area code: 727750 Michle; District: CZ0100 Capital of Prague; Municipality: 554782 Praha; Ownership certificate: 438.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The Trianon administrative building is located in city quarter Praha 4 – Michle/Budějovická. One of the main characteristics of the real estate is its strategic position within the Capital of Prague very close to the Budějovická station of the metro C line. Its excellent accessibility by transport is further supported by access to several bus lines and the proximity of the Prague Ring ("Jižní spojka") in the south and the 5. května street (the "Arterial Road") in the north as a slip road from the city centre in the direction to Brno.

The building constructed by the renowned property development company Hochtief was officially approved for use and put into operation in 2009. It consists of three underground and eight above ground floors. In the three underground floors, 298 parking spaces are available to the lessees of the building. Except for the ground floor where retail premises are located, the remaining part of the building consists exclusively of office premises. Trianon offers its lessees above-standard premises, with the option to flexibly arrange the interior. The major lessee is Česká spořitelna. Cash flows connected with the real estate are stable and no changes are expected.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by Savills CZ s.r.o., Identification No.: 055 61 281, Praha 1, Na Florenci 2116/15, post code 110 00, based on a contract for administration.



Trianon administrative building, Prague, Czech Republic

Rights encumbering the building (excluding lease relations)

Easements

- Capital City of Prague – position of the construction, entry and entryway
- Pražská plynárenská Distribuce, a.s. – gasworks equipment
- Česká telekomunikační infrastruktura a.s. – communication networks
- PREdistribuce, a.s. – cable lines
- Pražská teplárenská a.s. – hot water pipe
- GTS Czech s.r.o. – communication networks
- T-Systems Czech Republic – optical fibre connection
- GTS Novera – communications network / wiring

Pledges

- Real estate pledged in favour of Česká spořitelna, a. s.

Information on the real estate's valuation

The real estate was valued by Colliers International, s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Qubix Building Prague s.r.o., a real estate company

On 27 March 2014, the Fund acquired a 100% ownership interest in Stavební a inženýrská společnost, spol. s r.o. On 12 September 2014, the company was renamed Qubix Building Prague s.r.o., with its registered office at Antala Staška 2027/79, Praha 4 - Krč, post code 140 00, identification number: 457 95 223.

Qubix

Identification of the real estate

The real estate is located at Štětkova 18, Praha 4 Nusle, postal code 140 00. Cadastral area code: 728161 Nusle; District: CZ0100 Capital of Prague; Municipality: 554782 Praha; Ownership certificate: 549.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Qubix is an office building located in Praha 4 close to the metro station Vyšehrad. It is in a very good location is close to the city centre, with a great accessibility by transport. In 2010-2012, the building was completely renovated by S+B Plan & Bau ČR based on a contract for the general supply of the construction. The prestigious architecture office of the renowned Viennese architect Professor Ernst Hoffmann participated in the renovation of the building. It is a multifunctional real estate, consisting primarily of office premises and holding the top level of the LEED Platinum certification. Major lessees of Qubix include Corpus Solution, CRIF, and Adecco.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 257 59 604, with its registered office at Nám. Republiky 1a, post code 110 00, Praha 1, Czech Republic, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Servitude – STL gas pipeline

Encumbering the real estate:

- Capital of Prague – public lighting administration
- PRE distribuce, a.s. – electric line

Pledges

- Real estate pledged in favour of Raiffeisenlandesbank Oberösterreich AG
- Real estate pledged in favour of ČS nemovitostní fond (second pledge in order), acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the

Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.



Quibix administrative building, Prague, Czech Republic

Forum BC I s. r. o., a real estate company

On 29 December 2015, the Fund acquired a 100% ownership interest in Forum BC I s. r. o., with its registered office at Laurinská 18, Bratislava, post code 811 01, Slovakia, identification number 36 796 743.

Forum Business Centre

Identification of the real estate

The real estate is located at Bajkalská 28, Bratislava II, Ružinov, postal code 817 62. Cadastral area name: Nivy; District: Bratislava II, Bratislava, Slovakia; Ownership certificate: 4521.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Forum Business Centre is an office building located in Bratislava, Slovakia. It is in a very good location in the extended city centre on the Bajkalská Street that is part of the main commercial part of the city, Bratislava-Ružinov. The area has great accessibility for transport, the D1/E58 motorway being only 700 m from the building and the international M.R.Štefánik Airport being 10 minutes away from the building by car. The real estate was built in 2013 by HB Reavis Management, s.r.o. It is a multifunctional real estate, consisting primarily of office premises and holding the top level of the BREEAM Excellent certification. The main lessee of Forum Business Centre is Slovak Telekom, a.s., the major Slovak telecommunications company owned by the German-based company Deutsche Telekom. At present, Slovak Telekom, a.s. leases approximately 87% of the leasable area and the remaining portion has been leased to some smaller lessees, among them the Sodexo cafeteria chain. Cash flows connected with the real estate are stable and no changes are expected. The real estate suffers neither any legal mistakes nor any significant technical defects.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 35819804, with its registered office at Staromestská 3, Bratislava 81103, Slovakia, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Sewerage connection
- STL Gas pipeline
- Infiltration system

Encumbering the real estate:

- Optical fibre cable

Pledges

- Real estate pledged in favour of Československá obchodná banka, a.s.
- Real estate pledged in favour of ČS nemovitostní fond (second pledge in order), acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.



Administrative building Forum BC I, Bratislava, Slovakia

Topas REAL spol. s r.o., a real estate company

On 28 April 2016, the Fund acquired a 100% ownership interest in Topas REAL spol. s r.o., with its registered office at Antala Staška 2027/79, Praha 4 - Krč, postal code 140 00, Czech Republic, identification number: 602 02 653.

Rohan Business Center

Identification of the real estate

The real estate is located at Rohanské nábřeží 671/15, post code 186 00, Praha 8. Cadastral area code: 730 955 Karlín; District: CZ0100 Capital of Prague; Municipality: 554782 Praha; Ownership certificate: 2317.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Rohan Business Center is an office building located at Rohanské nábřeží in Praha-Karlín, one of the main office areas (the so-called office hubs) in Prague. The building has great accessibility by transport both in terms of city public transport and personal



transport, primarily thanks to its proximity to metro B line station Křižíkova, tram stops in the Sokolovská Street, and junction streets to the Prague main thoroughfares. The real estate is a 10-story administrative building, consisting mainly of office premises (eight above ground floors and two underground floors). The real estate was built in 2012 under the architectonic design of the architecture studio Architekti Hrůša & Spol, Ateliér Brno. Rohan Business Center has 100 parking spaces in 2 underground floors and is almost fully leased. The real estate suffers neither any legal mistakes nor any significant technical defects.



Rohan Business Center administrative building, Prague, Czech Republic

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by Savills CZ s.r.o., Identification No.: 055 61 281, Praha 1, Na Florenci 2116/15, post code 110 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- ČSAD Praha Holding – hot-water pipeline and communication cable
- ČSAD Praha Holding – public lighting, cable line
- Pražská plynárenská distribuce – gas pipeline connection
- GTS Czech – communication networks
- ČSAD Praha Holding – light-alarm device
- ČSAD Praha Holding sewerage
- ČSAD Praha Holding – water main
- PRE distribuce, a.s. – transformer station, cable lines
- T-Mobile Czech Republic a.s. - utilities network
- Dial Telecom a.s. (underground services)
- Pražská teplárenská – lines in the pavement

Pledges

Real estate pledged in favour of ČS nemovitostní fond (second pledge in order), acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by Colliers International, s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

CITY TOWER, a.s. a real estate company

On 27 September 2016, the Fund acquired a 100% ownership interest in the real estate company CITY TOWER, a.s., with its registered office at Antala Staška 2027/79, Praha 4 - Krč, postal code 140 00, Czech Republic, identification number: 271 03 251.

City Tower

Identification of the real estate

The real estate is located at Hvězdova 1716/2b, post code 140 78, Praha 4. Cadastral area code: 728161 Nusle; District: CZ0100 Capital of Prague; Municipality: 554782 Praha; Ownership certificate: 6635.

Description, age, utilisation and purpose of acquisition of the real estate and other information

City Tower is situated in the exclusive location of the extended city centre at Pankrác, together with the neighbouring area around Budějovická Street belonging to the main office areas (the so-called office hubs) in Prague. Many important multinational companies have their registered offices here. The building has great accessibility by transport both in terms of city public transport and personal transport, primarily thanks to its proximity to metro C line station Pankrác, access to several bus lines, tram stops at Pražského Povstání and the nearby D1 motorway.

City Tower is a 30-story administrative building, consisting mainly of office premises (27 above ground floors and three underground floors), offering 781 parking spaces in three underground floors.

The major lessee of City Tower is Raiffeisen Bank. Other lessees include for example the international consultancy firm AC Nielsen and law firms Císař, Češka, Smutný and KŠD Legal.



City Tower administrative building, Prague, Czech Republic

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 257 59 604, with its registered office at Nám. Republiky 1a, post code 110 00, Praha 1, Czech Republic, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Transformer station
- Distribution station
- Fire extinguishing equipment distribution system
- Main water feed
- Light current and optical fibre connection
- Air conditioning engine room and diesel
- Sewerage connection
- Emergency escape route from underground parking
- Underground parking entry and exit, warehouses and parking spaces
- Storm-water drainage

Encumbering the real estate:

- Air conditioning inlet/outlet for parking
- Fire emergency system
- EPS system for parking
- Use of earthing by City Point
- Pražská teplárenská a.s. – heat pipeline
- Česká telekomunikační infrastruktura a.s. – communication networks

Pledges

- Real estate pledged in favour of Raiffeisenbank a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Park One Bratislava, s. r. o. a real estate company

On 3 February 2017, the Fund acquired a 100% ownership interest in Park One Bratislava, s. r. o., with its registered office at Laurinská 18, Bratislava, postal code 811 01, Slovakia, identification number: 36 796 298.

The real estate company's assets include one real estate as defined in Government Regulation No. 243/2013 Coll.

Park One

Identification of the real estate

The real estate is located at Náměstí 1. Mája 18, post code 811 06, Bratislava. Ownership certificate: 7777 KN: Bratislava I; Name of municipality: BA-m.č. Staré Mesto; District: Staré Mesto, Slovakia.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Park One is situated in an exclusive location in the centre of the Old Town in Bratislava (Staré mesto) at Náměstí 1. Mája, one of the main office hubs of Bratislava. The building has great accessibility by transport both in terms of city public transport and personal transport, primarily thanks to the close access to several bus and trolleybus lines and the D1 motorway that runs ca. 3 kilometres from the building. The real estate is a 13-story administrative building, consisting mainly of office premises (nine above ground floors and four underground floors). Park One has 167 parking places on four underground floors. In December

2020, a lease contract was signed with the Government Office of the Slovak Republic, which will lease 54% of the total floor area in 2021, becoming the building's major lessee.

The real estate was built in 2007 under the design of the renowned Czech architecture studio SIAL established in 1968 by architect Karel Hubáček. Its projects include e.g. the hotel and television transmitter situated on the Ještěd Mountain, the head office of Hypobanka at náměstí Republiky in Prague and the administrative centre at Karlovo náměstí in Prague.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by **CBRE** s.r.o. Identification No.: 35819804, with its registered office at Staromestská 3, Bratislava 81103, Slovakia, based on a contract for administration.



Administrative building Park One, Bratislava, Slovakia

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Overlap of the building and related construction works
- Water main and sewerage connection

Encumbering the real estate:

- Gas pipeline – SPP distribúcia

Pledges

- Real estate pledged in favour of Všeobecná úverová Banka a.s.

Information on the real estate's valuation

The real estate was valued by Colliers International, s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Proximo One sp. z o. o., a real estate company

On 9 August 2017, the Fund acquired a 100% ownership interest in the legal title to the real estate Proximo One. The registered office of the real estate company is located at Przyokopowa 33, 01-208 Warsaw, Poland.

Proximo I

Identification of the real estate

The real estate is located at Prosta 68, 00-838 Warsaw, Poland, Mazovian Voivodeship, district Warsaw, municipality Warsaw. Cadastral area code 6-04-06. The land is administered by the city of Warsaw, KW number WA4M/00437480/5.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The Proximo I office building is located in Warsaw, Poland. It is situated in the Wola city quarter, the main and rapidly developing business district in the city centre. The real estate is a 16-story administrative building, consisting mainly of office premises (13 above ground floors and three underground floors). The total leasable area of the real estate is approximately 29 200 m². It has 428 parking places in three underground floors. Proximo I has great accessibility by transport both in terms of city public transport and personal transport, primarily thanks to its proximity to metro station Rondo Daszyńskiego and to several tram and bus lines. The international Frederyk Chopin Airport is about 20 minutes away from the building by car. The major lessees of the building include multinational Stanley Black & Decker and Takeda and the local Grupa Pracuj.

The real estate was built in 2016 under the design of the British architecture office Rolfe Judd. The developer of the building was Hines and the general supplier of the construction was Hochtief Polska S.A. The lobby and the interior vestibule were designed by Italian-based Pininfarina. The building will probably receive a BREEAM Very Good certification. The real estate suffers neither any legal mistakes nor any significant technical defects.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by Cushman & Wakefield Trading Polska sp. z o. o., Rondo Daszyńskiego 2B, 00-843 Warsaw, Poland, based on a contract for administration.



Administrative building Proximo I, Warsaw, Poland

Rights encumbering the building (excluding lease relations)

Easements

- Land servitude of entry and entryway for any perpetual user of land No. 40.

- Easement – the right of use for Stołeczny Zakład Energetyczny S.A.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 35 and 36.
- Land servitude of entry and entryway, including the entryway for fire brigades, in favour of every owner or perpetual user of land lot No. 40/2.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 39, 40/1 and 37/3.
- Land servitude of access to technical equipment for the purpose of operation, repairs, maintenance, modernisation and extension of existing technical equipment in favour of every owner or perpetual user of land lots No. 39, 40/1, and 37/3.
- The right to lease the existing, temporary and target parking places in favour of Bank BPH S.A.
- Servitude of transmission, entry for the purpose of establishing and operating energy equipment lines and all-day entry of maintenance services in favour of RWE Stoen Operator Sp. z o.o.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 35 and 36 as well as unlimited entry from the Warsaw Uprising Museum (Muzeum Powstania Warszawskiego)
- Servitude of transmission, installation, operation, control, maintenance and repairs of the hot water service pipe and the right of access and entryway to the service pipe in favour of Veolia Energia Warszawa S.A.
- Servitude of transmission, entry for the purpose of establishing and operating energy equipment lines and using a room to install energy equipment of the electricity supply system and all-day entry of maintenance services in favour of RWE Stoen Operator Sp. z o.o.
- The right to lease office premises in favour of Black & Decker S. à r. l. Sp. z o.o.
- Land servitude of entry and common use of the real estate, maintenance and repairs, in favour of every owner or perpetual user of the real estate located on land lots No. 37/4 and 47.
- Land servitude – the right to establish equipment, network and infrastructure on the encumbered real estate (above it and below it) and to use this equipment, network and infrastructure necessary for the functioning of the real estate located on land lot No. 47 in favour of Proximo II Sp. z o.o. Sp.k. Sp.k.
- Land servitude of entry, entryway, parking and maintenance and repairs of the internal road and parking place in favour of every owner or perpetual user of the real estate located on land lots No. 37/4 and 47.
- Land servitude of entry and use of the real estate for the purpose of construction of Proximo II in favour of every owner or perpetual user of the real estate located on land lots No. 37/4 and 47.
- Land servitude of entry and use of the real estate for the purpose of construction of Proximo II in favour of every owner or perpetual user of the real estate located on land lots No. 37/4 and 47.

Pledges

- Real estate pledged in favour of Deutsche Pfandbriefbank AG

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate Poland Sp. z o.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Śloneczna Radom sp. z o. o., a real estate company.

On 26 September 2017, the Fund acquired a 100% ownership interest in Śloneczna Radom sp. z o. o., with its registered office at ul. Zajecza 2B, 00-351, Warsaw, Poland.

Galeria Śloneczna shopping centre

Identification of the real estate

The real estate is located at Bolesława Chrobrego 1, 26 – 600, Radom, Poland. Land lot No. 25/16, KW No. RA1R/00140304/8 and 25/14, RA1R/00144453/5, Mazovian Voivodeship, district Radom, municipality Radom, cadaster Obozisko.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Galeria Śloneczna is a shopping centre located in Radom, Poland, at excellent location on the crossroad of B.Chrobrego and A.Struga streets, in the city centre, thus benefiting from very good visibility.



Galeria Śloneczna shopping centre, Radom, Poland

Galeria Śloneczna is a two-story shopping centre with 164 retail units. It has 1 180 parking places located on the underground floor of the shopping centre and in a separate four-story parking house. The building has great accessibility by transport both in terms of city public transport and personal transport, primarily thanks to access to eleven bus lines and easy access by car from all catchment areas of the Mazovian region. The shopping centre is also an 8-minute walk from the Radom main square. The real estate was built by Porr in 2011. The developer was the local branch of American-based AIG/Lincoln (the name was later changed to White Star) which is known in the Czech Republic primarily for the development of The Park in Praha-Chodov, a large administrative complex, and Campus Square in Brno. The real estate suffers neither any legal mistakes nor any significant technical defects.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by White Star Real Estate sp. z o.o., ul. Zajecza 2B, 00-351 Warsaw, Poland, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- Servitude of transfer – the right to use the real estate and to place gasworks equipment there with the right of entry for the purpose of operation, repairs, maintenance, renovation and inspection in favour of Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o. w Warszawie, Oddział Zakład Gazowniczy Radom.
- Servitude of transfer – the right to use the real estate for the purpose of operation, inspection, maintenance and repairs of the hot water service pipe and the right of access to the service pipe in favour of Radomskie Przedsiębiorstwo Energetyki Ciepłej S. A. „RADPEC“.
- Land servitude of entry and entryway for the purpose of establishing and operating energy equipment lines of the electricity supply system in favour of Zakłady Energetyczne Okręgu Radomsko-Kieleckiego Dystrybucja Sp. z o.o.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00144454/2.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishing and operating energy equipment lines of the electricity supply system in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00156128/5.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishing and operating energy equipment lines of the electricity supply system in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00123379/9.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00156128/5.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00123379/9.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00117535/6.

- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00156128/5.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00123379/9.
- Land servitude of entry and the right to use a part of the land lot for the purpose of establishment and placement, operation, maintenance and repairs of telecommunications installation in favour of every owner or perpetual user of the real estate located on land lot entered in the land register under No. KW RA1R/00156130/2.

Pledges

- Real estate pledged in favour of Helaba Landesbank Hessen-Thüringen Girozentrale

Information on the real estate's valuation

The real estate was valued by Colliers International Poland Sp. z o.o., using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Industrial Park Dubnica I, s.r.o., a real estate company

On 20 March 2018, the Fund acquired a 100% ownership interest in Industrial Park Dubnica I, s. r. o., with its registered office at Laurinská 18, Bratislava, post code 811 01, Slovakia, identification number: 50 038 907.



Industrial park Dubnica, Dubnica/Váhom, Slovakia

Industrial Park Dubnica

Identification of the real estate

The real estate is located at Dubnica nad Váhom, Slovakia, post code 018 41. Cadastral area name: Dubnica nad Váhom; District: Ilava, municipality Dubnica nad Váhom; Region Trenčianský, Ownership certificate: 6670.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Industrial Park Dubnica is located in Western Slovakia region, which, together with the Bratislava region, comprises 86% of all industrial areas in the country and is established as the most significant logistic centre in Slovakia. It is situated next to an exit from the D1 motorway, the major thoroughfare in Slovakia, connecting the two largest cities in the country, Bratislava and Košice.

The major lessee is German-based Continental, a renowned global tire manufacturer and supplier of technical solutions for the automotive industry. Continental has been leasing approximately three-fourths of the leasable area. Other important lessees are the Swiss transportation and logistics company Kuehne+Nagel, the Lidl food chain and the Dutch brewery group Heineken.

It has 29 parking places. The real estate was built in 2016 by Goldbeck and it was developed by SEE RE One s.r.o.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 35819804, with its registered office at Staromestská 3, Bratislava 81103, Slovakia, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- HTMAS – electrical energy equipment and high-voltage switchboard
- Považská vodárenská spoločnosť – water conduit

Pledges

- Real estate pledged in favour of Raiffeisen Bank International AG
- Real estate pledged in favour of ČS nemovitostní fond (second pledge in order), acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Metronom BC s.r.o., a real estate company

On 14 June 2018, the Fund acquired a 100% ownership interest in METRONOM BC, spol. s r.o., with its registered office at Antala Staška 2027/79, 140 00 Praha 4, identification number: 289 39 794.

Metronom

Identification of the real estate

The real estate is located at Bucharova 2817/9-13, Nové Butovice, Praha, postal code 158 00. Cadastral area code: 755



541 Stodůlky; District: CZ0100 Capital of Prague; Municipality: 554782 Praha; Ownership certificate: 2080.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The Metronom Business Center administrative building is located in the Prague office quarter Nové Butovice, next to the metro A line station and very close to a bus station and a local shopping centre. The Prague Ring is a 5-minute ride by car from the real estate, with international Václav Havel Airport a 15-minute car ride away.



Metronom Business Center administrative building, Prague, Czech Republic

The main lessee of the building is German-based SAP operating in the field of information systems. Other lessees include BMW, Abbvie, DAZ Group and Rossmann.

Metronom Business Center is a modern 10-story office building built in 2015 by the Slovak development company HB Reavis. With its total area of almost 34 000 m² and 528 parking places, it is one of the largest buildings in the Nové Butovice office quarter. The real estate was awarded with an 'Excellent' BREEAM environmental certification.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by White Star Real Estate s.r.o., Identification Number: 251 49 521, Praha 4 Chodov, V parku 2343/24, Postal code 148 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- Capital of Prague – light-alarm device including cable distribution systems
- Capital of Prague - collector
- Česká telekomunikační infrastruktura a.s.– underground communication lines
- Dial Telecom – cable lines
- T-Mobile – utilities network
- PRE distribuce – high-voltage switchboard

Pledges

- Real estate pledged in favour of Berlin Hyp AG
- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s. (second pledge in order).

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Proximo One sp. z o. o., a real estate company

On 31 May 2018, the Fund acquired a 100% ownership interest in the legal title to the real estate Proximo Two. The registered office of the real estate company is located at Przyokopowa 33, 01-208 Warsaw, Poland.

Proximo II

Identification of the real estate

The real estate is located at Prosta 68, 00-838 Warsaw, Poland, Mazovian Voivodeship, district Warsaw, municipality Warsaw. Cadastral area code 6-04-06. The land is administered by the city of Warsaw, KW number WA4M/00437480/5.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Proximo II is located immediately next to Proximo I in the Western part of Warsaw's central business district. The Spire, the tallest building in Warsaw, is also located in this quarter, which is one of the most dynamic office districts in Central Europe.

Proximo II is a modern 10-story building, consisting mainly of office premises. The total leasable area of the real estate is more than 20 000 m². It has 207 parking places on two underground floors and 12 parking places in an above ground parking structure.

The key lessees of Proximo II are global advisory companies Accenture, Ernst & Young, and Six, which have leased most of the leasable areas. Other significant lessees are for example Storck and DC Proximo.



Proximo II administrative building, Warsaw, Poland

The real estate was built in 2018 under the design of the British architecture office Rolfe Judd. The building will probably receive a BREEAM Very Good certification.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by Cushman & Wakefield Trading Polska sp. z o. o., Rondo Daszyńskiego 2B, 00-843 Warsaw, Poland, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- Land servitude of entry and entryway for any perpetual user of land No. 40.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 35 and 36.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 40/2
- Land servitude of entry and entryway, including the entryway for fire brigades, in favour of every owner or perpetual user of land lot No. 40/2.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 39, 40/1 and 37/3.
- Land servitude of access to technical equipment for the purpose of operation, repairs, maintenance, modernisation and extension of existing technical equipment in favour of every owner or perpetual user of land lots No. 39, 40/1, and 37/3.
- Land servitude of entry and entryway in favour of every owner or perpetual user of land lots No. 35 and 36 as well as unlimited entry from the Warsaw Uprising Museum (Muzeum Powstania Warszawskiego)
- Servitude of transmission, installation, operation, control, maintenance and repairs of the hot water service pipe and the right of access and entryway to the service pipe in favour of Veolia Energia Warszawa S.A.
- Servitude of transmission, entry for the purpose of establishing and operating energy equipment lines and all-day entry of maintenance services in favour of RWE Stoen Operator Sp. z o.o.
- Servitude of transmission, entry for the purpose of establishing and operating energy equipment lines and using a room to install energy equipment of the electricity supply system and all-day entry of maintenance services in favour of RWE Stoen Operator Sp. z o.o.
- The right to lease offices in favour of Accenture Services Sp. z o.o.
- Land servitude of entry and common use of the real estate, maintenance and repairs, in favour of every owner or perpetual user of the real estate located on land lots No. 46.
- Land servitude – the right of common use of water main connections, sewerage, maintenance and repairs of the water supply and sewerage systems and the right of unlimited entry in favour of every owner or perpetual user of the real estate located on land lot No. 46.
- Land servitude of entry, entryway, parking and maintenance and repairs of the internal road and parking place in favour of every owner or perpetual user of the real estate located on land lot No. 46.
- Land servitude - the right to establish a wall between Proximo I and Proximo II in favour of every owner or perpetual user of the real estate located on land lot No. 46

- The right to lease offices and parking places in favour of EY GTH Poland Sp. z o.o.

Pledges

- Real estate pledged in favour of Deutsche Pfandbriefbank AG

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate Poland Sp. z o.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

New Karolina Shopping Center Development, s.r.o., a real estate company.

On 5 December 2018, the Fund acquired a 100% ownership interest in New Karolina Shopping Center Development, s r.o., with its registered office at Antala Staška 2027/79, 140 00 Praha 4, identification number: 281 83 011.

Forum Nová Karolina shopping centre

Identification of the real estate

The real estate is located at Jantarová 4, 702 00 Moravská Ostrava Cadastral area code: 713 520 Moravská Ostrava; District: CZ0806 Ostrava - město; Municipality: 1 Ostrava; Ownership certificate: 11312

Description, age, utilisation and purpose of acquisition of the real estate and other information

Forum Nová Karolina is a shopping and entertainment centre in Ostrava, attracting customers from the entire Moravian-Silesian Region. Thanks to its position in the city centre it offers comfortable access to both pedestrians and car passengers. Pedestrian access is provided via a modern footbridge leading from the bus station and crossing Místecká Street and the railway corridor.

The real estate comprises 276 retail units and more than 58 thousand m² of leasable areas. It offers a broad range of shops, such as C&A, Albert hypermarket, Marks & Spencer, Peek & Cloppenburg, Cinema City, H&M, Intersport and others. 1500 parking places are available for the visitors of the shopping centre.

Forum Nová Karolina was finished in March 2012 under the design of the renowned Dutch architect Remo Koolhaas. The building was developed by Dutch-based Multi. Forum Nová Karolina holds the BREEAM Very Good environmental certification.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The real estate administration is provided by Active Retail Asset Management s.r.o. Identification No. 024 85 575, Praha 3, Laubova 1729/8, postcode 130 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Placement of an underground construction
- Placement of an underground construction
- Storm-water drainage
- Placement of a construction with the right of entry
- Water main connections
- Placement of underground and above ground construction of the northern entry ramp
- Storm-water drainage connections
- Establishment and operation of light current mains
- Waste-water drainage connections
- Placement of underground and above ground construction of the northern entry ramp
- Light current mains

Encumbering the real estate:

- St. m. Ostrava – use of the building's structure
- St. m. Ostrava – use of the building's communications corridor
- Veolia Energie – placement and operation of the distribution system – delivery station and connections for distribution of coolness
- Veolia Energie – distribution and operation of the distribution system - distribution of coolness
- Veolia Energie – placement and operation of the hot water service pipe and the technological equipment of the delivery station
- Veolia Energie – distribution and operation of the hot water service pipe for the purpose of distribution

Pledges

- Real estate pledged in favour of Helaba Landesbank Hessen-Thüringen Girozentrale



Shopping centre Forum Nová Karolina, Ostrava, Czech Republic

Information on the real estate's valuation

The real estate was valued by Colliers International, s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Industrial Park Dubnica II, s.r.o., a real estate company

On 27 November 2019, the Fund acquired a 100% ownership interest in Industrial Park Dubnica II, s. r. o., with its registered office at Laurinská 18, Bratislava, post code 811 01, Slovakia, identification number: 50 175 149.



Industrial park Dubnica II, Dubnica/Váhom, Slovakia

Industrial Park Dubnica II

Identification of the real estate

The real estate is located at Dubnica nad Váhom, Slovakia, post code 018 41. Cadastral area name: Dubnica nad Váhom; District: Ilava, municipality Dubnica nad Váhom; Region Trenčianský, Ownership certificate: 6631.

Description, age, utilisation and purpose of acquisition of the real estate and other information

Industrial Park Dubnica II is located in Western Slovakia region, which, together with the Bratislava region, comprises 86% of all industrial areas in the country and is established as the most significant logistic centre in Slovakia. It is a second part of a complex; the first part has been in the Fund's portfolio since March 2018. Industrial Park Dubnica II is close to an exit on the D1 highway which is the arterial highway in Slovakia, connecting the two largest cities: Bratislava and Košice.

The building comprises warehouse, technical and administrative spaces with the total leasable area of 16 600 m² and is fully leased. Its lessees include the German food store Lidl and two subcontractors for the automotive industry: AAF and LEONI. AAF focuses on air-filtration equipment manufacturing, and LEONI provides energy solutions for automotive industry.

The real estate was constructed in 2018 by Goldbeck. Development of the building was carried out by SEE RE Two, which belongs in the Invest4SEE Investment Holding GmbH.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 35819804, with its registered office at Staromestská 3, Bratislava 81103, Slovakia, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

- Považská vodárenská společnost – water conduit

Pledges

- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s., acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

The real estate was valued by BNP Paribas Real Estate APM CR s.r.o. using the income valuation method. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020. The market value of the real estate is stated in the real estate index which is part of the annual report.

Sered' Logistics and Industry 1, s. r. o. a real estate company

On 16 May 2020, the Fund acquired a 100% ownership interest in I Sered' Logistics and Industry 1, s. r. o., with its registered office at Laurinská 18, Bratislava, post code 811 01, Slovakia, identification number: 52 586 031.

Industrial Park Sered' DC31

Identification of the real estate

The real estate is located at Sered', Slovakia, postcode 926 01. Cadastral area name: Sered'; District: Galanta, Municipality Sered'; Region Trnavský, Ownership Certificate: 6382.



Industrial Park Sered' DC31, Sered', SR

Description, age, utilisation and purpose of acquisition of the real estate and other information

The Industrial Park Sered' DC31 lies in an attractive locality of south-west Slovakia, which together with the Bratislava region concentrates over 80% of industrial areas in the country. The Industrial Park Sered' DC31 has great accessibility by transport from the D1 motorway, and strategic position in the middle of major economic area between Bratislava, Trnava and Nitra.

The main lessee of the Industrial Park Sered' DC31 is the German WEGU, producer of plastic components for the automotive industry.

The property was built in 2018 by Goldbeck, the building's development was carried out by PNK Group. The building

comprises mostly warehouses, production and office premises. It has received the BREEAM environmental certification.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 35819804, with its registered office at Staromestská 3, Bratislava 81103, Slovakia, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Use of road
- Suffering the placement of utilities network – cable distribution systems / switchgear units / water connection / fire extinguishing equipment distribution system, fire alarm system

Pledges

- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s., acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

Due to the date of the real estate acquisition, it was not valued by an expert for fair market value in 2020 in the Fund's assets. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020 based on purchase price confirmation. The market value of the real estate is stated in the real estate index which is part of the annual report.

Sered' Logistics and Industry 2, s. r. o. a real estate company

On 16 May 2020, the Fund acquired a 100% ownership interest in I Sered' Logistics and Industry 2, s. r. o., with its registered office at Laurinská 18, Bratislava, post code 811 01, Slovakia, identification number: 52 586 031.

Industrial Park Sered' DC32

Identification of the real estate

The real estate is located at Sered', Slovakia, postcode 018 41. Cadastral area name: Sered'; District: Ilava, municipality Dubnica nad Váhom; Region Trenčianský, Ownership certificate: 6631.

Description, age, utilisation and purpose of acquisition of the real estate and other information

The second stage of the Industrial Park Sered' DC32 lies in an attractive locality of south-west Slovakia, which together with the Bratislava region concentrates over 80% of industrial areas in the country. The Industrial Park Sered' DC32 has great accessibility by transport from the D1 motorway, and strategic position in the middle of major economic area between Bratislava, Trnava and Nitra. The main lessee of the Industrial Park Sered' DC32 is a Polish clothes company LPP S.A., using the leased area for

online sale support. The company includes fashion brands such as Reserved, Cropp, House, Mohito and Sinsay.

The property was built in 2018 by Goldbeck, the building's development was carried out by PNK Group. The building comprises mostly warehouses, production and office premises. It has received the BREEAM environmental certification.

The Fund has acquired the building to operate it. The purpose of the acquisition has not changed.



Industrial Park Sered' DC32, Sered', SR

Real estate administration

The administration of the real estate is carried out by CBRE s.r.o. Identification No.: 35819804, with its registered office at Staromestská 3, Bratislava 81103, Slovakia, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements

In favour of the real estate:

- Use of road
- Suffering the placement of utilities network – cable distribution systems / switchgear units / water connection / fire extinguishing equipment distribution system, fire alarm system

Pledges

- Real estate pledged in favour of REICO investiční společnost České spořitelny, a.s., acting on the account of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.

Information on the real estate's valuation

Due to the date of the real estate acquisition, it was not valued by an expert for fair market value in 2020 in the Fund's assets. The value of the real estate held by the real estate company was determined by the Expert Committee as at 14 December 2020 based on purchase price confirmation. The market value of the real estate is stated in the real estate index which is part of the annual report.



Other mandatory essentials of the annual report

Data on the investment company managing and at the same time administering the mutual fund

Over its entire existence, the Fund was only managed/administered by REICO investiční společnost České spořitelny, a.s., with its registered office in Praha 4, Antala Staška 2027/79, post code 140 00, identification number: 275 67 117

Data on all traders in securities carrying out trading in securities in relation to the mutual fund's assets

Over the entire existence of the Fund, only Česká spořitelna, a.s. carried out trading in securities for the Fund.

Identification of assets if their value exceeds 1% of the value of the Fund's assets as at the date of valuation for the purpose of this report, stating the total acquisition cost and fair value at the end of the decisive period

The table shows the Fund's assets held in investment instruments and ownership interests in real estate companies as at 31 December 2020.

Title	Type of asset	Acquisition price (TCZK)	Market (fair) value (in TCZK)
JRA, s.r.o.	Equity investment	403 010	558 802
REICO Investment ALFA, a.s.	Equity investment	329 491	190 080
REICO Investment BETA, s. r. o.	Equity investment	184 387	71 255
REICO Investment GAMA, a.s.	Equity investment	439 779	1 045 693
Trianon Building Prague s.r.o.	Equity investment	555 670	1 571 080
Qubix Building Prague s.r.o.	Equity investment	208 637	426 889
Forum BC I s.r.o.	Equity investment	70 650	328 353
Topas REAL spol. s r.o.	Equity investment	343 705	482 890
CITY TOWER, a.s.	Equity investment	2 702 542	3 513 889
Park One Bratislava, s.r.o.	Equity investment	267 937	564 607
PROXIMO ONE, sp. z o. o.	Equity investment	1 409 780	2 034 356
Śloneczna Radom sp. z o. o.	Equity investment	2 009 035	2 010 166
Industrial Park Dubnica I, s. r. o.	Equity investment	328 373	590 082
METRONOM BC s.r.o.	Equity investment	572 994	918 980
PROXIMO Two sp. z o.o.	Equity investment	993 983	1 302 866
New Karolina Shopping Center Development, s.r.o.	Equity investment	2 080 134	2 893 438
Industrial Park Dubnica II, s.r.o.	Equity investment	130 072	148 858
Sered' Logistics and Industry 1, s.r.o.	Equity investment	168 597	162 228
Sered' Logistics and Industry 2, s.r.o.	Equity investment	341 192	337 322

Other assets of the Fund are stated in the financial statements which are an integral part of the annual report.

Information on litigations and arbitration proceedings concerning the Fund's assets or the claims of the Fund's unitholders where the value of the subject to the litigation or proceedings exceeds 5% of the value of the mutual fund's assets in the decisive period.

In 2020, the Fund was not involved in any litigations or arbitration proceedings the value of the subject of which would exceed 5% of the Fund's assets.

Information on breaching loan or investment limits

At the beginning of 2020, the Fund exceeded the limit on credit provided to one real estate company, Industrial Park Dubnica II, s.r.o., by 0.01%. In seven days, on 17 January 2020, the limit was put into accord with the regulations on investments made by investment funds and on their management. On 17 January 2020, the fund exceeded the limit on cash in the account of one bank by 0.76%. The limit was put into accord on 20 January 2020.

Information about the structure of and changes in the assets included in the Fund's portfolio

In the reporting period, two Slovak real estate companies were acquired – Sered' Logistics and Industry 1, s.r.o., and Sered' Logistics Industry 2, s.r.o. The analysis of the assets is shown in the Fund's balance sheet and in other parts of the annual report.

Information about fees provided to the investment company for management and administration of the Fund's assets and fees for the depository for the performance of the depository function

In 2020, a fee of TCZK 446 067 was paid to the investment company for the management and administration of the Fund's assets. In 2020, a depository fee of TCZK 34 602 was paid to the depository for the performance of its function. Other expenses of the Fund are stated in the financial statements which form an integral part of the annual report.

Information about quantitative limitations and methods chosen to assess risks related to the techniques and tools to effectively manage an investment fund

The mutual fund uses derivative instruments exclusively to hedge against currency risk. As at 31 December 2020, the fund had one currency forward and 13 swaps with the total value of the underlying assets of MEUR 304 opened with Česká spořitelna, a.s., Komerční banka, a.s., Československá obchodní banka, a.s., and PPF banka a.s. These derivatives were valued at positive fair value of TCZK 129 532, and negative value of TCZK -6 490. At the end of the reporting period, the counterparty's risk was TCZK 129 532. Risk management methods are described in the notes to the financial statements which are an integral part of the annual report.

Information about significant changes in the data stated in the investment fund's statutes in 2020

In January 2020, the list of members of the board of directors of REICO was updated – Filip Kubricht was removed, and Miloš Novák was added. At the same time, another outsourced activity was added to the statutes – performing the activities of a Data protection Officer. In May 2020, a third class of units was introduced, to be used to prevent liquidity crisis of the shareholder REICO. In September, another update of the list of the members of the board of directors was made – Jaromír Kohout was removed, and Darina Lišuchová was added. At the same time the definition of the INSTITUCE investment class was refined.

Information about remuneration for the manager's employees for 2020

The average number of the Fund manager's employees in 2020 was 18 (among them, three directors)

The total fixed remuneration component of all employees was: TCZK 29 650

Social security and health insurance expenses were: TCZK 8 641, other social expenses were TCZK 1 150.

As the model of the investment company is based on the extensive outsourcing of services, all employees can be considered persons whose activity has a significant impact on the Fund's risk profile.

Bonuses for capital appreciation were not paid. Bonuses are paid based on having evaluated a number of criteria. The weight of the Fund's capital appreciation in the total bonus paid in 2020 was 10-30%, depending on the position of the employee within the management structure of the company.

Information about all mutual fund's depositories in the decisive period

Over the entire existence of the fund, its depository has been Česká spořitelna, a.s., with its registered office in Praha 4, Olbrachtova 1929/62, post code 140 00, identification number: 45244782, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, Insert 1171.

Information about the entity charged with custody or another type of administration of the mutual fund's assets if this entity has been ensuring custody of or otherwise administering more than 1% of the mutual fund's assets

Česká spořitelna, a.s., the Fund's depository, has been ensuring the custodianship and other types of administration of the investment fund's assets. A custodian to which the depository can delegate the custody of investment instruments belonging to the mutual fund's assets can be a bank or a securities trader which adheres to prudence rules, including minimum capital requirements, and is subject to supervision by the authority of the country in which its registered office is located as well as to regular external audits that review whether the relevant investment instruments fall within its powers.

The depository currently uses the services of Clearstream Banking Luxembourg to settle and clear foreign securities and the services of Central Securities Depository Prague (Centrální depozitář cenných papírů, CSD Prague) to settle and clear exchange trades with securities traded on the Prague Stock Exchange as well as local custodians in respect of the Polish, Slovak, Hungarian, Romanian and Turkish markets. The cooperating entities can change over time, primarily in connection with entries to new markets.

Information about Securities Financing Transactions (SFT) and swaps of all revenues as required under Regulation (EU) 2015/2365 of the European Parliament and of the Council, Article No. 13

In the accounting period, the Fund did not carry out any Securities Financing Transactions (SFT) or swaps of all revenues.

Information about significant facts that have occurred after 31 December 2020

No significant events occurred after the decisive date.

List of members of the Expert Committee

From 18 February 2019, the members of the Expert Committee are:

Petr Urbánek

Date of birth 18 June 1963, member of the Committee since 18 February 2019; studied at the Secondary School of Civil Engineering, and has 28 years of experience with real estate markets. Since 2010 provides expert advisory services to clients in this area. In 2001 became one of the founding members of the Real Estate Market Development Association (ARTN); member of the Urban Land Institute since 2005. In 2006-2013, member of the Royal Institution of Chartered Surveyors.

Richard Hogg

Date of birth 27 December 1977; member of the Committee since 18 February 2019; studied at the Real Estate Management at the Nottingham Trent University; since 1999 works in real estate in the Czech Republic and the UK. Between 2006 – 2010, member of the board of directors of the Royal Institution of Chartered Surveyors (RICS) Czech Republic; since 2012 member of the RICS European Valuation Network. In 2018 became the manager of a three-member team in the R&D department of Cushman & Wakefield.

Dušan Šťastník

Date of birth 19 December 1980; member of the Committee since 18 February 2019; studied at the Faculty of Economics and Management in CZU Prague and at the University of Reading – College of Estate Management; works in real estate since 2004 in Prague and in London. Member of the RICS since 2008; works for RICS as a trainer and examiner at entrance interviews. He is also an external lecturer in the MBA Real Estate programme at the University of Economics in Prague, external lecturer in business techniques, financial modelling, property valuation; and also provides external trainings in real estate valuation in the Czech Republic and abroad.

Information about the mutual fund's portfolio managers and members of the investment company's board of directors in the decisive period

Tomáš Jandík, CFA, MRICS

Chairman of the Board of Directors
Portfolio manager of the real estate component since 1 May 2016

He graduated from the Humboldt University in Berlin and from the College of Estate Management in Reading, UK. He has held several advisory positions in financial audit, real estate valuation, investment advisory, transaction management, and asset management. Since 2010, he worked in the capital market department of the Prague branch of CBRE. He holds the CFA title, is a member of the Czech CFA Society and the Royal Institution of Chartered Surveyors (MRICS). He has been a member of the board of directors of REICO investiční společnost České spořitelny, a.s. since May 2016, and in 2020 was appointed chairman of the Board of Directors.

Miloš Novák

Vice-chairman of the board of directors
Portfolio manager of the liquidity component since 1 January 2020

Graduated from the University of Economics and Business in Prague and the Graduate School of Banking at Colorado, University of Colorado. He started his career as analyst in the Economics Institute of the Academy of Sciences of the Czech Republic, and then lectured at the Faculty of Finance and Accounting of the University of Economics and Business in Prague. He has been a member of the Česká spořitelna Financial Group since 1994, heading Financial Planning and Strategy, Cost Control, Operating Control, and since 2014 Equity Investments and Investor Relations, where he was responsible for the management of subsidiaries and other equity investments, real estate funds management, and investor relations. In January 2020, he became a new member of the board of directors of REICO investiční společnosti, a.s., and in September 2020, he became vice-chairman of the board of directors.

Darina Lišuchová

Member of the board of directors
Responsible for risk management and compliance since 22 September 2020.

Graduated from the Faculty of Law of the Charles University. Started working in finance in the Czech National Bank, then moved to the internal audit of Komerční banka, and worked in compliance and risk management in Credit Suisse Asset Management or in ING Investment Management. Started in REICO investiční společnost České spořitelny a.s. in 2015 as head of Legal & Compliance, and in September 2020 became member of the board of Directors of REICO.

Prague, 30 April 2021



Tomáš Jandík, CFA, MRICS
Chairman of the Board of Directors



Miloš Novák
Vice-chairman of the board of directors



Darina Lišuchová
Member of the board of directors

Auditor's report

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

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

Independent Auditor's Report to the Shareholders of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnost České spořitelny, a.s.

Opinion

We have audited the accompanying financial statements of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnost České spořitelny, a.s. ("the Fund"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2020 and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Fund is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of position of the Fund as at 31 December 2020, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the financial statements does not cover the other information. In

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Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C, Insert No. 24185

Identification No. 49619187
VAT No. CZ699001996
ID data box: 8h3gtra

Auditor's report



connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

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

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

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

Responsibilities of the Statutory Body for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

Auditor's report



basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the financial statements of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnost České spořitelny, a.s as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague
30 April 2021

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

Veronika Strolená
Partner
Registration number 2195

Financial statements as at 31 December 2020

Balance sheet

Income statement

Notes to the financial statements



Balance sheet

ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.
Register office: Antala Staška 2027/79
140 00 Praha 4

BALANCE SHEET as at 31.12.2020 (translated from the Czech original)

Ident.	TEXT	NOTE	Balances in the	
			current period	prior period
			31.12.2020	31.12.2019
3	Receivables from banks and credit unions	4.1	6 741 609	6 666 103
	of which: a/ repayables on demand : aa/ current accounts		463 508	5 643 111
	b/ other receivables: ba/ term deposits bd/margins posted		6 278 101	1 022 992
4	Receivables from customers	4.2	2 213 007	1 763 485
	of which: b/ other receivables		2 213 007	1 763 485
8	Ownership interests with significant influence	4.3	19 151 835	17 564 957
11	Other assets	4.4	130 133	132 763
13	Prepaid expenses and accrued income		0	436
	TOTAL ASSETS		28 236 584	26 127 744
1	Payables to banks and credit unions		83 400	66 769
	of which: b/ other payables: bc/ margins received		83 400	66 769
4	Other liabilities	4.5	466 008	225 525
5	Deferred income and accrued expenses	4.6	42 333	39 084
	Total liabilities		591 741	331 378
9	Share premium	4.7	2 345 323	2 063 034
10	Reserve funds and other funds from profit		15 106	0
12	Capital funds	4.7	21 052 836	20 114 771
13	Revaluation gains/losses	4.8	4 540 670	3 639 773
	of which : c/ on translation of ownership interests		4 540 670	3 639 773
15	Profit/loss for the accounting period		-309 092	-21 212
	Total equity		27 644 843	25 796 366
	TOTAL LIABILITIES AND EQUITY		28 236 584	26 127 744
	OFF-BALANCE SHEET ITEMS			
4	Receivables from fixed term transactions	4.19	8 278 787	7 409 836
	b/ with currency instruments		8 278 787	7 409 836
8	Values placed under management	4.20	28 236 584	26 127 744
9	Commitments and guarantees received	4.17	500 000	0
10	Collaterals and pledges received	4.18	944 557	864 861
12	Liabilities from fixed term transactions	4.19	8 155 745	7 277 073
	b/ with currency instruments		8 155 745	7 277 073

Prepared on:

30 April 2021

Signature of the authorised representative:



Tomáš Jandík, CFA, MRICS



Ing. Miloš Novák, CSc

Income statement

ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s.
Register office: Antala Staška 2027/79
140 00 Praha 4

INCOME STATEMENT for the year ended 31 December 2020 (translated from the Czech original)

Ident.	TEXT	NOTE	Balances in the	
			current period	prior period
			31.12.2020	31.12.2019
1	Interest income and similar income	4.9	206 543	233 410
2	Interest expense and similar expense		633	335
5	Commission and fee expense	4.10	501 607	425 688
	a/ commissions and fees from transactions with securities and investments		3 538	-660
	b/ management fee		446 067	395 582
	c/ depository fee		34 602	30 766
	d/ other financial expenses		17 400	0
6	Gain or loss from financial operations	4.11	-13 653	171 831
	a/ gain or loss from transactions with securities and investments		0	0
	b/ gain or loss from foreign exchange differences		2 492	-10 323
	c/ gain or loss from fixed term transactions and options		-16 145	182 154
7	Other operating income		777	265
9	Administrative expenses	4.13	519	695
19	Current year profit/loss from ordinary activities before tax		-309 092	-21 212
24	Net profit/loss for the period		-309 092	-21 212

Prepared on:

30 April 2021

Signature of the authorised representative:



Tomáš Jandík, CFA, MRICS



Ing. Miloš Novák, CSc

Notes to the financial statements

as at 31 December 2020

1. Description and principal activities

Establishment and description of the Fund

ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s. (the "Fund") is an entity without legal personality, established by REICO investiční společnost České spořitelny, a.s. (the "Investment Company") in accordance with Act No. 189/2004 Coll., on Collective Investment, which in 2013 was replaced by Act No. 240/2013 Coll., on Management Companies and Investment Funds (the "Act").

Based on a request of REICO investiční společnost České spořitelny, a.s., the Czech National Bank approved the establishment of a fund named ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s. on 7 February 2007, with effect from 9 February 2007. The Fund started its operations on 27 February 2007.

Based on a concluded contract, Česká spořitelna, a.s. ("ČS, a.s.") is the Fund's depositary.

The following three classes of Fund units are offered from 26 May 2020:

Class indication	Class description	Class code	ISIN
CZK C	CZK, retail-type of investors, reinvestment	CZKC	CZ0008472545
CZK DPM C	CZK, for selected types of investors, reinvestment	CZKDPMC	CZ0008475373
CZK CS C	CZK, institution-type of investors – shareholder of the manager	CZKCSC	CZ0008476132

The board of directors of REICO investiční společnost České spořitelny, a.s. decides on the commencement or termination of the issuance of units of a particular unit class.

Any investor that meets the general conditions for investing in mutual funds may become the owner of the CZK C class units, unless the distributor decides otherwise. Only investors that have concluded a contract for management of the customer's assets, which include an investment instrument, on a discretionary basis within the framework of a contractual arrangement with Česká spořitelna, a.s. ("the Contract for management of investment instruments") and only in frame of this contract, and further the Erste Asset Management GmbH investment company as well as the investment funds managed by this investment company or by other investment companies from the Erste Group Bank AG financial group may become owners of the CZK DPM C class units.

Only a shareholder of the fund's manager who meets the definition of professional clients according to Sections 2a and 2b of Act No. 256/2004 on Capital Market Undertakings may become the owner of the CZK CS C class units. The minimum amount of the investment of a unit holder investing in the CZK CS C class units corresponds to the amount of CZK 100 000 000. The total amount

The Fund is managed by the Investment Company. In compliance with the Act, the Investment Company is responsible for managing the assets in the Fund. Asset management means asset administration and disposal.

According to the Act, the Fund is a special fund investing into real estate.

Registered office

Praha 4 - Krč, Antala Staška 2027/79, post code 140 00

Principal activities

The Investment Company collects funds by issuing units for the purpose of their collective investment on domestic and foreign financial markets. The number of issued units and the period for which the mutual fund is established are not limited.

of the investment resulting from the conduct of the owner of the CZK CS C class units must not decrease below the minimum amount of the investment stipulated in the above sentence; the option of the owner of the CZK CS C class units to stop being a unit holder of the Mutual fund is not influenced by this fact.

Focus of Fund

The objective of the Fund's investment policy is the appreciation of funds invested by unit holders in a conservative manner, with the proceeds from the operation of real estate forming the heart of the Fund's appreciation. The Fund's investments in real estate companies owning real estate are acquired and held specifically in order to achieve this objective. At present, the principal source of the Fund's income is income from interest on loans granted to real estate subsidiaries to purchase real estate. Profits from the Fund's portfolio are reinvested according to the investment objectives so that neither the yield potential nor the Fund's level of security are reduced.

In compliance with the Act, the Fund primarily invests in real estate and real estate companies. The Fund may also invest in residential projects, office buildings and centres, hotel complexes, multi-purpose centres, etc. In connection with the nature of the real

estate assets it is necessary to note that they are not “quick” liquid assets when managed professionally. The acquisition of investments in real estate companies is usually financed through the Fund's own resources.

Within the authorised limits, the Fund may finance the purchase of investments in real estate companies or the purchase and development of real estate also by a loan, but only provided that such financing will increase the economic effect of the entire transaction.

In accordance with the Act, the Fund invests in ancillary liquid assets (deposits, fixed term deposits), treasury bills, bonds and similar securities. The Fund may use financial derivatives for effective asset management.

Based on a classification that is binding for the members of the Czech Capital Market Association (“Czech AKAT”) as at the date of statutes approval, the term ‘special real estate fund’ may be used for the Fund.

The Fund's limits are complied with based on the Act, or they are set in the Fund's statutes in accordance with the Act.

Rules of acquiring real estate and ownership interests in real estate companies

A real estate company is a joint stock company, a limited liability company or a comparable legal entity under foreign law, whose business activities primarily comprise the acquisition of real estate including its appurtenances, the administration of real estate, the transfer of ownership titles to real estate for consideration, to pursue financial gain. Adequately, property development companies are also considered real estate companies.

Real estate acquired into the assets of the mutual fund or into the assets of real estate companies in which the mutual fund has an ownership interest are used on a commercial basis, primarily in line with the purpose for which the real estate is used. The objective of acquiring real estate into assets is primarily long-term holding to generate regular revenue and subsequent adequate reinvestment of these revenues. A mutual fund may also purchase real estate for resale and undertake development real estate projects.

The Fund may acquire real estate in the Czech Republic, and in other EU member states, mainly in Central and Eastern Europe (“other states”).

The total limit for investments in real estate in Other Countries is 80% of the value of assets in the mutual fund.

The Fund always acquires and sells real estate and investments in real estate companies based on the appraisals of two independent experts in real estate measurement; the subject of the appraisal must also include third party encumbrances. It is possible to acquire real estate encumbered with the rights of third parties if such an encumbrance demonstrably brings an economic benefit for the real estate (in particular this concerns the venality of this encumbrance, such as lease, payment for enjoying the

rights of users, etc.). Specialised lawyers must assess the relevant legal documentation.

In case independent experts provide varying appraisals, the mutual fund must not acquire the real estate into its assets for a price that is higher by more than 10% than the lower of the prices based on the experts' appraisals, or sell the real estate for a price that is lower by more than 10% than the higher price based on the experts' appraisals, unless it presents to the depositary economic justification of such acquisition or such sale and the depositary agrees to this.

The real estate owned by the mutual fund may be encumbered with the rights of third parties if the economic benefit of establishing these rights proves that such step is advantageous (this primarily concerns venality of this encumbrance, such as leases, payments for enjoying the rights of users, etc.).

The Fund may acquire and hold an ownership interest only in a real estate company that allows only cash contributions of shareholders or members, whose shareholders or members have fully paid their contributions, which invests only in real estate in the country of its registered office, which complies with the conditions of the Act and which invests exclusively in real estate or, apart from investment in real estate, invests in assets stipulated by the Act or by Government Decree No. 243/2013 Coll. for the purposes of ensuring liquidity of the mutual fund.

The Fund may acquire and hold an ownership interest in a real estate company if such ownership interest represents a majority of votes or capital necessary to change the statutes. Real estate that the real estate company acquires into its assets or sells from its assets is measured using the method stipulated by the Act for determining the value of assets of a special real estate fund and acquired and sold for a price determined based on the Act.

Expert Committee

The Expert Committee is a special body established by the Investment Company.

The Expert Committee is obligated to determine the value of the following at least twice per year:

- real estate in the mutual fund's assets
- real estate in the assets of a real estate company in which the mutual fund has an ownership interest

and ensure the determination of the value of the mutual fund's ownership interest in the real estate company.

Rules for indebteding the Fund

The Fund may receive a loan or a borrowing that is due within one year under standard terms, up to the amount of 20% of the value of the Fund's assets. The Fund may receive a mortgage only for the purpose of acquiring real estate into the Fund's assets or maintaining or enhancing its condition. Mortgages received by the Fund or real estate companies, in which this Fund has an ownership interest, must not exceed 70 % of the value of this real estate. The sum of all loans and borrowings received by the Fund must not exceed 50% of the value of the Fund's assets.

Rules for granting loans from the Fund's assets

The mutual fund may grant a loan from its assets only to a real estate company in which it has an ownership interest. The loan must be secured and the loan agreement must stipulate that in case the ownership interest in the real estate company is disposed of, the loan is due within six months of the date the ownership interest is disposed of. The sum of all loans granted from the mutual fund's assets to one real estate company must not exceed 50% of the value of all real properties in the assets of this real estate company. The sum of all loans granted from the assets of the mutual fund to real estate companies must not exceed 25% of the value of the mutual fund's assets.

Rules for acquiring derivatives into the Fund's assets

The special fund may enter into contracts whose subject is a derivative, only for the purpose of effective asset management. This comprises conducting transactions to mitigate the risk, reduce costs or generate sufficient revenue for the mutual fund, provided that the risk incurred is found to be low. The exposures from these transactions must always be fully covered by the Fund's assets so that it is always possible to meet the liabilities arising from these transactions.

The special fund may invest in financial derivatives that are not received for trading on the markets above, provided that:

- a) The underlying asset represents only assets permissible under the Act and the statutes.
- b) The other contractual party to the transaction is an institution that is subject to supervision and belongs to one of the categories of institutions approved by the Czech National Bank and entered in the Czech National Bank's list.
- c) An OTC financial derivative must be measured daily using a reliable and verifiable method and the Fund has an option to sell or conclude the OTC derivative for its market value.
- d) The counterparty has a registered capital in the amount of or in the currency equivalent of at least MEUR 40, it must be subject to supervision and its rating of long-term debt ratio performed by at least one reputable rating agency must be of investment grade.

Change in the Fund's statutes in 2020

Overview of significant changes in the Fund's statutes in 2020

21 January 2020

- Changes in the make up of the board of directors – Filip Kubricht was deleted as a member of the board of directors; Miloš Novák was appointed a new member of the board of directors.
- Part IV, section 2 - another outsourced activity was added to this section – performance of the activity of a person authorised to supervise personal data protection.

26 May 2020

- Part X, section 3 - launch of a third class of units – the CZK CS C class which is determined only for ČS. Through this class of units, ČS can provide liquidity to ČSNF in case of need.

- Table 1 – in connection with the launch of the third class of units, the Fund stipulated the time limits for settlement of the redemption of the units from this class.

29 September 2020

- Changes in the make up of the board of directors – Jaromír Kohout was deleted as a member of the board of directors; Darina Lišuchová was appointed a new member of the board of directors.
- Part X, section 3 - Precision of the definition of the investors from the INSTITUTION class.

2. Basis of preparation

The financial statements have been prepared on the basis of accounts maintained in accordance with Act No. 563/1991 Coll. on Accounting, relevant effective regulations, decrees and internal standards in compliance with and in the extent stipulated by Decree of the Czech Ministry of Finance No. 501/2002 Coll., as amended, which regulates the layout and definition of the individual items of financial statements and the extent of disclosures for banks and certain financial institutions, and Czech Accounting Standards for financial institutions, stipulating basic accounting policies.

The Fund is obligated to comply with the regulatory requirements set by the Act.

The financial statements are based on general accounting principles, in particular the accrual and matching principle, the prudence principle, and the going concern principle. Revenue and expenses are recognised on an accrual basis, i.e. in the period to which they relate in terms of substance and timing.

The financial statements comprise the balance sheet including off-balance sheet items, the income statement and the notes to the financial statements. The financial statements have been prepared as at 31 December 2020.

The Investment Company's financial statements cannot be prepared without using assumptions and estimates that may affect the reported amounts of assets and liabilities at the date of preparation of the financial statements and the recognised amounts of revenue and expenses for the relevant period. The Investment Company's management believes that the assumptions and estimates used will not differ significantly from the actual amounts in the following accounting periods. For more information, see note 3 of these notes to the financial statements.

These financial statements are non-consolidated.

All amounts in these financial statements and the related notes are reported in thousands of Czech crowns (TCZK), unless stated otherwise.

Assets and liabilities from the collective investment fund's investment activities are measured at fair value. To determine the fair value of assets and liabilities from the collective investment fund's investment activities, IFRS as adopted by the EU are

applied. The method of determining the fair value of the collective investment fund's assets and liabilities in cases that are not provided for by specific accounting legislation (Act No. 563/1991 Coll., on Accounting, as amended, including implementing provisions, in particular Decree No. 501/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for business entities that are banks and other financial institutions) and the method of determining the current value of the collective investment fund's unit are established by the implementing legislation relating to the Act, which is Decree No. 244/2013 Coll., Detailing Certain Rules of the Act on Management Companies and Investment Funds.

The Investment Company accounts for the balance and movement of assets and other assets, liabilities and other liabilities, expenses and revenue and the asset management results in the mutual fund separately from its object of accounting and other mutual funds' object of accounting. In compliance with the accounting policies that are based on specific accounting legislation, the Investment Company accounts for the object of accounting in account books that are maintained separately for individual mutual funds whose assets it manages; it thus allows the Investment Company to prepare financial statements for each mutual fund. The mutual fund's financial statements must be audited.

The measurement of assets in the mutual fund for the purposes of determining the current value of the fund's unit is carried out on a daily basis. The measurement is performed in compliance with the legislation.

Impact of the COVID-19 pandemic

2020 was adversely affected by the COVID-19 pandemic, which caused a significant decrease in the global economy.

The Fund's management regularly evaluated the effects of the COVID-19 pandemic on its activities and business, and concluded that they do not have a material impact on the Fund's ability to continue as a going concern. This conclusion has been reached primarily due to the Fund's strong liquidity, high resilience to risks with regard to the sector and geographic diversification of the Fund's portfolio and investments made almost exclusively in the prime real estate segment with very solvent lessees.

The COVID-19 pandemic most significantly affected the retail section of the Fund's real estate portfolio where the market values decreased over the year by lower single digit percentages. As for the office section of the Fund's real estate portfolio, moderate corrections of the market values were made for Polish immovables. In the other regions, the prices remained basically unchanged. The logistics sector was the least volatile segment of commercial immovables thanks to its e-commerce part, which was positively reflected in the market value of the Fund's immovables from this category.

The impact of the pandemic on the measurement of the real estate companies is at the same time a standard part of a detailed review by the Expert Committee at their ordinary or extraordinary meetings.

The operations of REICO investiční společnost České spořitelny, a.s. as the manager of ČS nemovitostní fond have not been disturbed by the impact of the COVID-19 pandemic; NAV is further calculated and disclosed on the standard dates; and the investment management operations have not been disturbed in any of the countries in which the Fund has been managing assets (the Czech Republic, Slovakia, Poland).

In general we can say that primarily the premium nature of the Fund's real estate portfolio has proved to be the key feature helping us to keep the value of the portfolio and in spite of a series of negative effects, the Fund reported a positive performance of 2.18% in 2020.

3. Significant accounting policies

Transaction date

The transaction date is the date a receivable or liability arises, changes or extinguishes, and other events arise that form the object of accounting and have occurred.

The Fund accounts for the sale and purchase of securities at the moment a contract is concluded (the "Trade Date") in case the period between the contract conclusion and its settlement is not longer than normal period. Otherwise, such contract is accounted for as a derivative until the time the liability is performed.

In respect of derivative contracts, the transaction date is:

- a) the moment the relevant contract was concluded
- b) the moment the fair value of a derivative changed
- c) the moment when fulfilment of a relevant contract occurred.

Securities

In accordance with the Fund's strategy, all securities are classified as securities measured at fair value through profit or loss.

At initial recognition, securities are measured at cost, which includes direct transaction costs and expenses incurred in connection with the acquisition of securities. Securities are subsequently remeasured at fair value.

The remeasurement at fair value is carried out daily based on Decree of the Czech Ministry of Finance No. 244/2013 Coll., as amended, Detailing Certain Rules of the Act on Management Companies and Investment Funds (the "Decree").

According to the Decree, securities are measured at price indicated on the public market that is adjusted based on the rules stipulated in the Decree, if necessary. If the market price is not available, the Fund uses the value calculated using valuation models that are based on discounted future cash flows and using the respective yield curve established from available market parameters.

Realised capital gains and losses, including foreign exchange gains and losses, are recognised in "Gain or loss from financial operations" in the income statement.

In respect of debt securities, the purchased accrued interest income in the amount determined in the issuing conditions is recognised on a special sub-ledger asset account. The accrued interest income for the holding period is then part of security measurement and is recognised on a special sub-ledger asset account with a corresponding double entry on the interest income account. The accrued interest income includes accrued coupons.

The accrued interest income is part of the fair value of securities and is presented in the statements on the same line.

Ownership interests in real estate companies

Measurement of real estate in the assets of real estate companies controlled by the Fund

To monitor and determine the value of real estate in the assets of real estate companies, the Expert Committee uses the acquisition cost of the real estate or the latest expert's appraisal. The methods for determining the values that the Expert Committee will use must be based on relevant legislation, in particular the Czech National Bank's decrees.

Real estate held for the purpose of its operation is measured using the revenue method. The fair value of real estate ascertained using the revenue method represents the net present value of sustainable lease income less costs of real estate management and considered risk of rental loss. The discount factor is the market required rate of return.

Real estate held for the purpose of its resale is measured using the method of comparison.

Measurement of ownership interests in real estate companies

The Expert Committee determines the fair value of ownership interests in real estate companies at least twice per year, or it ensures its determination otherwise.

At initial measurement, the acquisition cost of real estate is used as a basis for determining the fair value of ownership interests in real estate companies. The subsequent measurement of ownership interests in real estate companies is carried out based on the measurement of real estate using an expert's appraisal. Before the initial determination of fair value of ownership interests in real estate companies, the fair value is the acquisition cost of ownership interests.

When measuring ownership interests, the so called net asset value method is used, i.e. fair values of other assets and liabilities of these companies that are recognised as at the measurement date are added to or subtracted from the fair value of real estate in the assets of the real estate company.

Use of estimates

Assumptions and estimates used in measuring real estate in the assets of real estate companies controlled by the Fund and in measuring the Fund's ownership interests in these real estate companies are based on information available as at the measurement date. The estimated parameters entering the measurement include the estimated future cash flows arising from

real estate, i.e. in particular the estimated sustainable lease income and the related expenses, the estimated risk of rental loss or the estimated market required rate of return, i.e. the discount factor entering the revenue measurement method.

As a result of the increased volatility from the beginning of the global financial crisis, the Fund may be exposed to higher risk, primarily in relation to an uncertainty connected with possible asset impairment and future market development. The financial statements have been prepared based on current best estimates using all information relevant and available as at the date of preparation of the financial statements and the information on the future development on the market. The financial statements have been prepared based on current best estimates using all information relevant and available as at the date of preparation of the financial statements.

Recognition of ownership interests in real estate companies

At initial recognition, ownership interests in a real estate company are recognised at cost, which includes the purchase price and expenses related to the acquisition. Ownership interests in real estate companies are subsequently recognised at fair value.

Ownership interests in real estate companies are recognised at fair value on a special line "Ownership interests with controlling influence" in the balance sheet.

The remeasurement of ownership interests in real estate companies including foreign currency translation is recognised in "Revaluation gains (losses)" in the Fund's liabilities in an amount reduced by a relevant deferred tax liability.

If the ownership interests in real estate companies are permanently impaired, the reduction including foreign currency translation is recognised on line "Gain (loss) from transactions with securities and ownership interests" in the Fund's income statement.

Escrow accounts

A portion of the purchase price of real estate companies is usually deposited on an escrow account until suspensive conditions are fulfilled. If an escrow account is held in the mutual fund's name, the account balance is accounted for as cash on the fund's accounts and recognised in "Receivables from banks" with the account balance recognised separately in the notes to the financial statements. In case an escrow account is held in a third party's name or located at third parties (a bank different from the bank in which the Fund's accounts are held; notarial custody), this account balance is accounted for as a receivable and recorded in "Other assets". In the notes to the financial statements it is recognised separately.

At the same time, the Fund accounts for a liability to pay the entire purchase price to a real estate company, i.e. for a liability in the amount equal to the escrow account balance, until the moment the original purchase price of the real estate company is reduced based on an agreement with the buyer, or the suspensive conditions are fulfilled and the cash is paid out from the escrow

account, i.e. the original purchase price of the real estate company is paid.

Contributions in the registered capital of real estate companies

The contribution in the registered capital of a real estate company increases the net fair value of the real estate company's assets. This increase is recognised directly if the contribution is carried out within six months of the acquisition date or the last remeasurement of the real estate company. If this condition is not met, the Fund will remeasure the ownership interest in the real estate company as approved by the Expert Committee. This remeasurement will take into account the contribution made in the registered capital.

Expenses relating to the acquisition of real estate companies

Expenses directly related to the acquisition of real estate companies include expenses incurred on legal, tax and technical due diligence, legal and tax advisory in structuring acquisition transaction, bank fees connected with the acquisition debt financing, expenses incurred on real estate measurement and the audit of financial statements of real estate companies.

The amount and allocation of expenses related to the acquisition of real estate companies is approved by the board of directors at initial recognition of the real estate company in the Fund's accounts at cost with the Expert Committee acknowledging this decision.

Other receivables

The Fund accounts for receivables incurred in trading with securities and other operating receivables and these receivables are recognised at nominal value reduced by adjustments.

Loans, borrowings and interest income

At initial recognition, loans and borrowings are recognised at nominal value and subsequently, they are remeasured at fair value. Deferred/accrued interest relating to the loans and borrowings granted is included in total balances of these assets.

Other liabilities

Trade payables are recognised at nominal value that presents their fair value due to the maturity of these payables. The Fund accounts for liabilities that arise in trading with securities and for other liabilities.

Income tax

Current tax

The tax base for income tax is calculated from the profit/loss for the current period before tax by adding non-tax deductible expenses and subtracting revenues that are not subject to income tax, and other items adjusting the tax base. Current tax liability is calculated at the end of the taxable period in accordance with Act No. 586/1992 Coll., on Income Taxes, as amended. The tax rate for 2020 is 5%.

Deferred tax

A deferred tax liability or asset is calculated from all temporary differences between the recognised carrying amount of assets and liabilities and their measurement for taxation purposes and from tax losses. Deferred tax is calculated based on the liability method using the balance sheet approach.

Deferred tax is ascertained from all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. A deferred tax asset or a deferred tax liability is ascertained as a product of the resulting difference and the rate valid for the period in which the tax asset will be realised or the deferred tax liability settled.

Deferred tax is recorded in the income statement, except where it relates to items reported directly in equity. In such cases, the related deferred tax is included in equity.

Deferred tax assets and liabilities are mutually offset and are reported in the balance sheet in their net amount, except where certain partial deferred tax assets cannot be offset against certain partial deferred tax liabilities.

Foreign currency translation

Transactions denominated in foreign currencies are translated based on the Czech National Bank official rate prevailing on the transaction date. As at the balance sheet date, assets and liabilities of monetary value denominated in foreign currency are translated at the exchange rate valid as at the balance sheet date.

Foreign exchange differences arising on the remeasurement of assets and liabilities recognised in foreign currencies are recorded in expenses or revenues, except for foreign exchange differences that arose from the translation of foreign currency ownership interests in real estate companies, which are recognised together with the remeasurement of these ownership interests on-balance-sheet in "Revaluation gains (losses)".

Fund's equity

The current value of a unit of each class on day D is determined on day D+1 as a proportion of the fund capital value of each class as at day D and the sum of all nominal values of issued units of each class in circulation as at day D, rounded to four decimal places.

The current value of a unit of each class is determined daily.

In justified cases, the Investment Company may determine the current value of a unit that is valid for more days.

Share premium

A share premium is the difference between the nominal value of all units and their current value as at the date of their issuance or redemption.

Derivatives

From an accounting perspective, derivatives may be classified as trading or hedging derivatives.

The fair value of financial derivatives is the present value of expected cash flows from these transactions. To determine the fair value, common models accepted on the market are used. These valuation models are subsequently supplied with parameters ascertained on the active market, such as foreign exchange rates, yield curves, volatilities of relevant financial instruments, etc. All financial derivatives are recognised as assets in "Other assets" in case of positive fair value, and as liabilities in "Other liabilities" in case of negative fair value.

A change in the fair value of trading derivatives is recognised as expense or income in "Gain or loss from financial operations".

Change in accounting policies and procedures

In 2020, the Company changed no accounting policies and no significant errors were corrected.



4. Additional information on the financial statements

4.1. Receivables from banks

Receivables from banks	31/12/2020	31/12/2019
Current accounts	463 508	5 643 111
Fixed term deposits and margin posted	6 278 101	1 022 992
Total	6 741 609	6 666 103

Receivables from banks are from Česká spořitelna, a.s., Raiffeisenbank a.s., UniCredit Bank Czech Republic and Slovakia, a.s., PPF banka a.s., and Komerční banka, a.s.

4.2. Receivables from non-banking institutions

Receivables from non-banking institutions are loans granted to real estate companies controlled by the Fund.

31/12/2020

Receivables from non-banking institutions denominated in CZK		31/12/2020
Company	Interest rate	Amount in CZK
JRA, s.r.o.	7.72%	131 421
REICO Investment ALFA, a.s.	9.90%	112 000
REICO Investment GAMA, a.s.	8.50%	78 767
REICO Investment GAMA, a.s. – interest*	-	1 711
Qubix Building Prague s.r.o.	7.00%	255 253
Qubix Building Prague s.r.o. - interest*	-	4 566
Topas REAL spol. s r.o.	7.00%	164 500
METRONOM BC s.r.o.	7.00%	360 839
Total		1 109 057

* interest from 1 October 2020 to 31 December 2020 paid in January 2021

Due to unpaid interest on the loan granted to Qubix Building Prague s.r.o. for January to September 2020, the loan was capitalised to the principal by the total amount of TCZK 13 130 during the year, based on a decision of ČS nemovitostní fond.

In January 2021, the loan will be capitalised to the principal by TCZK 4 566, i.e. the unpaid interest on the granted loan for October to December 2020. In January 2020, the loan was capitalised to the principal by TCZK 4 255, i.e. the unpaid interest on the granted loan for October to December 2019.

On 26 March 2020, the loan granted to JRA, s.r.o. was raised by CZK 54 000 000 in accordance with appendix No. 7 to the subordinated loan agreement.

Receivables from non-banking institutions denominated in EUR			31/12/2020
Company	Interest rate	Amount in EUR	Amount in CZK
REICO Investment BETA, s. r. o.	9.00%	1 610	42 266
REICO Investment BETA, s. r. o. - interest**	-	12	328
FORUM BC I, s. r. o.	8.00%	12 286	322 455
Topas REAL spol. s r.o.	7.00%	6 355	166 787
Industrial Park Dubnica I, s.r.o.	7.00%	3 723	97 718
Industrial Park Dubnica II, s.r.o.	7.00%	4 700	123 352
Sered' Logistics and Industry 1, s.r.o.	7.00%	4 307	113 048
Sered' Logistics and Industry 2, s.r.o.	7.00%	9 068	237 996
Total			1 103 950

** interest from 1 December 2020 to 31 December 2020 (of TEUR 12) - since January 2021 the interest has been capitalised to the principal

Due to unpaid interest on the loan granted to REICO Investment BETA, s.r.o. for January to November 2020, the loan was capitalised to the principal by the total amount of TEUR 129 during the year, based on a decision of ČS nemovitostní fond. In January 2021, the loan provided to REICO Investment BETA, s.r.o. will be capitalised to the principal by TEUR 12, i.e. the unpaid interest on the granted loan for December 2020.

On 22 May 2020, the Fund provided a loan of TEUR 6 723 to the real estate company Sered' Logistics and Industry 1, s.r.o. based on a loan agreement.

Based on an agreement dated 22 May 2020, the loan was partially repaid in the amount of TEUR 2 448 in form of a mutual offset of the receivables from outstanding principal and accrued interest against the liability from a contribution made outside registered capital.

On 22 May 2020, the Fund provided a loan of TEUR 14 501 to the real estate company Sered' Logistics and Industry 2, s.r.o. based on a loan agreement.

Based on an agreement dated 22 May 2020, the loan was partially repaid in the amount of TEUR 5 501 in form of a mutual offset of the receivables from outstanding principal and accrued interest against the liability from a contribution made outside registered capital.

31/12/2019

Receivables from non-banking institutions denominated in CZK		31/12/2019
Company	Interest rate	Amount
JRA, s.r.o.	7.72%	77 421
REICO Investment ALFA, a.s.	9.90%	112 000
REICO Investment GAMA, a.s.	8.50%	78 767
REICO Investment GAMA, a.s. – interest*	-	1 711
Qubix Building Prague s.r.o.	7.00%	237 868
Qubix Building Prague s.r.o. - interest*	-	4 255
Topas REAL spol. s r.o.	7.00%	164 500
METRONOM BC s.r.o.	7.00%	360 839
Total		1 037 361

* interest from 1 October 2019 to 31 December 2019 paid in January 2020

A loan provided to METRONOM BC s.r.o. was paid up in part on 29 January 2019 with an instalment of TCZK 95 000, and on 9 April 2019 with an instalment of TCZK 20 000.

Due to unpaid interest on the loan granted to Qubix Building Prague s.r.o. for January to September 2019, the loan was capitalised to the principal by the total amount of TCZK 12 193 during the year, based on a decision of ČS nemovitostní fond.

In January 2020, the loan was capitalised to the principal by TCZK 4 255, i.e. the unpaid interest for October to December 2019 on the granted loan.

Receivables from non-banking institutions denominated in EUR		31/12/2019	
Company	Interest rate	Amount in EUR	Amount in CZK
REICO Investment BETA, s. r. o.	9.00%	1 470	37 356
REICO Investment BETA, s. r. o. - interest**	-	11	290
FORUM BC I, s. r. o.	8.00%	12 286	312 196
Topas REAL spol. s r.o.	7.00%	6 355	161 480
Industrial Park Dubnica I, s. r. o.	7.00%	3 723	94 609
Industrial Park Dubnica II, s. r. o.	7.00%	4 700	119 427
Industrial Park Dubnica II, s.r.o. - interest***		30	766
Total			726 124

** interest from 1 December 2019 to 31 December 2019 (of TEUR 11) - since January 2020 the interest has been capitalised to the principal

*** interest from 29 November 2019 to 31 December 2019 (of TEUR 30) - paid in January 2020

On 28 June 2019, the loan granted to Park One Bratislava, s. r. o. was raised by TEUR 200 in accordance with appendix No. 2 to the loan agreement dated 27 June 2019.

In accordance with the decision of the sole member of Park One Bratislava, s.r.o. dated 13 December 2019, the loan was repaid upon a mutual offset of the receivables from the outstanding principal including accrued interest and the liability from a contribution paid outside the registered capital on 14 November 2019.

Due to unpaid interest on the loan granted to REICO Investment BETA, s.r.o. for January to November 2019, the loan was capitalised to the principal by the total amount of TEUR 128 during the year, based on a decision of ČS nemovitostní fond. In January 2020, the loan provided to REICO Investment BETA, s.r.o. was capitalised to the principal by TEUR 11, i.e. the unpaid interest for December 2019 on the granted loan.

4.3. Ownership interests with controlling influence

As at 31 December 2020, the Fund owned investments in nineteen real estate companies. Nine of them operate in the Czech Republic, seven in Slovakia and three in Poland.

Company name	Registered office	Ownership in %	Registered capital recorded in the Commercial Register	Other components of equity*	Acquisition date
REICO Investment ALFA, a.s.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 2 000	TCZK 138 865	7/12/2007
JRA, s.r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 100	TCZK 147 641	31/8/2007
REICO Investment BETA, s. r. o.	Laurinská 18, 811 01, Bratislava	100%	TEUR 1 978	TEUR -583	12/5/2008
REICO Investment GAMA, a.s.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 1 000	TCZK 117 718	11/11/2010
Trianon Building Prague s.r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 150 000	TCZK 1 203 949	27/3/2013
Qubix Building Prague s.r.o.	Antala Staška 2027/79, 140 00 Praha 4	100%	TCZK 270	TCZK 29 014	27/3/2014

Company name	Registered office	Ownership in %	Registered capital recorded in the Commercial Register	Other components of equity*	Acquisition date
FORUM BC I s. r. o.	Laurinská 18, 811 01, Bratislava	100%	TEUR 5	TEUR -398	15/12/2015
Topas REAL spol. s r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 100	TCZK 90 608	28/4/2016
CITY TOWER, a.s.	Antala Staška 2027/79, 140 00 Praha 4	100%	TCZK 637 000	TCZK 895 125	27/9/2016
Park One Bratislava s.r.o.	Laurinská 18, 811 01, Bratislava	100%	TEUR 16 513	TEUR 1 862	3/2/2017
PROXIMO ONE, Sp. z o. o.	ul. Przyokopowa 33, 01-208 Warsaw	100%	TPLN 2 305	TPLN 237 442	25/4/2017
Słoneczna Radom sp. z o. o.	ul. Grzybowska 5A 00-132 Warsaw	100%	TPLN 15 300	TPLN -64 357	26/9/2017
Industrial Park Dubnica I, s.r.o.	Laurinska 18 Bratislava 811 01	100%	TEUR 5	TEUR 3 688	20/3/2018
PROXIMO TWO Sp.z o.o.,	ul.Przyokopowa 33, 01-208 Warsaw	100%	TPLN 7 813	TPLN 154 422	29/5/2018
METRONOM BC s.r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 300	TCZK 109 849	14/6/2018
New Karolina Shopping Center Development,s.r.o	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 50 000	TCZK 662 467	5/12/2018
Industrial Park Dubnica II, s.r.o.	Laurinska 18 Bratislava 811 01	100%	TEUR 5	TEUR 2 162	28/11/2019
Sered' Logistics and Industry 1, s.r.o.	Laurinská 18 811 01 Bratislava	100%	TEUR 1 400	TEUR 2 443	13/5/2020
Sered' Logistics and Industry 2, s.r.o.	Laurinská 18 811 01 Bratislava	100%	TEUR 3 900	TEUR 5 167	13/5/2020

*information based on unaudited financial statements as at 31 December 2020

Voting rights in % correspond with ownership interests.

Market value of ownership interests

Company name	Market value of ownership interests at 31/12/2019	Change due to the acquisition of real estate companies	Increase in the company's equity	Permanent impairment	Change in market valuation	Market value of ownership interests at 31/12/2020
Domestic ownership interests:						
JRA, s.r.o.	539 964	-	-	-	18 839	558 803
Trianon Building Prague, s.r.o.	1 409 795	-	-	-	161 285	1 571 080

Company name	Market value of ownership interests at 31/12/2019	Change due to the acquisition of real estate companies	Increase in the company's equity	Permanent impairment	Change in market valuation	Market value of ownership interests at 31/12/2020
Qubix Building Prague s.r.o.	396 485	-	-	-	30 404	426 889
Topas REAL spol. s r.o.	454 423	-	-	-	28 467	482 890
REICO Investment ALFA, a.s.	176 377	-	-	-	13 703	190 080
REICO Investment GAMA, a.s.	1 126 021	-	-	-	-80 328	1 045 693
CITY TOWER, a.s.	3 296 581	-	-	-	217 308	3 513 889
METRONOM BC s.r.o.	842 222	-	-	-	76 758	918 980
New Karolina Shopping Center Development, s.r.o.	2 629 476	-	-	-	263 962	2 893 438
Total domestic ownership interests	10 871 344	-	-	-	730 398	11 601 742
Foreign ownership interests:						
REICO Investment BETA, s. r. o.	77 856	-	-	-	-6 601	71 255
FORUM BC I, s. r. o.	306 655	-	-	-	21 698	328 353
Park One Bratislava, s.r.o.	462 136	-	132 950	-	-30 479	564 607
PROXIMO ONE, sp. z o. o.	1 803 702	-	-	-	230 654	2 034 356
Słoneczna Radom sp. z o. o.	2 276 489	-	-	-	-266 322	2 010 167
Industrial Park Dubnica I, s.r.o.	471 004	-	-	-	119 078	590 082
PROXIMO TWO Sp.z o.o	1 166 481	-	-	-	136 385	1 302 866
Industrial Park Dubnica II, s.r.o.	129 290	-4 175	-	-	23 743	148 858
Sered' Logistics and Industry 1, s.r.o.	-	101 977	66 620	-	-6 370	162 227
Sered' Logistics and Industry 2, s.r.o.	-	159 845	181 347	-	-3 870	337 322
Total foreign ownership interests	6 693 613	257 647	380 917	-	217 916	7 550 093
Total:	17 564 957	257 647	380 917	-	948 314	19 151 835

On 6 April 2020, the purchase price of Industrial Park Dubnica II, s.r.o. was decreased by TCZK 4 175 (TEUR 152) based on the establishment of the final purchase price under the purchase agreement. The final purchase price amounts to TCZK 28 228 (TEUR 1 115).

On 29 May 2020, Sered' Logistics and Industry 1, s.r.o. was acquired for TCZK 101 977 (TEUR 3 749). At the same time, Sered' Logistics and Industry 1, s.r.o. was provided with a contribution outside the registered capital of TCZK 66 620 (TEUR 2 448).

On 29 May 2020, Sered' Logistics and Industry 2, s.r.o. was acquired for TCZK 159 845 (TEUR 5 888). At the same time, Sered' Logistics and Industry 2, s.r.o. was provided with a contribution outside the registered capital of TCZK 149 709 (TEUR 5 502). On 22 July 2020, Sered' Logistics and Industry 2, s.r.o. was further provided with a contribution outside the registered capital of TCZK 31 638 (TEUR 1 200).

On 5 June 2020, Park One Bratislava, s.r.o. was provided with a contribution outside the registered capital of TCZK 132 950 (TEUR 5 000).

4.4. Other assets

Other assets	31/12/2020	31/12/2019
Positive fair value of derivatives	129 532	132 763
Receivables from trading in securities	100	-
Other assets	501	-
Total	130 133	132 763

4.5. Other liabilities

Other liabilities	31/12/2020	31/12/2019
Deferred tax liability	238 983	191 567
Liabilities from unitholders' contributions	213 953	27 152
Negative fair value of derivatives	6 490	-
Other liabilities	6 582	6 806
Total	466 008	225 525

In 2020, other liabilities represented in particular unpaid invoices for the 2020 audit, an unpaid fee for ČS a.s. for the sale of units in December 2020, uninvoiced estimated accounts, and retention of the preliminary purchase price for Industrial Park Dubnica II, s.r.o.

In 2019, other liabilities represented in particular unpaid invoices for the activities of the Expert Committee for the second half of 2019, an unpaid invoice for the administration and safekeeping of investment instruments for November 2019, an unpaid fee for ČS a.s. for the sale of units for December 2019, uninvoiced estimated accounts, an unpaid amount for securing tax from redemptions, and retention of the preliminary purchase price for Industrial Park Dubnica II, s.r.o.

4.6. Deferred income and accrued expenses

Accrued expenses represent an uninvoiced depositary fee for December 2020 of TCZK 3 039 (2019: TCZK 2 819) and an uninvoiced management fee for December 2020 of TCZK 39 294 (2019: TCZK 36 265).

4.7. Equity

The Fund does not report any registered capital. The nominal value of one unit is CZK 1. The total nominal value of all units is recorded in "Capital funds".

The share premium of each class from the difference between the nominal and the sales value of units of each class is recognised separately. The Fund accounts for the share premium in each class on the sale of units as well as on their redemption.

The sales price of a unit of each class is determined as a proportion of the fund capital value of each class and the sum of all nominal values of issued units of each class in circulation, rounded to four decimal places.

As at 31 December 2020, the value of a unit for the CZK C class was CZK 1.2685 (2019: CZK 1.2414) and CZK 1.1554 (2019: CZK 1.1205) for the CZK DPM C class.

The mutual fund is a growth fund, i.e. it does not use its profit to pay profit shares to unitholders, but the entire profit is reinvested as part of the mutual fund's management.

Based on the Fund's statutes, the loss for 2020 of TCZK 309 092 will be covered as follows:

- a loss of TCZK 298 554 for the CZK C class will be covered by decreasing the capital fund;
- a loss of TCZK 10 538 for the CZK DPM C class will be covered by decreasing the capital fund;
- the result of operations for the CZK CS C class equalled to zero.

Based on the Fund's statutes, the loss for 2019 of TCZK 21 212 will be covered as follows:

- a loss of TCZK 36 318 for the CZK C class was covered by decreasing the capital fund;
- a profit of TCZK 15 106 for the CZK DPM C class will be transferred to the reinvestment fund as part of other funds from profit.

Overview of changes in the capital fund for the CZK C class

	Number of units (in pieces)	Nominal value of units	Use of the capital fund to cover the loss	Total capital funds
Balance at 31/12/2018	16 395 775 638	16 395 776	-583 619	15 812 157
Units sold	3 988 617 578	3 988 617	-	3 988 617
Units redeemed	-1 490 520 888	-1 490 521	-	-1 490 521
Use of capital fund	-	-	-269 375	-269 375
Balance at 31/12/2019	18 893 872 328	18 893 872	-852 994	18 040 878
Units sold	3 546 099 665	3 546 099	-	3 546 099
Units redeemed	-2 321 137 130	-2 321 137	-	-2 321 137
Use of capital fund	-	-	-36 318	-36 318
Balance at 31/12/2020	20 118 834 863	20 118 834	-889 312	19 229 522

Overview of changes in the capital fund for the CZK DPM C class

	Number of units (in pieces)	Nominal value of units	Use of the capital fund to cover the loss	Total capital funds
Balance at 31/12/2018	1 932 322 558	1 932 323	-	1 932 323
Units sold	214 577 343	214 577	-	214 577
Units redeemed	-57 640 372	-57 640	-	-57 640

	Number of units (in pieces)	Nominal value of units	Use of the capital fund to cover the loss	Total capital funds
Use of capital fund	-	-	-15 367	-15 367
Balance at 31/12/2019	2 089 259 529	2 089 260	-15 367	2 073 893
Units sold	184 419 179	184 419	-	184 419
Units redeemed	-434 997 694	-434 998	-	-434 998
Use of capital fund	-	-	-	-
Balance at 31/12/2020	1 838 681 014	1 838 681	-15 367	1 823 314

Overview of changes in the capital fund for the CZK CS C class

No units were issued in 2020.

4.8. Revaluation gains (losses)

Revaluation gains (losses)	31/12/2020	31/12/2019
On translation of ownership interests	4 490 865	3 626 682
Deferred tax liability	-224 543	-181 334
Total	4 266 322	3 445 348

Revaluation gains (losses) for the DPM C class	31/12/2020	31/12/2019
On translation of ownership interests	288 788	204 658
Deferred tax liability	-14 439	-10 233
Total	274 348	194 425

The revaluation gains (losses) on translation of ownership interests in 2020 (or 2019) represented the difference between the acquisition cost of ownership interests in real estate companies and the last measurement of ownership interests in real estate companies at fair value determined by ASB Czech Republic, s.r.o., an external company, and approved by the Expert Committee on 14 December 2020 (or on 17 December 2019).

The value of ownership interests in respect of foreign ownership interests includes also the foreign exchange difference.

4.9. Interest income and similar income

	2020	2019
Interest on deposits with banks	50 068	92 560
Interest on loans granted to real estate companies	156 030	140 585
Revenue from composite and received margins	445	265
Total	206 543	233 410

4.10. Fee and commission expense

	2020	2019
Management fee	446 067	395 582
Depositary fee	34 602	30 766
Other commissions and fees	20 938	-660
Total	501 607	425 688

The fee for managing the Fund's assets is 1.75% for the CZK C class and 0.85% for the CZK DPM C class of the average annual value of equity.

The payment for discharging the duties of a depositary is 0.13% (the rate is identical for both classes, CZK C and CZK DPM C) from the average annual value of the Fund's equity.

The other commissions and fees primarily include bank fees and expenses on the unrealised acquisition of the Shopping Centre Prague Letňany.

4.11. Gain or loss from financial operations

	2020	2019
Gain (loss) from transactions with securities and ownership interests	-	-
Gain (loss) from foreign exchange differences	2 492	-10 323
Gain (loss) from fixed term transactions and options	-16 145	182 154
Total	-13 653	171 831

4.12. Breakdown of income and expense items by geographical area

Geographical area

	Czech Republic		Slovakia		Total	
	2020	2019	2020	2019	2020	2019
Interest income and similar income	132 984	171 573	73 559	61 837	206 543	233 410
Commission and fee expense	500 845	425 688	762	-	501 607	425 688
Gain or loss from financial operations	-13 653	171 831	-	-	-13 653	171 831

4.13. Administrative expenses

	2020	2019
Audit costs	519	695
Total administrative expenses	519	695

4.14. Income tax

Current tax - tax analysis

	2020	2019
Profit (loss) before tax	-309 092	-21 212
Non-deductible items	-	-
Tax-deductible items	-	-
Tax base	-309 092	-21 212
Tax (5%) from tax base	-	-
Total tax	-	-

Recognised deferred tax asset/liability

4.15. Recognised deferred tax asset/liability

	31/12/2020	31/12/2019
<u>Deferred tax assets</u>		
Tax loss carried forward	-	-
Total	-	-
<u>Deferred tax liabilities</u>		
Unrealised gains from the remeasurement of ownership interests with controlling influence	4 779 653	3 831 340
Total	4 779 653	3 831 340
Total balance of temporary differences	-4 779 653	-3 831 340
Tax rate	5%	5%
Net deferred tax asset (+)/liability (-)	-238 983	-191 567

In accordance with the prudence principle, the Fund does not account for a deferred tax asset in respect of tax losses.

4.16. Related party relations

Erste Group Bank AG, Česká spořitelna, a.s., REICO investiční společnost České spořitelny, a.s., and real estate companies in which the Fund holds an ownership interest are considered related parties.

Receivables from related parties	31/12/2020	31/12/2019
Current accounts - Česká spořitelna, a.s.	4 835 514	4 723 877
Loans granted to real estate companies:	-	-
JRA, s.r.o.	131 421	77 421
REICO Investment ALFA, a.s.	112 000	112 000
REICO Investment GAMA, a.s.	78 767	78 767
Qubix Building Prague s.r.o.	255 253	237 868
Topas Real spol s r.o.	164 500	164 500
METRONOM BC s.r.o.	360 839	360 839
REICO Investment BETA, s. r. o.	42 266	37 356
FORUM BC I, s. r. o.	322 455	312 196
Topas Real spol. s r.o.	166 787	161 480
Park One Bratislava, s.r.o.	-	-
Industrial Park Dubnica I, s.r.o	97 718	94 609
Industrial Park Dubnica II, s.r.o.	123 351	119 427
Interest on loan – Industrial Park Dubnica II, s.r.o.	-	766
Interest on loan – REICO Investment GAMA, a.s.	1 711	1 711
Interest on loan – Qubix Building Prague s.r.o.	4 566	4 255
Interest on loan – REICO Investment BETA, s. r. o.	328	290
Total receivables from related parties	6 697 476	6 487 362

Payables to related parties	31/12/2020	31/12/2019
Uninvoiced depositary fee - Česká spořitelna, a.s.	3 039	2 819
Uninvoiced management fee - the Investment Company	39 294	36 265
Fees for the sale of units for December - Česká spořitelna, a.s.	3 830	4 159
Other payables - Česká spořitelna, a.s.	-	12
Total payables to related parties	46 163	43 255

Expenses charged to the Fund by related parties	2020	2019
Depositary fee - Česká spořitelna, a.s.	34 602	30 766
Fee for maintaining asset accounts of securities, ownership interests and custody of securities - Česká spořitelna, a.s.	150	135
Fee for maintaining short-term bonds - Česká spořitelna, a.s.	6	6
Fee - central depositary - Česká spořitelna, a.s.	1	1
Bank fees - Česká spořitelna, a.s.	14 111	4 190
Total expenses charged to the Fund by Česká spořitelna, a.s.	48 870	36 098
Management fee - the Investment Company	446 067	395 582
Total expenses charged to the Fund by related parties	494 937	431 680

Revenues from related parties recognised by the Fund	2020	2019
Interest on deposits with banks - Česká spořitelna, a.s.	26 175	64 150
<i>Revenues from Česká spořitelna, a.s. recognised by the Fund</i>	<i>26 175</i>	<i>64 150</i>
Interest on loan JRA, s.r.o.	9 307	6 060
Interest on loan REICO Investment ALFA, a.s.	11 273	11 242
Interest on loan REICO Investment BETA, s. r. o.	3 747	3 303
Interest on loan REICO Investment GAMA, a.s.	6 807	6 792
Interest on loan Tábořská 31 a.s.	-	-
Interest on loan Qubix Building Prague s.r.o.	17 696	16 448
Interest on loan FORUM BC I, s. r. o.	26 505	25 583
Interest on loan Topas REAL spol. s r.o.	23 711	23 254
Interest on loan Park One Bratislava, s.r.o.	-	13 824
Interest on loan Industrial Park Dubnica I, s.r.o.	7 028	6 781
Interest on loan METRONOM BC s.r.o.	25 681	26 531
Interest on loan – Industrial Park Dubnica II, s.r.o.	8 875	767
Sered' Logistics and Industry 1, s.r.o.	4 961	-
Sered' Logistics and Industry 2, s.r.o.	10 439	-
<i>Revenues from real estate companies recognised by the Fund</i>	<i>156 030</i>	<i>140 585</i>
Total revenues from related parties recognised by the Fund	182 205	204 735

4.17. Risk management

Credit risk

In compliance with the statutes and its investment strategy, the Investment Company sets the rules and procedures to select investment instruments so that the total credit profile of allocated investments corresponds with the Fund's nature. New types of instruments are assessed individually and if considered appropriate, they are approved by the risk management department, which also specifies limits for positions in such instruments. Emphasis is put on an appropriate rating structure and portfolio diversification, in particular for interest rate portfolios, or the interest rate portion of the Fund's portfolio.

Market risk

The most significant risk the Fund is exposed to is the fluctuation in the fair value of investments in real estate companies, see note 3 "Ownership interests in real estate companies". Risk management is described in note 1 "Rules of acquiring real estate and ownership interests in real estate companies".

The Fund uses a number of instruments to mitigate the portfolio's risk exposure and considerable attention is given to market risks. Apart from statutory limitations, the Fund is subject to a set of internal limits that directly impact foreign currency risk exposure, interest rate risk exposure (modified duration zone in which the Fund moves), or allocation of shares on individual markets based on their volatility, portfolio rating structure (see above), or other features of the Fund.

When instruments of a new type are purchased, they are analysed in advance not only in terms of the above credit risk, but also in terms of market risk they can bring to the portfolio, or help eliminate from the portfolio; based on this their appropriateness, or a reasonable share in the portfolio, is assessed.

Market risks related to the Fund's security portfolio is measured using value at risk (VaR). The VaR indicator is calculated using the historical simulation method in the KVaR system. VaR is a value calculated for one day period at a confidence level of 99% based on a 500 day history. VaR for a one month holding period is recalculated using the following approximation:

$$\text{VaR (1 month)} = \sqrt{22} * \text{VaR (1 day)}$$

	31/12/2020	Average VaR
Global VaR	0.12%	0.17%
FX VaR	0.03%	0.02%
Interest rate VaR	0.12%	0.16%

	31/12/2019	Average VaR
Global VaR	0.08%	0.16%
FX VaR	0.03%	0.02%
Interest rate VaR	0.07%	0.18%

The VaR value is the ratio of the VaR absolute value to the Fund's portfolio value.

The global risk exposure and the risk exposure broken down to the FX, interest rate and equity VaR is monitored. Based on this breakdown, it is possible to identify critical risk segments and this identification then in return affects the reinvestment process. Limits determine the maximum permitted value of VaR for the Fund.

Complying with all the above limits is monitored on an ongoing basis. At the same time, the efficiency of their set-up is evaluated and in case of need, the limits are revised.

The risk in the development of foreign exchange rates, interest rates, or other market variables that could be unfavourable for the portfolio is hedged through financial derivatives to an appropriate extent. Financial derivatives are traded on the OTC market, because contracts and parameters corresponding exactly with the hedging needs can be traded there.

Liquidity risk

Another risk that is monitored is liquidity risk. It is the risk that the Fund will not have enough emergency resources to fulfil its liabilities that arise from financial contracts. Liquidity is monitored and managed based on the expected cash flows and in connection with this the portfolio structure of securities and fixed term deposits is adjusted.

In accordance with the Act, the Fund is obligated to redeem a unit without undue delay, however at the latest within one month of the date on which a request for redemption is received through an administrator, unless the redemption of units has been suspended.

The mutual fund may suspend the issuance or redemption of units for a period of up to two years, if it is necessary in order to safeguard the rights or legally protected interests of unitholders.

The board of directors of the Investment Company decides about suspending the issuance or redemption of units; it is obligated to prepare a written report on its decision. The report includes the date and exact time of the decision on suspension, the reasons for suspension and the period for which the issuance or redemption of units is suspended. More detailed conditions are provided for by the Act. In such case, the Investment Company will immediately deliver the written report on suspending the issuance and redemption of units of an open mutual fund to the Czech National Bank.

The table below shows the residual maturity of assets and liabilities broken down according to the most significant types. As all securities are traded on public markets, it is possible to carry out the sales of these securities within three months.

As at 31 December 2020	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not specified	Total
Receivables from banks	6 741 609	-	-	-	-	6 741 609
Receivables from non-banking institutions	6 277	-	-	2 153 716	53 014	2 213 007
Ownership interests with controlling influence	-	-	-	-	19 151 835	19 151 835
Prepaid expenses and accrued income	-	436	-	-	-	-
Other assets	19 019	81 569	29 545	-	-	130 133
Total assets	6 766 905	81 569	29 545	2 153 716	19 204 849	28 236 584
Other liabilities	-224 587	-2 438	-12 886	-	-238 983	-466 008
Deferred income and accrued expenses	-42 333	-	-	-	-	-42 333
Payables to banks	-83 400	-	-	-	-	-83 400
Net balance of assets/equity	6 416 585	79 131	29 545	2 153 716	18 965 866	27 644 843
Cumulative difference	6 416 585	6 495 716	6 525 261	8 678 977	27 644 843	-
As at 31 December 2019	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not specified	Total
Receivables from banks	6 156 576	509 527	-	-	-	6 666 103
Receivables from non-banking institutions	6 686	-	-	1 727 856	28 943	1 763 485
Ownership interests with controlling influence	-	-	-	-	17 564 957	17 564 957
Prepaid expenses and accrued income	-	436	-	-	-	436
Other assets	3 027	62 678	67 058	-	-	132 763
Total assets	6 166 289	572 641	67 058	1 727 856	17 593 900	26 127 744
Other liabilities	-31 689	-2 269	-	-	-191 567	-225 525
Deferred income and accrued expenses	-39 084	-	-	-	-	-39 084
Payables to banks	-66 769	-	-	-	-	-66 769
Net balance of assets/equity	6 028 747	570 372	67 058	1 727 856	17 402 333	25 796 366
Cumulative difference	6 028 747	6 599 119	6 666 177	8 394 033	25 796 366	-

4.17. Received commitments and guarantees recognised in off-balance sheet accounts

As at 31 December 2020, commitments and guarantees received of TCZK 500 000 (2019: TCZK 0) are recognised in the Fund's off-balance sheet accounts. Commitments and guarantees received comprise the accounting record on the Agreement on credit line No. 105/20/LCD dated 29 September 2020.

4.18. Received collaterals and pledges recognised in off-balance sheet accounts

As at 31 December 2020, collaterals and pledges received of TCZK 944 557 (2019: TCZK 864 861) are recognised in the Fund's off-balance sheet accounts.

The collaterals and pledges received include mortgage over real estate to secure loans granted to real estate companies.

4.19. Receivables and liabilities recognised in off-balance sheet accounts

Receivables and liabilities from fixed-term transactions are recognised in the Fund's off-balance sheet accounts.

4.20. Values handed over to be managed by the Fund and recognised in off-balance sheet accounts

The Fund's assets as at the reporting date were managed by the Investment Company. As at 31 December 2020, the total assets of TCZK 28 236 584 (2019: TCZK 26 127 744) were managed by the Investment Company.

4.21. Contingencies and commitments

The Fund has no assets and liabilities that are not recognised in the balance sheet or in off-balance sheet accounts.

4.22. Subsequent events

Change in the accounting policies applicable to the following accounting period

Amendment to Decree No. 501/2002 and recognition of financial instruments under IFRS as adopted by the EU since 1 January 2021

In accordance with Decree No. 501/2002 Coll. effective from 1 January 2021, which was amended by Decree No. 442/2017 Coll. as of 7 December 2017, since 1 January 2021 the Fund shall proceed in accordance with the International Financial Reporting Standards stipulated by directly applicable regulations of the European Union on applying the international accounting standards ("IFRS") for the purposes of recognition, measurement and disclosures of financial instruments in the notes to the financial statements.

In accordance with IFRS 9, the Fund expects that the structure of some items of the financial statements can change and in respect of the financial instruments, it will assess whether the issued instruments meet the definition of a capital instrument under IAS 32. Nevertheless, the Fund does not expect any material effects of the changes in measuring the financial instruments and in reporting them as a result of the changes in accounting policies since 1 January 2021.


These changes have no impact on the financial statements as at 31 December 2020.

No events occurred after the balance sheet date that would have any material impact on the Fund's financial statements.

Prepared on:

30 April 2021

Signature of the authorised representative:



Tomáš Jandík



Miloš Novák



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Material for the public

