

ČS nemovitostní fond
Annual Report 2018

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Basic information

Basic information on the Fund as at 31 December 2018

Fund identification:	ČS nemovitostní fond, otevřený podílový fond
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 other investment:	min. CZK 300
Account number of the Fund:	35-2001349369/0800
ISIN:	CZ0008472545
Currency of the Fund:	CZK
Sale fee:	it did not exceed 1.5% in 2018
Management fee:	1.75%

(*over the entire period of the Fund's existence)

Selected key financial information as at 31 December 2018

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	in TCZK
Total assets	21 893 077
Total value of real estate (market valuation)	30 451 311
- owned directly by the Fund	0
- owned through a real estate company	30 451 311
Number of real properties	16
- owned directly by the Fund	0
- owned through a real estate company	16
Occupancy rate of real properties	95.1%
Changes in the real estate portfolio in 2018:	
Purchases of real properties	4
- owned directly by the Fund	0
- owned through a real estate company	4
Sales of real properties	1
- owned directly by the Fund	0
- owned through a real estate company	1
Performance of the Fund in the period from 1 January 2018 to 31 December 2018	3.4 %
Equity	21 594 803
Equity per unit (CZK C class)	1.1914
Equity per unit (CZK DPM class)	1.0662
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



Filip Kubricht
Chairman of the Board of Directors
REICO investiční společnost České spořitelny, a.s.

Ladies and gentlemen, dear unitholders

I would like to present to you the annual report of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s. for 2018. 2018 was a very successful year. On one hand, we have again seen good performance of the economy not only in the Czech Republic but all over the Central European region, which had a positive impact on the commercial real estate market. On the other hand, we have seen continuing interest in investing in the real estate fund thanks to which the amount of the Fund's equity exceeded the threshold of BCZK 20 in September 2018. The Fund has thus become the largest open-ended mutual fund in the Czech Republic.

2018 was a successful year with record results also in terms of the number of acquisitions and sales of real estate companies. The Fund's real estate portfolio was extended by four new buildings and one building was sold. Currently, the Fund holds 16 real properties in its portfolio, with a total market value exceeding BCZK 30.

The first acquisition in 2018 was the purchase of the logistic facility in Dubnica nad Váhom (Slovakia) in March. The facility is currently in use by multinational companies Continental and Heineken.

The purchase of the administrative building Metronom Business Center in June represents an investment return to the Czech Republic after almost two years. Metronom Business Center is a modern 10-story office building located in the Prague Nová Butovice office quarter. The main lessee of the building is German-based SAP operating in the field of information systems.

The third acquisition, an investment in the Proximo II administrative building located in Warsaw, was realised in September. Proximo II is located next to the Proximo I building in the Wola quarter which is one of the fastest and most dynamically developing areas in Warsaw. The key tenants are the global advisory companies Accenture, Ernst & Young and Six which have leased most of the leasable areas.

The last acquisition in 2018 was the purchase of the entertainment and business and shopping centre Forum Nová Karolína in the centre of Ostrava. This centre attracts customers not only from Ostrava but from the entire Moravian-Silesian Region. Forum Nová Karolína comprises approx. 220 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 other. All acquisitions comply with the Fund's investment strategy which consists in investing into premium multi-functional office real properties or real properties offering retail premises and logistic facilities with a long-term sustainable value. At the same time, the real properties should be located in attractive locations in the Czech Republic, Slovakia and Poland. You can find more information on all real properties held by the Fund in the relevant section of this annual report.

In accordance with the Fund's strategy, the administrative building Táborská 31 was sold in February as its profile did not fit into the above described and required investment nature of the real properties held in the Fund's portfolio.

ČS nemovitostní fond administered by investment company REICO Česká spořitelna generated a yield of 3.4% for its investors in 2018. Appreciation of the Fund for the last three years was 2.8% p.a. The achieved yield thus confirmed the Fund's stable performance for more than 5 years and was in accordance with the expected appreciation for the past year.

The investments into ČS nemovitostní fond are a great opportunity for the appreciation and diversification of financial means primarily for rather conservative investors. By December 2018, the Fund had more than 75 000 investors. The Fund's equity as at year-end amounted to BCZK 21.6. ČS nemovitostní fond is the largest open-ended real estate mutual fund in the Czech Republic and at the same time the oldest mutual fund in the country.

REICO investiční společnost České spořitelny managing the Fund consists of a compact team of experienced experts that are ready to work intensively with professional care to provide you with the best results possible under any conditions.

Filip Kubricht
Chairman of the Board of Directors
REICO investiční společnost České spořitelny, a.s.

Macroeconomic overview

In 2018, the Czech economy rose by 2.9%. This positive development was supported by both domestic and foreign demand. Economic growth was supported primarily by growing household consumption connected with positive development in the labour market and by investments of companies having had to increase investments into robotisation and automation due to a lack of labour. It was also influenced by high demand for Czech exports. The demand was, however, outweighed by high imports for consumption and investment purposes and therefore the contribution of net exports to the GDP growth was negative in 2018.

In 2018, the average inflation rate was 2.2% and stayed above the 2% inflation objective of the Czech National Bank for most of the year. Inflation was primarily driven by an increase in food prices, strong domestic demand and increase in wage costs of companies. The inflation increase was also influenced by the weakening of the Czech crown the development of which was effected by the rising global risks.

The labour market drew on 2017 developments by further strengthening. The favourable economic development was reflected in the continued high demand for employees, leading to the unemployment rate falling to an average of 2.4%.

Due to the very limited possibility to further reduce the unemployment rate, wage increase, accelerated very rapidly, with the increase in real wages amounting to 5.9%.

In 2018, the Czech National Bank increased its interest rates a total of five times, the main two-week rate thus rising to 1.75%. These measures have contributed to a tightening of the currency conditions and to a reduction of the pro-inflation effect of the strong economy and labour market. Normally, the Czech crown's exchange rate should respond to such a high increase in interest rates by strengthening, but in 2018 it weakened. This weakening was caused primarily by external effects, like the rapid growth of interest rates in the USA, the risk of trade wars, and the risk following from a possible worsening of the economies in the UK and the Eurozone, to name just the major influencing factors.

The increase in real estate prices remained on a high level in 2018, as it reflected a strong labour market and positive expectations of households on one hand and a relatively low offer of real properties on the other. Compared to 2017, the price increase has slowed down primarily as a result of an increase in the interest rates in the Czech economy and macroprudential measures of the Czech National Bank.



Development in real estate markets

At the end of 2018, the Fund held investments in the Czech, Polish and Slovak office space market and in the Czech and Polish retail space market. It newly allocated a portion of its funds to the Slovak logistic segment. The development in these markets followed the positive trends in Central and Western Europe in the past years both in terms of capital markets and more significantly in terms of leases. The growth factors comprise the improving economic situation and growing purchasing power of the citizens combined with the volume of capital exceeding the relatively small number of premium investment opportunities.

Commercial real estate investment market in Central Europe

The commercial real estate market in Central Europe reported another successful year, with the overall investment volume growing year on year by 15%. The investment volume in 2018 amounted to BEUR 12.3 and BEUR 10.7 in 2017. Traditionally, the biggest market was again Poland (BEUR 7.2; a year-on-year increase of 43%), followed by the Czech Republic (BEUR 2.6; a year-on-year decrease of 25%). A moderate increase in the investment volume was also reported by Hungary (BEUR 1.7; a year-on-year increase of 2%), and a significant increase was reported by Slovakia (MEUR 818; a year-on-year increase of 57%). The decrease in the Czech Republic was caused by an insufficient number of investment opportunities rather than by a lack of interest of investors.

In 2018, the major real estate transaction in the Czech Republic was realised by German real estate fund DEKA Immobilien which purchased a portfolio of Czech logistic parks with a total area of 430 000 m² from CTP for MEUR 460. The second most significant transaction was the purchase of the shopping centre Forum Nová Karolína in Ostrava for MEUR 209 by ČSNF which is managed by REICO. In terms of the office segment, significant transactions included the purchase of administrative building Metronom into the portfolio of ČSNF for almost MEUR 90 and the sale of two office building projects Trimaran and Element at Pankrác (Prague) to Allianz Real Estate for MEUR 110. The Slovak market was marked primarily by retail investments which represented 46% of the total Slovak investment volume. Major transactions were the purchase of Galerie Mlyny in Nitra (MEUR 122) by the South African investment fund NEPI/Rockcastle, the purchase of the Arena Trnava shopping centre by J&T for MEUR 80 and the purchase of the Forum Poprad shopping centre (MEUR 70) by the investment fund ZFP Investments. A significant logistics transaction was also the purchase of Industrial Park Dubnica by ČS nemovitostní fond (MEUR 38). Polish economic growth, fading fears from the development of Polish politics as well as a significant inflow of investments from Asia have contributed to the massive investment volume in Poland. Most investments went into the office segment (38%), followed by the retail segment (34%). Major transactions were the purchase of a 50% share in the Warsaw Spire A building by Madison International Reality for MEUR 175, the purchase of Gdanski Business Center (C and D) by Savills Investment Management for MEUR 200 and the Warsaw Spire C building by CA Immo for MEUR 100. REICO also realised one acquisition in Poland in 2018, i.e. the purchase of the office building Proximo II

for MEUR 77, which thus forms one complex with office building Proximo I purchased in 2017. A significant transaction in terms of the retail segment was the sale of Galerie Katowicka shopping centre to EPF for approx. MEUR 300. A major transaction in Hungary was the purchase of Mammut Shopping Centre in Budapest by NEPI/Rockcastle for MEUR 275. The major transaction in the office segment was the purchase of the Mill Park Offices building by ERSTE RE Fund for MEUR 100.

The fact that the available capital outweighed the number of available premium investment opportunities led to a decrease in the required revenues in most markets. Revenue from the best real estate ("prime yield") in the Czech Republic showed a moderate year-on-year decrease approx. by 25 bps and at the end of 2018 it amounted to 4.50% in respect of offices, 4.50% in respect of retail, 3.50% in respect of the main Prague shopping streets, and 5.50% in respect of the best logistic facilities. Revenue compression was most visible in Poland where the prime yield from offices decreased to 4.75% in 2018 from the original 5.25%. Slovakia has been keeping a relatively high margin for lower liquidity, the final prime yield from offices amounting to around 6.00%, similarly to Hungary where, however, the prime yield for 2018 decreased by 25 bps to 5.75% due to a lack of good-quality office buildings and strong demand by both lessees and investors. We can expect a further decrease in prime yield from offices in both the Slovak and Hungarian markets. The prime yield from logistic facilities in Slovakia amounts to 6.50%.

Commercial real estate market in the Czech Republic

The Prague office market grew by 159 000 m² of new areas to a total of 3.47 million m² in 2018, which is a 5% year-on-year increase in the overall office area in Prague. In 2017, a similar number of new office areas was completed in Prague, amounting to 136 000 m². Net absorption amounted to 200 000 m², significantly exceeding the area of newly built premises. As a result, the vacancy rate showed a further decrease and came to 5.10% in Prague at the end of 2018 (year-on-year -2.4 p.p.). Top rent rates in Prague rose year-on-year by EUR 1.50, currently amounting to EUR 21.00-22.00/m²/month. The major lease transaction in 2018 was the renegotiated lease agreement of Siemens in the City West B3 office building project.

The Brno office market grew by 38 000 m² to a total of 583 000 m² in 2017. The vacancy rate rose year-on-year by 2.3 p.p. due to the completion of a big number of projects and amounted to 9.6% at the end of 2018. Top rent rates in Brno remained unchanged, amounting to EUR 15.00/m²/month.

Significant economic growth, an ever-decreasing unemployment rate and intensive pressure on wage increases were reflected in a positive consumer mood in 2018. Retail revenues grew year-on-year by 4.8% in 2018. A new shopping centre, Géčko Ostrava, with an area of 11 000 m² opened in 2018. In addition, two new outlet centres were opened - Prague The Styles Outlet with an area of 20 000 m² and Outlet Arena Moravia with an area of 12 000 m². The total area of the shopping centres in the Czech

Republic was 2.40 million m², increasing only slightly compared to 2017. New brands have entered the Czech market, such as Christian Louboutin, Red Valentino and Leder & Schuh. Top rent rates in Prague shopping centres rose year-on-year by EUR 5/m²/month to EUR 140/m²/month and rent rates in the shopping streets rose by EUR 5/m²/month to EUR 230/m²/month. Top rent rates outside of Prague remained stable and rent rates in the business centres in the other regions of the Czech Republic were around EUR 65/m²/month.

Commercial real estate market in Poland

In 2018, 232 000 m² (-43 000 m² year-on-year) of new office areas were completed in Warsaw and the overall size of office areas reached 5.5 million m². Net absorption reached 375 000 m² (-4.1% year-on-year), significantly exceeding the number of newly completed offices. As a result, the vacancy rate showed a significant decrease by 3.0 p.p. year-on-year to 8.7%. At the end of the monitored period, more than 700 000 m² of new office areas were under construction, most of which are to be completed towards the end of 2020. In 2019, almost 265 000 m² of office areas should be completed (+14% year-on-year). Due to a big number of planned newly finished premises, an increase in the vacancy rate back to more than 10% is expected at the end of 2020. The top rent rates in the city centre amount to EUR 20.00-24.00/m²/month and to EUR 14.00-15.50/m²/month outside the city centre. Compared to 2017, they have remained almost unchanged.

In 2018, 368 000 m² of new retail spaces were completed in shopping centres. In spite of the increasing market saturation that increased year-on-year from 255 to 262 m²/ 1 000, new construction of retail space has not been slowing down. A further 269 000 m² of business centres are under construction, of which 196 000 m² are to be completed in 2019. The major projects which are to be opened in 2019 include Galeria Młociny in Warsaw (72 000 m²), Color Park in Nowy Targ (27 000 m²), or Stara Ujeżdżalnia in Jaroslaw (45 000 m²). Top rent rates remained unchanged compared to 2017 and amounted to EUR 130/m²/month in Warsaw and EUR 42-60/m²/month in regional cities.

Commercial real estate market in Slovakia

The office building market in Bratislava consists of approx. 1.74 million m² of modern office areas. In 2018, 83 000 m² of new office areas were completed; the overall area of office premises thus increasing year-on-year by 5%. The net market absorption reached 81 000 m² and for the first time since 2014 it did not exceed the volume of the newly completed areas. The average vacancy rate in the Bratislava market was 6.0% at the end of 2018 (- 0.2 p.p. year-on-year). At the end of the monitored period, more than 150 000 m² of new office space (approx. 9% of the current status) were under construction, which should lead to an expected increase in the vacancy rate to 7% in 2019. The rent rates in prime office buildings amount to approx. EUR 17.00/m²/month, which is a moderate increase by EUR 0.50 compared to 2017.

At the end of 2018, 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. 0.5 million m². The relatively high saturation of the business centres in the Slovak capital (more than 1 200 m² of areas per 1 000 citizens) is expected to further grow after the announced completion of Stanica Nivy by HB Reavis (70 000 m²) and the extension of the Eurovea shopping centre (+25 000 m²). Another planned project is the extension of the Aupark business centre in Bratislava (+7 000 m²), owned by Unibail-Rodamco. Top rent rates remained unchanged year-on-year and amounted to EUR 50-85/m²/month in the prime Bratislava shopping centres.

The size of the Slovak leasable logistic facilities market is approx. 2.52 million m². Year-on-year, its overall area rose by 12%, which represents 260 000 m² of newly completed area in 2018. The vacancy rate of the logistic market was at low levels in 2015-2017, amounting to 3% - 4% and leading to speculative building. As a result of the completion of a significant number of new premises, the vacancy rate rose to 9.5% at the end of 2018. However, this level was caused only by a small number of projects. Currently, there are more than 122 000 m² of new industrial areas under construction, 61% of which have already been pre-leased. The average rent rate is EUR 3.40-4.35 /m²/month.



Information for investors

Objective and strategy of the Fund

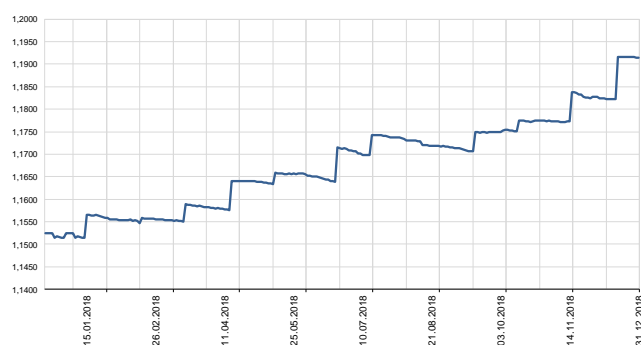
The Fund's objective is to achieve the stable long-term appreciation of the funds invested in by the unitholders. The Fund primarily focuses on investments in commercial real estate (administrative buildings, shopping centres and logistic parks), selecting those which generate or have the potential to 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 properties, the extension and renewal of the portfolio also includes the sale of real properties from the portfolio. The Fund is currently not planning to change its strategy. Part of its strategy is to hold real properties in its portfolio for extended periods of time. The Fund hence usually does not sell any real estate within two years from its acquisition.

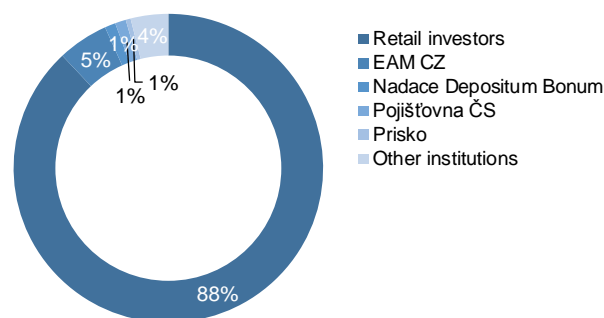
Performance of the Fund, value of its equity and the value of equity per unit

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 properties 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 January 2018 - 31 December 2018



Structure of investors % according to 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)
31/12/2016	13 113 322	1.1243	--
31/12/2017	17 240 255	1.1524	1.0230
31/12/2018	21 594 803	1.1914	1.0662

Number of issued units

The number of units as at 31 December 2018 was 16 395 775 638 in the CZK C class and 1 932 322 558 in the CZK DPM class.

Number of issued units in the period from 1 January 2018 to 31 December 2018

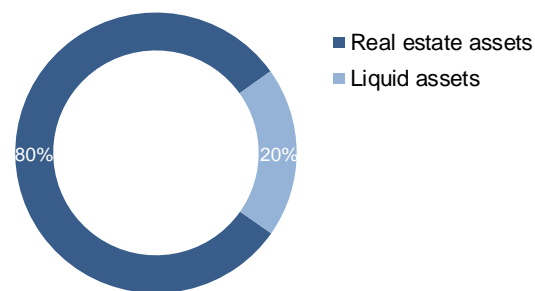
Issued and redeemed units	CZK C class	CZK DPM class
Number of units issued by the Fund	4 150 908 492	1 266 277 475
Amount collected into the Fund's assets for issued units in CZK	4 855 067 538	1 303 087 492
Number of units redeemed by the Fund	2 006 078 133	133 338 105
Amount paid from the Fund's assets for redeemed units in CZK	2 331 949 215	138 809 887

Real estate portfolio

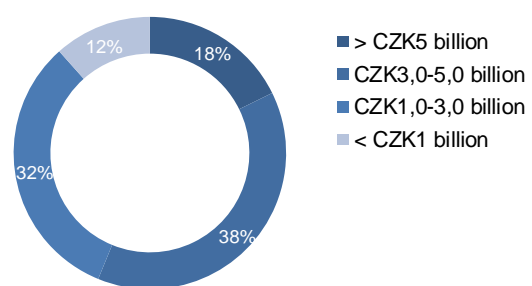
Brief overview

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 properties usually offer a higher utilisation flexibility, 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 properties' 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

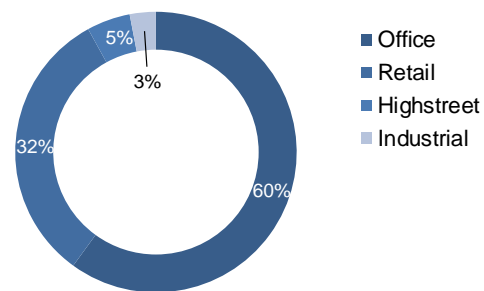


Real estate assets: values of the ownership interests in the real estate companies and values of loans provided by the Fund to the real estate companies.

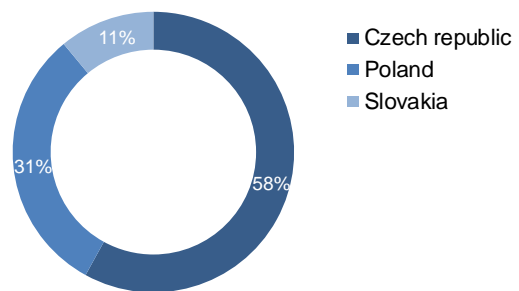
Potential of portfolio utilisation

The following chart shows the utilisation of the real properties 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

The average vacancy rate of the real properties included in the portfolio as at 31 December 2018 was 4.9%. 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 2018

Summary of assets	Value of assets (in TCZK)
I. Real estate part of the Fund	15 646 287
I.I Tangible fixed assets	0
- land and buildings (real estate owned directly)	0
I.II Equity investments with controlling influence	15 646 287
- real estate companies in the Czech Republic (real properties held through real estate companies)	9 812 988
- real estate companies outside the Czech Republic (real properties held through real estate companies)	5 833 299
II. Receivables from non-banking institutions	1 926 213
- loans granted to real estate companies	1 926 213
III. Liquid portion of the fund	4 282 184
III.I Receivables from banks	4 282 184
- current accounts	3 121 434
- fixed-term deposits	1 124 250
III.II Debt securities	0
- issued by government institutions	0
- issued by other entities	0
IV. Other assets	38 393
- other assets	38 393
TOTAL ASSETS	21 893 077

Bank loans and overdrafts

As at 31 December 2018, the Fund recognised indirect liabilities of approx. BCZK 13.8 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 16 real properties were owned through 16 real estate companies in 2018:

- REICO Investment ALFA, a.s.
- REICO Investment BETA, s.r.o.
- REICO Investment GAMA, a.s.
- JRA, s.r.o.
- Trianon Building Prague, s.r.o.
- Qubix Building Prague, s.r.o.
- FORUM BC I, s.r.o.
- Topas Real spo. s r.o.
- CITY TOWER, a.s.
- Park One Bratislava, s.r.o.
- Sloneczna Radom sp. z.o.o.
- Proximo One, sp. z.o.o.
- Proximo Two, sp.z.o.o.
- Industrial Park Dubnica I, s.r.o.
- METRONOM BC s.r.o.
- New Karolina Shopping Center Development, 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 2018, the ratio of the value of the loans to the market values of the financed real properties was 45.18%.

Overview of bank loans

Bank loans	Overall loans (directly owned real properties) in TCZK	Overall loans (indirectly owned real properties) in TCZK	Remaining period of duration of the loan agreement In % of the total volume of loans			
			Less than 1 year	1-2 years	2-5 years	5 and more years
CZK-denominated loans in the Czech Republic	0	349 306	0.00%	0.47%	2.07%	0.00 %
EUR-denominated loans in the Czech Republic	0	6 552 575	3.01%	0.00%	44.62%	0.00 %
EUR-denominated loans outside the Czech Republic	0	6 855 713	20.69%	0.00%	25.79%	3.36%
Total	0	13 757 594	23.69 %	0.47%	72.48%	3.36%

In 2018, 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. As at 31 December 2018, the ratio of the bonds to the value of the Trianon real estate was 33.7%.

As at 31 December 2018, 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 properties in the Fund's portfolio was 47.15%.



INDEX OF PROPERTIES

As at 31. December 2018

Number	Percentage of share	Property name Property address	Country	Name of SPV Address of SPV Country	Value of the share capital and value of the shareholder loan	Type of property	Type of use	Date of purchase	Year of construction	Size of property (land) in sqm	Parking spaces (no.)	Legal title of ownership (land)	Rental area	Features	Market value in TCZK	Share of real estate assets in %	Outstanding Senior Loan in TCZK	Borrowing ratio as % of market value (LTV)	Vacancy rate as % based on EKV at the date of last appraisal	Residual terms of leases in years	Expected Rental income 2018 TCZK	Budgeted rental income 2018 TCZK	Appraiser assessed rent in TCZK p.a.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
1	100%	Platinum	CZ	JRA s.r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 510 mil. CZK 77 mil. CZK	office	O (88.5%) C (5.0%) X (6.5%)	1.8.2007	2005	4 371	165	F	8 674	AC, SL PL	574 800	1,9%	64 831	11,3%	1,2%	4,0	34 995	32 263	41 641
2	100%	Čtyři Dvory	CZ	REICO investment ALFA a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 145 mil. CZK 112 mil. CZK	shopping center	C (99.5%) X (0.5%)	7.12.2007	2002	22 437	300	F	11 040	AC, D PL	227 000	0,7%	0	0,0%	25,7%	1,8	16 495	13 657	22 847
3	100%	Táborská ¹⁾	CZ	Táborská 31 a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 0 mil. CZK 0 mil. CZK	office	O (89.2%) X (10.8%)	7.12.2007	1961 1996 ³⁾	2 199	24	F	6 900	AC, PL	-	n/a	-	-	-	-	2 972	2 972	-
4	100%	Office Box	SK	REICO investment BETA s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Share capital: Shareholder loan: 81 mil. CZK 35 mil. CZK	office	O (86.0%) C (2.8%) X (11.2%)	1.6.2008	2008 2016 ³⁾	3 566	103	F	4 281	AC, PL	110 618	0,4%	0	0,0%	48,0%	0,8	5 718	7 065	12 024
5	100%	Melantrich	CZ	REICO investment GAMA a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 1112 mil. 79 mil. CZK	high street retail	O (12.3%) C (48.9%) R (30.7%) X (8.1%)	1.11.2010	1913 2004 ³⁾	1 838	36	F	10 166	AC, E SL, PL	1 387 000	4,6%	284 475	20,5%	5,4%	4,0	61 223	61 635	66 954
6	100%	Trianon	CZ	Trianon Building Prague, s.r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 1323 mil. 0 mil. CZK ²⁾	office	O (86.2%) C (5.3%) X (8.5%)	2.3.2013	2009	7 581	298	F	20 605	AC, SL PL	1 779 000	5,8%	600 000	33,7%	0,0%	2,4	115 133	114 912	107 342
7	100%	Qubix	CZ	Qubix Building Prague s.r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 372 mil. CZK 230 mil. CZK	office	O (81.8%) C (14.1%) X (4.1%)	2.3.2014	2012	3 185	108	F	13 876	AC, SL PL	974 978	3,2%	413 670	42,4%	16,4%	3,9	46 261	48 105	60 958
8	100%	Forum BC	SK	FORUM BC I s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Share capital: Shareholder loan: 258 mil. CZK 316 mil. CZK	office	O (84.7%) C (3.4%) X (11.9%)	2.12.2015	2013	5 992	391	F	19 345	AC, SL PL	1 250 235	4,1%	765 319	61,2%	0,1%	5,3	89 970	87 028	89 202
9	100%	Rohan BC	CZ	Topas REAL spol. s r.o. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 436 mil. CZK 328 mil. CZK	office	O (85.0%) C (8.3%) X (6.7%)	28.4.2016	2012	4 135	100	F	9 435	AC, PL	715 155	2,3%	0	0,0%	0,0%	2,1	40 029	40 125	44 299
10	100%	City Tower	CZ	CITY TOWER, a.s. Antala Staška 2027/79 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 3168 mil. 0 mil. CZK	office	O (89.8%) C (5.5%) X (4.7%)	27.9.2016	1993 2007 ³⁾	9 891	793	F	45 239	AC, SL PL, D	4 360 388	14,3%	1 450 210	33,3%	4,0%	4,4	215 674	213 960	252 271
11	100%	Park One	SK	Park One Bratislava, s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Share capital: Shareholder loan: 330 mil. CZK 176 mil. CZK	office	O (89.8%) C (8.0%) X (2.2%)	3.2.2017	2007	1 800	167	F	13 245	AC, PL D	928 673	3,0%	461 764	49,7%	25,4%	1,3	63 587	63 376	64 653
12	100%	Proximo One	PL	Proximo One sp. z o.o. ul.Przyokopowa 33, 01-208 Warszawa Republic of Poland	Share capital: Shareholder loan: 1622 mil. 0 mil. CZK	office	O (92.7%) C (4.6%) X (2.7%)	9.8.2017	2016	8 394	428	RPU	29 194	AC, D SL, PL	3 159 030	10,4%	1 676 627	53,1%	0,4%	4,3	135 573	134 225	179 496
13	100%	Galeria Sloneczna	PL	Sloneczna Radom spl. z o.o. ul. Zajączka 2B 00-351 Warsaw Republic of Poland	Share capital: Shareholder loan: 2129 mil. 0 mil. CZK	shopping center	O (1.5%) C (97.0%) X (1.5%)	26.9.2017	2011	49 778	1 161	RPU	42 735	AC, E, D SL, PL	4 203 465	13,8%	2 305 603	54,9%	4,5%	2,5	236 319	227 156	274 985
14	100%	Industrial Park Dubnica	SK	Industrial Park Dubnica I, s.r.o. Laurinská 18 811 01 Bratislava Slovak Republic	Share capital: Shareholder loan: 395 mil. CZK 96 mil. CZK	logistic	W (95.7%) O (2.2%) X (2.1%)	17.3.2018	2016	152 790	29	F	89 384	AC	1 008 420	3,3%	540 225	53,6%	0,0%	6,5	55 693	54 111	90 162
15	100%	Metronom BC ³⁾	CZ	Metronom BC s.r.o. Antala Staška 2027/79, 140 00 Praha 4 Czech Republic	Share capital: Shareholder loan: 668 mil. CZK 476 mil. CZK	office	O (90.0%) C (8.3%) X (1.7%)	14.6.2018	2015	11 553	528	F	35 669	AC, PL, D	2 358 983	7,7%	1 271 780	53,9%	2,4%	5,3	78 823	67 520	155 093

INDEX OF PROPERTIES

As at 31. December 2018

Number	Percentage of share	Property name Property address	Country	Name of SPV Address of SPV Country	Value of the share capital and value of the shareholder loan	Type of property	Type of use	Date of purchase	Year of construction	Size of property (land) in sqm	Parking spaces (no.)	Legal title of ownership (land)	Rental area	Features	Market value in TCZK	Share of real estate assets in %	Outstanding Senior loan in TCZK	Borrowing ratio as % of market value (LTV)	Vacancy rate as % based on ERV at the date of last appraisal	Residual terms of leases in years	Expected Rental Income 2018 TCZK	Budgeted rental income 2018 TCZK	Appraiser assessed rent in TCZK p.a.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
16	100%	Proximo Two ⁴⁾	PL	Proximo Two sp. z o.o. ul. Przyklopowia 33, 01-208 Warszawa Republic of Poland	Share capital: Shareholder loan:	office	O (96.4%) C (3.4%) X (0.2%)	12.9.2018	2018	4 917	219	RPU	20 703	AC, D, SL, PL	2 039 993	6,7%	1 106 175	54,2%	0,7%	5,0	10 277	8 885	120 972
17	100%	Forum Nová Karolína	CZ	New Karolína Shopping Center Development, s.r.o., Antala Staška 2027/79, Krč, 140 00 Praha 4, Czech Republic	Share capital: Shareholder loan:	shopping center	O (0,37%) C (96,5%) X (3,1%)	5.12.2018	2012	29 377	1 500	F	58 312	SL, PL, E, D	5 373 576 ⁵⁾	17,6%	3 416 915	63,6%	6,8%	3,7	30 732	30 732	392 927
Total											6 326 **)	431 902 **)	30 451 311	100,0%	14 357 594	47,1%	4,9%	3,9	1 239 474	1 207 727	1 975 826		

¹⁾ Taborská - the data as at the date of sale of the real estate (15 February 2018) do not include the value of the sold building.

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

³⁾ Metronom BC - data since the date of acquisition of the real estate (14 June 2018).

⁴⁾ Proximo Two - data since the date of acquisition of the real estate (12 September 2018).

⁵⁾ Forum Nová Karolína - the preliminary purchase price translated at the CZK/EUR exchange rate as at 31 December 2018 is stated in the table as the market value. The final purchase price will be reconciled and recorded in the second quarter of 2019.

***) Date of the property renovation.

Note: The values for real properties valued in EUR are translated using the exchange rate valid as at 31 December 2018.



Explanation of the terms relating to the real estate index:

6	Type of real estate	The type of the real estate is determined according to the valid use permit. Abbreviations: O ... Office; C ... Commercial; OCR ... Office/Commercial/Residential; OW ... Office/ Warehouse,
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: F ... Freehold / Ownership title; L ... Leasehold/Lease title; RPU ... Right of Perpetual Usufruct
13	Leasable area	The number of square metres corresponds to the original expert reports; adjustments only due to structural changes;
14	Equipment of real estate	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	Vacancy rate of the premises according to the common value of the rent as at the date of the last real estate valuation	Percentage according to the common 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;
20	Average period remaining until the termination of the lease agreements, in years	Stated in years and calculated according to common value of rent (irrespective of current income from leases) as at the date of the last real estate valuation prepared by an approved independent expert and approved by the Expert Committee; lease agreements with no fixed expiry date and with option to be terminated in less than two years are included for a period of two years;
21	Income from leases for 2018	Income from leases invoiced in the past year (irrespective of VAT and service fees);
22	Planned income from leases for 2018	Planned income from leases (irrespective of VAT and service fees);
23	Income from leases 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; exchange rates of foreign currencies 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 properties included in the Fund's portfolio are owned in form of a 100% ownership interest in real estate companies holding one or more real properties.

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

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 Brno Město; Municipality: 582786 Brno; Ownership certificate: 1751.

Cadastral area code: 610470 Žabovřesky; District: CZ0642 Brno 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.



Administrative building Platinum, Brno, Czech Republic

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 number 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 properties pledged in favour of Raiffeisenlandesbank Oberosterreich AG (first pledge in order)
- Real properties 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 12 December 2018. 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.

1. 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. The shopping part of the building was built in 2001 and the entertainment part in 2002. The

technical condition of the building corresponds to its age. Repairs and proper maintenance are carried out on an ongoing basis. 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 in order 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 number 055 61 281, Praha 1, Na Florenci 2116/15, post code 110 00, based on a contract for administration.



Čtyři Dvory shopping centre, Czech Republic

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

Pledges

- Real properties 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a part of the annual report.

Táborská 31 a.s., a real estate company

Until 16 February 2018, the real estate company's assets included one real estate as defined in Government Regulation No. 243/2013 Coll.

Táborská 31 building

The real estate was sold as at 16 February 2018. The selling price slightly exceeded the estimates from independent expert opinions used in valuing the buildings from the Fund's portfolio.

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 36856711.

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.



Administrative; Office Box building, Bratislava, Slovakia

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 facade 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.

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 properties 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a 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 number 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.



Multifunctional building Melantrich, Praha, Czech Republic

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

In December 2018, a lease agreement was underwritten, unifying the operator of the apartments. At the same time, a conversion of all office premises to flats is being planned for 2019. The major lessees are Marks & Spencer and EuroAgentur Hotels & Travel.

Real estate administration

The real estate is administered by Savills CZ s.r.o., identification number 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)**Easement:**

- PRE distribuce, a.s. - transformer station

Pledges:

- Real properties pledged in favour of Česká spořitelna, a.s.
- Real properties 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a part of the annual report.

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

On 27 March 2013, the Fund acquired a 100% ownership interest in Trianon Building Prague s.r.o., with its registered office at Antala Staška 2027/79, Praha 4 - Krč, post code 140 00, 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. It is situated very close to the Budějovická station of the metro C line. Its great 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 are not expected to change.



Administrative building Trianon, Praha, Czech Republic

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

Real estate administration:

The real estate is administered out by Savills CZ s.r.o., identification number 05561281, Praha 1, Na Florenci 2116/15, post code 110 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easement:

- Capital of Prague – placement 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 teplotárenská, a.s. – hot water pipe
- GTS Czech – communication networks
- T-Systems Czech Republic – optical fibre connection
- PREdistribuce, a.s. – high-voltage switchboard
- T-Systems Czech Republic – underground communications wiring
- GTS Novera – communications wiring
- GTS Czech s.r.o. – communications wiring
- GTS Novera – communication networks

Pledges:

- Real properties 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 12 December 2018. 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 265 04 006.

Qubix

Identification of the real estate

The real estate is located at Štětkova 18, Praha 4 Nusle, post 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. The major lessees of Qubix include Corpus Solution, CRIF, and Adecco.

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



Administrative building Qubix, Praha, Czech Republic

Real estate administration:

The real estate administration is carried out by CBRE s.r.o., identification number 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)

Easement:

- Capital of Prague – public lighting administration
- PRE distribuce, a.s. – electrical wiring
- In favour of the real estate - STL gas pipeline connections

Pledges:

- Real properties pledged in favour of Raiffeisenlandesbank Oberosterreich AG
- Real properties 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a part of the annual report.

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, post code 817 62. Cadastral area name: Nivy; District: Bratislava II; Municipality: Bratislava; 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 building, consisting mainly 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. Slovak Telekom, a.s. has been leasing approximately 96% of the leasable area and the rest has been leased by 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 in order 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 number 35819804, with its registered office at Námestie 1. mája 18, Bratislava 81106, Slovakia, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easement:

Towards the land/building owner:

- Gas pipeline STL
- Infiltration system
- Optical fibre cable
- Sewerage connection

Pledges:

- Real properties pledged in favour of Československá obchodná banka, a.s.



Administrative building Forum BC I, Bratislava, Slovakia

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 12 December 2018. The market value of the real estate is stated in the real estate index which is a part of the annual report.

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, post 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 connector 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 Hruša & Spol, Ateliér Brno. Rohan Business Center has 100 parking spaces in 2 underground floors and is almost fully leased. The real estate neither suffers any legal mistakes nor any significant technical defects.

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

Real estate administration:

The real estate's administration is carried out by Savills CZ s.r.o., identification number 05561281, 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. – utilities network
- Pražská teplotárenská – lines in the pavement

Pledges:

- none



Administrative building Rohan Business Center, Praha, 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 12 December 2018. 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, post 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: 728,161 Nusle; District: CZ0100 Capital of Prague; Municipality: 554782 Praha; Ownership certificate: 6635.



Administrative building City Tower, Praha, Czech Republic

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 significant 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). It has 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.

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

Real estate administration:

The real estate's administration is carried out by CBRE s.r.o., identification number 25759604, 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:

To City Point:

- 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
- Parking entry and exit, warehouses and parking spaces
- Storm-water drainage
- Air conditioning inlet/outlet for parking
- Fire emergency system
- EPS system for parking
- Use of earthing by City Point
- Pražská teplotárenská a.s. – heat pipeline
- Česká telekomunikační infrastruktura a.s. – communication networks

Pledges:

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

Information connected with real estate 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a 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, post 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 (9 above ground floors and 4 underground floors). Park One has

167 parking places on four underground floors. The main lessee is the Slovak branch of Amazon.

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

Real estate administration:

The real estate's administration is carried out by Cushman & Wakefield Property Services Slovakia, s.r.o., identification number 35 963 981, Pribinova 1, 811 09 Bratislava, 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 land/construction/building owner:

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

Pledges:

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

Information on the real estate's valuation

The real estate was valued by Colliers International, spol. 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a 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 quarter 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 3 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 Daszynskiego 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 neither suffers any legal mistakes nor any significant technical defects.

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



Administrative building Proximo I, Warsaw, Poland

Real estate administration:

The real estate's administration is carried out by Cushman & Wakefield Trading Polska sp. z o. o., Ul. Złota 59, 00-120 Warsaw, 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.

- 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.
- 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 - 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 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 properties 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a part of the annual report.

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

On 26 September 2017, the Fund acquired a 100% ownership interest in Słoneczna Radom sp. z o. o., with its registered office at ul.Grzybowska 5a, 00-132, Warsaw.

Galeria Słoneczna shopping centre

Identification of the real estate

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



Galeria Słoneczna shopping centre, Radom, Poland

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

Galeria Słoneczna is a shopping centre located in Radom, Poland. The real estate is situated in the city centre, on the crossroad of B.Chrobrego and A.Struga streets, thus benefiting from very good visibility. Galeria Słoneczna is a two-story shopping centre with 164 retail units. It has 1180 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 11 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 station. 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 neither suffers any legal mistakes nor any significant technical defects.

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

Real estate administration:

The real estate's administration is carried out by White Star Real Estate sp. z o.o., ul. Grzybowska 5a, 00-132, Warsaw, 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 Okregu 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 properties pledged in favour of Landesbank Hessen-Thüringen Girozentrale

Information on the valuation of the real estate

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 12 December 2018. The market value of the real estate is stated in the real estate index which is a 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

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; Trenčín Region; 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 where together with the Bratislava region 93% of the country's industrial areas are concentrated, thus belonging to the major logistics areas 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 food chain Lidl 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 acquired the building in order to operate it. The purpose of the acquisition has not changed.

Real estate administration:

The real estate's administration is carried out by CBRE, s.r.o., identification number 35819804, with its registered office at Námestie 1. mája 18, Bratislava 81106, Slovakia, based on a contract for administration.



Industrial park Dubnica, Dubnica/Váhom, Slovakia

Rights encumbering the building (excluding lease relations)**Easements:**

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

Pledges:

- Real properties pledged in favour of Raiffeisen Bank International AG

Information on the real estate's valuation

The real estate was valued using the income valuation method. It was valued by BNP Paribas Real Estate APM CR s.r.o. The value of the real estate held by the real estate company was determined by the Expert Committee as at 12 December 2018. The market value of the real estate is stated in the real estate index which is a 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 Rohanské nábřeží 678/25, Karlín, 186 00 Praha 8, identification number 289 39 794.

Metronom

Identification of the real estate

The real estate is located at Bucharova 2817/9-13, Nové Butovice, Praha, post 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 administrative building Metronom Business Center 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.

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



Administrative building Metronom Business Center, Praha, Czech Republic

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

Real estate administration:

The real estate's administration is carried out by White Star Real Estate s.r.o., identification number 25149521, Praha 4 Chodov, V parku 2343/24, post 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
- CETIN – underground communication lines
- Dial Telecom – cable lines
- T-Mobile – utilities network
- PRE distribuce – high-voltage switchboard

Pledges:

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

Information connected with real estate 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a part of the annual report.

Proximo Two 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.

Administrative building Proximo II

Identification of the real estate

The real estate is located at Przyokopowa 26, 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/00450423/5.

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 IT Kontrakt.



Administrative building Proximo II, Warsaw, Poland

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

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

Real estate administration:

The real estate's administration is carried out by Cushman & Wakefield Trading Polska sp. z o. o., Ul. Złota 59, 00-120 Warsaw, 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 lot 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 lot 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 lots No. 37/4 and 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 lots No. 46.
- The right to lease offices and parking places in favour of EY GTH Poland Sp. z o.o.

Pledges:

- Real properties 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 12 December 2018. The market value of the real estate is stated in the real estate index which is a 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 Rohanské nábřeží 678/25, Karlín, 186 00 Praha 8, identification number 289 39 794.

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.



Shopping centre Forum Nová Karolina, Ostrava, Czech Republic

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

Real estate's administration:

The real estate's administration is carried out by Active Retail Asset Management s.r.o., identification number 024 85 575, Praha 3, Laubova 1729/8, post code 130 00, based on a contract for administration.

Rights encumbering the building (excluding lease relations)

Easements:

In favour of Stavba: Moravská Ostrava:

- Placement of an underground construction
- Placement of an above ground 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 southern entry ramp
- Light current mains

In favour of the Statutory City of Ostrava:

- Use of the building's structure
- Use of the building's communications corridor

In favour of Veolia Energie ČR, a.s.:

- Placement and operation of the distribution system – delivery station and connections for distribution of coolness
- Distribution and operation of the distribution system - distribution of coolness
- Placement and operation of the hot water service pipe and the technological equipment of the delivery station
- Distribution and operation of the hot water service pipe for the purpose of distribution

Pledges:

- Real properties pledged in favour of Landesbank Hessen-Thüringen Girozentrale

Information on the real estate's valuation

Due to the date of acquisition of the real estate in the second half of 2018, the market value of the real estate owned by the real estate company has not yet been valued.

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



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 2018.

Name	Type of asset	Number of shares held (in respect of a joint-stock company)	Acquisition cost (in TCZK)	Market (fair) value (in TCZK)
JRA, s.r.o.	Equity investment	1	403 010	509 875
REICO Investment ALFA, a.s.	Equity investment	20	329 491	144 646
REICO Investment BETA, s. r. o.	Equity investment	1	184 387	80 783
REICO Investment GAMA, a.s.	Equity investment	24	439 779	1 112 285
Trianon Building Prague s.r.o.	Equity investment	1	555 670	1 323 039
Qubix Building Prague s.r.o.	Equity investment	1	208 637	372 267
Forum BC I s r.o.	Equity investment	1	70 650	257 653
Topas REAL spol. s r.o.	Equity investment	1	343 705	435 533
CITY TOWER, a.s.	Equity investment	910	2 702 542	3 167 562
Park One Bratislava, s.r.o.	Equity investment	1	267 937	330 252
Proximo One sp. o. o.	Equity investment	1	1 409 780	1 621 603
Śloneczna Radom sp. o. o.	Equity investment	1	2 009 035	2 128 770
Industrial Park Dubnica I, s. r. o.	Equity investment	1	328 373	395 164
METRONOM BC s.r.o.	Equity investment	1	572 994	667 647
PROXIMO Two sp. z o.o.	Equity investment	1	993 983	1 019 074
New Karolina Shopping Center Development, s.r.o.	Equity investment	1000	2 080 134	2 080 134

The 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 2018, 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

In December 2018, the 20% limit per deposit in one bank was breached. The reason for breaching this limit was accumulation of funds before the acquisition of a real estate company. Effective from the date of payment of the purchase price, the limit was again in compliance with the statutory limit. Due to the amount of the value of the purchased real estate company, however, the 20% limit for the minimum liquid assets was subsequently breached, the value of the Fund's liquid assets thus reaching only 18.78%. The breach of the limit was reported to the Czech National Bank. The limit was put into accord with the regulations on 14 January 2019 and the Czech National Bank was also informed about this fact.

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

In the decisive period, one Slovak real estate company (Industrial Park Dubnica I, s.r.o.), two Czech real estate companies (METRONOM BC s.r.o. and New Karolina Shopping Center Development, s.r.o.) and one Polish real estate company (Proximo Two Sp. o. o.) were acquired.

The structure of the assets is stated in the Fund's balance sheet as well as in other parts of the annual report. In addition, Táborská 31 a.s., a real estate company, was sold in 2018.

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

In 2018, a fee of TCZK 320 468 was paid to the investment company for the management and administration of the Fund's assets. In 2018, a depository fee of TCZK 24 928 was paid to the depository for the performance of its function. Other expenses of the Fund are stated in the financial statements which are 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 2018, the Fund held forward exchange contracts and currency swaps with the total value of underlying assets of MEUR 252. 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 2018

In 2018, any limitations on the maximum amount invested by one unitholder were deleted from the statutes. Further activities that are outsourced to third parties were added to the statutes based on a recommendation of the Czech National Bank. The manner of valuing the investment fund's assets and liabilities was specified and added to the statutes as well. The Fund also changed the rules for valuing the real properties valued at fair value while reflecting the purpose for which the real property was acquired. The investment strategy did not change.

Information about remuneration for the manager's employees for 2018

The average number of the Fund manager's employees in 2018 was 14.7 (among them, three directors).

The total fixed remuneration component of all employees was CZK 22 805 087.

The total variable remuneration component of all employees was CZK 4 052 800.

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 2018 was 15-30%, 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, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, file number 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 2018

No significant events have occurred in the period from 31 December 2018 to the date of disclosure of this annual report.

List of members of the Expert Committee

Effective from 18 February 2016, the members of the Expert Committee are:

Johannes Lobkowicz

Date of birth: 22 August 1954; position held from 18 February 2016; he graduated in law from the University in Munich and since 1983 he has worked in corporate banking and in the real estate industry in Germany and subsequently in the Czech Republic; since 2005 he has been active in the management of financial

assets. In 2012, he became the chancellor and deputy proxy-holder of the Grand Priory of the Czech Order of Malta and since 2013 he has been its master and proxy-holder.

Michal Naskos

Date of birth: 17 January 1973; position held from 18 February 2016; he graduated from the Faculty of Education of the Charles University. He has more than 15 years of experience in the field of real estate valuation. He has been employed with Cushman & Wakefield since 2001. Since 2011 he has been a member of the Royal Institution of Chartered Surveyors (RICS), and since 2014 a member of the Value Registration Scheme (VRS).

Otakar Langer

Date of birth: 19 April 1969; position held from 18 February 2016. He graduated from the Czech Technical University - Faculty of Civil Engineering and from the Faculty of Science of the Charles University. He has been working in the real estate industry since 1995. From 2001 to 2004 he managed the Polish branch of ING Real Estate Investment Management and then worked as the director of the portfolio of GE Real Estate Central & Eastern Europe in Central Europe until 2007. Since 2009 he has been working as the statutory representative of Artiga REIM. He has been a member of RICS since 2007.

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

Filip Kubricht

Chairman of the board of directors
Portfolio manager of the liquid component since 1 December 2006.

He graduated from the Faculty of Economics of the Technical University of Liberec. He started his career in the second half of

the 90's with German Aareal Bank AG in Wiesbaden. In 2002, he accepted the offer of BAWAG Bank CZ in Prague where within four years he established the department of commercial real estate financing which he also managed. Jaromír Kohout

Vice-chairman of the board of directors since 3 May 2016

He graduated from the University of Economics in Prague and from 2007 to 2008 he studied at the University of Pittsburgh, obtaining the title of Executive MBA. He started his career in the financial sector in Česká pojišťovna and then worked from 2009 to 2010 for PPF Group in Moscow. Since 2010, he has been working for the group of Česká spořitelna, a.s.

Tomáš Jandík

Member 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 managerial positions in companies operating in the commercial real estate market, inter alia being responsible for valuation, investment advisory, transaction management, and asset management. From 2010, he worked in the capital market department of the Prague branch of CBRE. He is a member of the Czech CFA Society and the Royal Institution of Chartered Surveyors (RICS). He has been a member of the board of directors of REICO investiční společnost České spořitelny, a.s. since May 2016.

Prague, 26 April 2019



Filip Kubricht
Chairman of the board of directors



Jaromír Kohout
Vice-chairman of the board of directors



Tomáš Jandík
Member of the board of directors

Independent Auditor's Report

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

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Czech Republic
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www.kpmg.cz

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 společnosti České spořitelny, a.s.

Opinion

We have audited the accompanying financial statements of ČS nemovitostní fond, otevřený podílový fond REICO investiční společnosti České spořitelny, a.s. ("the Fund"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2018, 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 the Fund as at 31 December 2018, 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) as 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 of REICO investiční společnost České spořitelny, a.s. ("the Company") is responsible for the other information.



Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable 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 Fund 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 of the Company 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 Fund'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 Fund 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 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 Fund'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 Fund'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 Fund 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 společnosti České spořitelny, a.s. as at 31 December 2018, based on which this independent auditor's report has been prepared.

Prague
26 April 2019

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

Veronika Strolená
Partner
Registration number 2195

Financial statements as at 31 December 2018

Balance sheet

Income statement

Notes to the financial statements


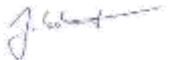




Balance sheet

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 December 2018 (Translated from the Czech original)

Ident.	TEXT	NOTE	Current	Prior
			period	period
			31/12/2018	31/12/2017
3	Receivables from banks and credit unions	4.1	4 282 184	5 092 453
	of which: a/ repayables on demand		3 121 434	3 850 709
	b/ other receivables		1 160 750	1 135 000
4	Receivables from customers	4.2	1 926 213	1 449 826
	of which: b/ other receivables		1 926 213	1 449 826
8	Ownership interests with significant influence	4.3	15 646 287	10 834 761
11	Other assets	4.4	38 393	74 604
13	Prepaid expenses and accrued income		-	448
	TOTAL ASSETS		21 893 077	17 452 092
1	Payables to banks and credit unions		14 000	46 400
	of which: b/ other payables		14 000	46 400
4	Other liabilities	4.5	251 498	138 529
5	Deferred income and accrued expenses	4.6	32 776	26 908
	Total liabilities		298 274	211 837
9	Share premium	4.7	1 526 195	1 116 568
10	Reserve funds and other funds from profit		562	-
12	Capital funds	4.7	17 744 480	14 654 353
13	Revaluation gains (losses)	4.8	2 608 871	1 656 415
	of which: c/ on translation of ownerships interests		2 608 871	1 656 415
15	Profit (loss) for the accounting period		(285 305)	(187 081)
	Total equity		21 594 803	17 240 255
	TOTAL LIABILITIES AND EQUITY		21 893 077	17 452 092
	OFF-BALANCE SHEET ITEMS			
4	Receivables from fixed term transactions		6 641 058	4 677 714
	b/ with currency instruments		6 641 058	4 677 714
10	Collaterals and pledges received	4.17	967 450	595 474
12	Liabilities from fixed term transactions		6 627 374	4 603 110
	b/ with currency instruments		6 627 374	4 603 110

Prepared on: 26 April 2019	Signature of the statutory body	Person responsible for the accounting (name and signature)	Person responsible for the financial statements (name and signature)
	Filip Kubricht  Jaromír Kohout 	Jana Potočková 	Jana Potočková 


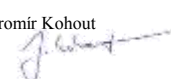


Income statement

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 2018

(Translated from the Czech original)

Ident.	TEXT	NOTE	Balances in the	
			current period	prior period
			2018	2017
1	Interest income and similar income	4.9	158 805	118 633
2	Interest expense and similar expense		76	8
5	Commission and fee expense	4.10	353 367	292 569
	a/ commissions and fees from transactions with securities and investments		-	40
	b/ management fee		320 468	264 970
	c/ depository fee		24 928	19 701
	d/ other financial expenses		7 971	7 858
6	Gain or loss from financial operations	4.11	(92 256)	(12 753)
	a/ gain or loss from transactions with securities and investments		(40 020)	-
	b/ gain or loss from foreign exchange differences		5 073	(88 502)
	c/ gain or loss from fixed term transactions and options		(57 309)	75 749
7	Other operating income		1 985	-
9	Administrative expenses	4.13	396	384
	of which: b/ other administrative expenses		396	384
19	Current year profit (loss) from ordinary activities before tax		(285 305)	(187 081)
24	Net profit (loss) for the period		(285 305)	(187 081)

Prepared on: 26 April 2019	Signature of the statutory body	Person responsible for the accounting (name and signature)	Person responsible for the financial statements (name and signature)
	Filip Kubricht  Jaromír Kohout 	Jana Potočková 	Jana Potočková 

Notes to the financial statements

as at 31 December 2018

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. is the Fund's depository.

The following two classes of Fund units are offered from 2 November 2017:

Class indication	Class description	Class code	ISIN
CZK C	CZK, retail-type of investors, reinvestment	CZKC	CZ0008472545
CZK DPM C	CZK, fore selected types of investors, reinvestment	CZKDPMC	CZ0008475373

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 RETAIL class units, unless the distributor decides otherwise. Only investors corresponding to the definition of professional clients according to Sections 2a and 2b of the Act on Capital Market Undertakings or clients of Česká spořitelna in the ERSTE Premier, ERSTE Private Banking and ERSTE Corporate Banking segment, complying with the conditions of Sections 2a and 2b of the Act on Capital Market Undertakings, may become owners of the INSTITUTION class units.

Focus of Fund

The objective of the Fund's investment policy is the appreciation of funds invested by unitholders 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

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 where funds from the public are collected.

Registered office

Antala Staška 2027/79, Praha 4

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.

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 ("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 similar legal entity under foreign law, whose business activities primarily comprise the acquisition of real estate including its appurtenances, the operation 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, OECD member countries and countries where Erste Bank der oesterreichischen Sparkassen AG Group ("Erste") is represented. OECD member countries and countries where Erste Group is represented are further collectively designated as "Other Countries".

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; 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 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.

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

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 2018

18 January 2018

Part X., section 11 – the following sentence was added: "Payments received at the Fund's summary account on non-working days are considered payments received on the following working day."

6 April 2018

Part X., sec. 11 – the following text was deleted from the paragraph "method of rounding up the unit value": "the maximum value or amount of units issued to one unitholder: MCZK 50 on the total volume of assets in the Fund up to BCZK 3, including, and 5% from the volume of assets in the Fund on the total volume of assets in the Fund higher than BCZK 3."

In addition, the following text was deleted from the same part and section:

"Due to the nature of real estate assets (relatively high costs incurred on acquiring individual real estate assets) that the mutual

fund intends to acquire, an exception from the limitation to the maximum value or amount of units issued to one unitholder of MCZK 50, or 3% from the total volume of assets in the Fund, is expected in compliance with the unitholders' interests and in order to stabilise the mutual fund's operations or acquire necessary liquidity (meaning any time throughout the Fund's lifetime). This exception is based on the option not to apply the limit concerned in relation to a particular unitholder. Any such exception will be reported to the Czech National Bank."

14 August 2018

Part IV., sec. 2 – the arrangement of risk management cooperation was added to outsourced activities.

Part IV., sec. 3 – the following sentence was added: "Other activities the Investment Company entrusted Česká spořitelna, a.s. with are administrative support in human resources management and IT operations support".

Part VI., sec. 2 – Investment limits in relation to assets based on paragraph 1 changed as follows:

Deleted: "The maximum limit of investments in all real properties (including such properties in the assets of the real estate company) that are measured using the method of comparison, is 25% of the value of the mutual fund's assets. After their acquisition into the real estate fund's assets, the investments may exceed the above limit by more than 10% for a maximum period of three years from the date this exceeding occurred for the first time." The new text: "The total value of real properties that are measured using the method of comparison must not exceed 25% of the value of the real estate fund's assets. If the real estate fund has an ownership interest in a real estate company, the value of such real properties in the real estate company's assets is also included in this limit, using the ratio arising from this ownership interest."

Part IX., sec. 3 – the measurement was added:

"The measurement is carried out in compliance with the legislation, i.e. the investment fund's assets and debts from investment activities are measured at fair value based on IFRS as adopted by the EU), considering the following:

- i) it is possible to use the average price between the best and final offer and the demand (the mid price) to determine the fair value of a bond or similar security or a security in book form representing the right for the payment of the amount outstanding; and
- ii) it is possible to use the value published on the European regulated market or a similar foreign regulated market, which is published at the moment no later than the measurement moment and closest to the measurement moment, to determine the fair value of a share or similar security or a security in book form representing an investment in a corporation or another legal entity.
- iii) a real property that the collective investment fund manager intends to acquire into the assets of this fund or sell from this fund's assets is measured in compliance with the purpose of its operation or its resale and taking into account the following;

- a) its permanent or long-term sustainable characteristics;
 - b) revenue achievable in proper management with the real property;
 - c) its defects;
 - d) absolute and relative property rights relating to the real property;
- e) local conditions on the real estate market and its anticipated development.”

Part IX., sec. 8 – changed as follows:
 “Real estate measurement rules

Real properties acquired to operate also the real property that is intended for resale are measured at fair value, taking into consideration the purpose for which each individual real property was acquired.

The Investment Company's board of directors may decide to change the purpose for which the real property is owned. This decision must be substantiated and the change in the purpose for which the real property is owned must be based on relevant grounds.”

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. 500/2002 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 2018.

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 the Act 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.

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.

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 2018 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”.



4. Additional information on the financial statements

4.1. Receivables from banks

Receivables from banks	31/12/2018	31/12/2017
Current accounts	3 121 434	3 850 709
Fixed term deposits and margin posted	1 160 750	1 241 744
Total	4 282 184	5 092 453

Receivables from banks are from Česká spořitelna, a.s., Expobank CZ 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.

As at 31 December 2018

Receivables from non-banking institutions denominated in CZK		31/12/2018
Company	Interest rate	Amount in CZK
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%	225 675
Qubix Building Prague s.r.o. – interest*	-	4 037
Topas REAL spol s r.o.	7.00%	164 500
METRONOM BC s.r.o.	7.00%	475 839
Total	n/a	1 139 950

* interest from 1 October 2018 to 31 December 2018 paid in January 2019

Based on a sale of an ownership interest in the Táborská real estate company, a loan provided to Táborská of TCZK 110 000 was also paid up on 16 February 2018.

A loan provided to REICO Investment ALFA was paid up in part on 21 June 2018 with an instalment of TCZK 8 000, and on 13 December 2018 with an instalment of TCZK 5 000.

Based on amendment no. 2 to the loan contract dated 27 March 2018, a loan provided to Qubix Building Prague s.r.o. was increased by TCZK 8 000 on 28 March 2018.

Due to unpaid interest on the loan granted to Qubix Building Prague s.r.o for April to June 2018, the loan was capitalised by the total amount of TCZK 3 924 during the year, based on a decision of ČS nemovitostní fond.

Based on a loan contract dated 14 June 2018, a loan of TCZK 475 838 was granted to METRONOM BC s.r.o.

Receivables from non-banking institutions denominated in EUR			31/12/2018
Company	Interest rate	Amount in EUR	Amount in CZK
REICO Investment BETA, s. r. o. (TEUR 1 343)	9.00%	1 343	34 533
REICO Investment BETA, s. r. o. – interest**	-	10	267
FORUM BC I, s. r. o. (TEUR 12 286)	8.00%	12 286	316 066
Topas REAL spol. s r.o. (TEUR 6 355)	7.00%	6 355	163 482
Park One Bratislava, s.r.o. (TEUR 6 847)	8.00%	6 847	176 133
Industrial Park Dubnica I, s.r.o. (TEUR 3 723)	7.00%	3 723	95 782
Total	-	-	786 263

** interest from 1 December 2018 to 31 December 2018 (of TEUR 10)

Based on a loan contract dated 20 March 2018 and subsequent amendments to the loan contract, a loan totalling TEUR 3 723 was granted to Industrial Park Dubnica I, s.r.o.

Due to unpaid interest on the loan granted to REICO Investment BETA for January to November 2018, the loan was capitalised by the total amount of TEUR 117 during the year, based on a decision of ČS nemovitostní fond. In January 2019, the loan provided to REICO Investment BETA will be capitalised by TEUR 10, i.e. the unpaid interest for December 2018 on the granted loan.

31 December 2017

Receivables from non-banking institutions denominated in CZK		31/12/2017
Company	Interest rate	Amount
JRA, s.r.o.	7.72%	77 421
REICO Investment ALFA, a.s.	9.90%	125 000
REICO Investment GAMA, a.s.	8.50%	78 767
REICO Investment GAMA, a.s. – interest*	-	1 711
Táborská 31 a.s.	9.90%	40 000
Táborská 31 a.s.	9.90%	70 000
Qubix Building Prague s.r.o.	7.00%	213 751
Qubix Building Prague s.r.o. – interest*	-	3 824
Topas REAL spol s r.o.	7.00%	164 500
Total		774 974

* interest from 1 October 2016 to 31 December 2016 paid in January 2017

A loan provided to REICO Investment ALFA was paid up in part on 21 June 2017 in the amount of TCZK 10 000, and on 13 December 2017 in the amount of TCZK 5 000.

Receivables from non-banking institutions denominated in EUR			31/12/2017
Company	Interest rate	Amount in EUR	Amount in CZK
REICO Investment BETA, s. r. o. (TEUR 1 226)	9.00%	1 226	31 306
REICO Investment BETA, s. r. o. – interest**	-	9	243
FORUM BC I, s. r. o. (TEUR 12 286)	8.00%	12 286	313 793
Topas REAL spol. s r.o. (TEUR 6 355)	7.00%	6 355	162 306
Park One Bratislava, s.r.o. (TEUR 6 546)	8.00%	6 546	167 204
Total			674 852

** interest from 1 December 2017 to 31 December 2017 (of TEUR 9)

Due to unpaid interest on the loan granted to REICO Investment BETA for months January to November 2017, the loan was capitalised by the total amount of TEUR 107 during the year, based on a decision of ČS nemovitostní fond. In January 2018, the loan granted to REICO Investment BETA will be capitalised by TEUR 9, i.e. the unpaid interest for December 2017 on the granted loan.

Based on a loan contract dated 3 February 2017, Park One Bratislava, s.r.o. was granted a loan of TEUR 6 515.

Due to unpaid interest on the loan granted to Park One Bratislava, s.r.o. for February 2018, the loan was capitalised by the total amount of TEUR 32 from 1 March 2017, based on a decision of ČS nemovitostní fond.

4.3. Ownership interests with controlling influence

As at 31 December 2018, the Fund owned investments in sixteen real estate companies. Nine of them operate in the Czech Republic, four 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 116 415	7/12/2007
JRA, s.r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 100	TCZK 123 293	31/8/2007
REICO Investment BETA, s. r. o.	Laurinská 18, 811 01, Bratislava	100%	TEUR 1 978	TEUR 38	12/5/2008
REICO Investment GAMA, a.s.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 1 000	TCZK 121 139	11/11/2010
Trianon Building Prague s.r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 150 000	TCZK 982 040	27/3/2013
Qubix Building Prague s.r.o.	Antala Staška 2027/79, 140 00 Praha 4	100%	TCZK 270	TCZK 30 211	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 -243	15/12/2015
Topas REAL spol. s r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 100	TCZK 94 233	28/4/2016
CITY TOWER, a.s.	Antala Staška 2027/79, 140 00 Praha 4	100%	TCZK 637 000	TCZK 694 476	27/9/2016
Park One Bratislava s.r.o.	Laurinská 18, 811 01, Bratislava	100%	TEUR 16 513	TEUR - 9 568	3/2/2017
PROXIMO ONE, Sp. z o. o.	ul. Przyokopowa 33, 01-208 Warsaw	100%	TPLN 2 305	TPLN 237 955	25/4/2017
Słoneczna Radom sp. z o. o.	ul. Grzybowska 5A 00-132 Warsaw	100%	TPLN 15 300	TPLN -52 783	26/9/2017
Industrial Park Dubnica I, s.r.o.	Laurinska 18 Bratislava 811 01	100%	TEUR 5	TEUR 2 824	20/3/2018
PROXIMO TWO Sp.z o.o.,	ul.Przyokopowa 33, 01-208 Warsaw	100%	TPLN 7 813	TEUR 158 544	29/5/2018
METRONOM BC s.r.o.	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 300	TCZK -10 055	14/6/2018
New Karolina Shopping Center Development,s.r.o	Antala Staška 2027/79, 140 00, Praha 4	100%	TCZK 50 000	TCZK 151 387	5/12/2018

*information based on unaudited financial statements as at 31 December 2018

Voting rights in % correspond with ownership interests.

Market value of ownership interests

Company name	Market value of ownership interests at 31/12/2017	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 31/12/2018
Domestic ownership interests:						
JRA, s.r.o.	487 535	-	-	-	22 340	509 875
Trianon Building Prague, s.r.o.	1 271 368	-	-	-	51 671	1 323 039
Qubix Building Prague s.r.o.	323 927	-	25 000	-	23 340	372 267
Topas REAL spol. s r.o.	409 897	-	-	-	25 636	435 533
REICO Investment ALFA, a.s.	183 525	-	-	-	-38 879	144 646
REICO Investment GAMA, a.s.	1 048 761	-	-	-	63 524	1 112 285
Táborská 31 a.s.	133 718	-133 718	-	-	-	-
CITY TOWER, a.s.	2 918 102	-	-	-	249 460	3 167 562
METRONOM BC s.r.o.	-	572 994	-	-	94 653	667 647
New Karolina Shopping Center Development, s.r.o	-	2 080 134	-	-	-	2 080 134
Total domestic ownership interests	6 776 833	2 519 410	25 000	-	491 745	9 812 988
Foreign ownership interests:						
REICO Investment BETA, s. r. o.	80 838	-	-	-	-55	80 783
FORUM BC I, s. r. o.	211 198	-	-	-	46 455	257 653
Park One Bratislava, s.r.o.	316 449	-	-	-	13 803	330 252
PROXIMO ONE, sp. z o. o.	1 461 664	-	-	-	159 939	1 621 603
Słoneczna Radom sp. z o. o.	1 987 779	5 435	-	-	135 556	2 128 770
Industrial Park Dubnica I, s.r.o	0	239 403	88 970	-	66 791	395 164
PROXIMO TWO Sp.z o.o	0	3 002	990 981	-	25 091	1 019 074
Total foreign ownership interests	4 057 928	247 840	1 079 951	-	447 580	5 833 299
Total:	10 834 761	2 767 250	1 104 951	-	939 325	15 646 287

Based on a decision of the board of directors, the purchase price of POLAND BUSINESS PARK increased by TCZK 5 435 (TEUR 213) on 16 January 2018.

On 20 March 2018, Industrial Park Dubnica I, s.r.o. was acquired for TCZK 238 040 (TEUR 9 364). On 20 March 2018, Industrial Park Dubnica I, s.r.o. was provided with a contribution outside the registered capital of TCZK 88 970 (TEUR 3 500).

Based on the establishment of the final purchase price under the purchase contract, the purchase price increased by TCZK 1 363 (TEUR 53) on 7 September 2018.

The final purchase price totals TCZK 239 403 (TEUR 9 417).

On 31 May 2018, NS BRENSTELLI INVESTMENT sp. z o.o. was acquired for TCZK 82 (TEUR 3); subsequently, the company was renamed PROXIMO TWO sp. z o.o.

On 19 November 2018, the purchase price increased by TCZK 1 034 (TEUR 40) and at the same time, the equity in the company increased by TCZK 990 981 (TEUR 38 100) on the same day.

On 29 November 2018, the purchase price increased by TCZK 1 885 (TEUR 73).

On 14 June 2018, METRONOM BC s.r.o. was acquired for TCZK 583 363 and on 5 November 2018, the purchase price decreased by TCZK 10 369 based on the establishment of the final purchase price under the purchase contract. The final purchase price totals TCZK 572 994.

On 29 August 2018, QUBIX s.r.o. was provided with a contribution outside the registered capital of TCZK 25 000.

4.4. Other assets

Other assets	31/12/2018	31/12/2017
Positive fair value of derivatives	38 393	74 604
Total	38 393	74 604

4.5. Other liabilities

Other liabilities	31/12/2018	31/12/2017
Deferred tax liability	137 309	87 179
Liabilities from unitholders' contributions	70 532	27 411
Negative fair value of derivatives	24 709	-
Other liabilities	18 948	23 939
Total	251 498	138 529

In 2018, other liabilities represented in particular an unpaid invoice for a depositary fee for December 2018, an unpaid invoice for the administration and safekeeping of investment instruments for December 2018, an unpaid fee for ČS a.s. for the sale of units for December 2018, uninvoiced estimated accounts, and an unpaid amount for securing tax from redemptions.

In 2017, other liabilities represented in particular an unpaid invoice for a management fee for December 2017, an unpaid fee for ČS a.s. for the sale of units in December 2017, uninvoiced estimated accounts, and an unpaid amount for securing tax from redemptions.

4.6. Deferred income and accrued expenses

Accrued expenses represent an uninvoiced depositary fee for December 2018 of TCZK 2 363 (2017: TCZK 1 877 for December 2017) and an uninvoiced management fee for December 2018 of TCZK 30 413 (2017: TCZK 25 031 for December 2017).

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 2018, the value of a unit for the CZK C class was CZK 1.1914 (2017: CZK 1.1524) and CZK 1.0662 (2017: CZK 1.0230) for the CZK DPM C class.

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

The sales price of a unit is determined as a proportion of the Fund's equity and the number of units issued.

As at 31 December 2018, the value of a unit for the CZK C class was CZK 1.1914 (2017: CZK 1.1524) and CZK 1.0662 (2017: CZK 1.0230) 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 2018 of TCZK 285 305 will be covered as follows:

- a loss of TCZK 269 376 for the CZK C class will be covered by decreasing the capital fund;
- a loss of TCZK 15 929 for the CZK DPM C class will be covered in part by decreasing the reinvestment fund, which is part of other funds from profit, and in part by decreasing the capital fund.

Based on the Fund's statutes, the loss for 2017 of TCZK 187 081 will be covered as follows:

- a loss of TCZK 187 643 for the CZK C class will be covered by decreasing the capital fund; and
- a profit of TCZK 562 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 31/12/2016	11 663 808 446	11 663 809	-303 836	11 359 973
Units sold	4 156 255 617	4 156 256	-	4 156 256
Units redeemed	-1 569 118 784	-1 569 119	-	-1 569 119
Use of capital fund	-	-	-92 140	-92 140
Balance at 31/12/2017	14 250 945 279	14 250 946	-395 976	13 854 970
Units sold	4 150 908 492	4 150 908	-	4 150 908
Units redeemed	-2 006 078 133	-2 006 078	-	-2 006 078
Use of capital fund	-	-	-187 643	-187 643
Balance at 31/12/2018	16 395 775 638	16 395 776	-583 619	15 812 157

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 31/12/2016	-	-	-	-
Units sold	806 784 017	806 784	-	806 784
Units redeemed	-7 400 829	-7 401	-	-7 401
Balance at 31/12/2017	799 383 188	799 383	-	799 383
Units sold	1 266 277 475	1 266 278	-	1 266 278
Units redeemed	-133 338 105	-133 338	-	-133 338
Balance at 31/12/2018	1 932 322 558	1 932 323	-	1 932 323

4.8. Revaluation gains (losses)

Revaluation gains (losses)	31/12/2018	31/12/2017
On translation of ownership interests	2 746 180	1 743 594
Deferred tax liability	-137 309	-87 179
Total	2 608 871	1 656 415

The revaluation gains (losses) on translation of ownership interests in 2018 (or 2017) 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 Accounting, s.r.o., an external company, and approved by the Expert Committee on 13 December 2018 (or 13 December 2017).

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

4.9. Interest income and similar income

	2018	2017
Interest on deposits with banks	27 538	1 005
Interest on loans granted to real estate companies	131 167	117 628
Interest on debt securities	100	-
Total	158 805	118 633

4.10. Commission and fee expense

	2018	2017
Management fee	320 468	264 970
Depository fee	24 928	19 701
Other commissions and fees	7 971	7 858
Commissions and fees on transactions with securities and ownership interests	-	40
Total	353 367	292 569

The fee for managing the Fund's assets is 1.75% for the CZK C class and 0.95% for the CZK DPM C class of the average annual value of equity.

The payment for discharging the duties of a depository 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. Other commissions and fees include in particular bank fees and a fee for Česká spořitelna, a.s. for an issued guarantee.

4.11. Gain or loss from financial operations

	2018	2017
Gain (loss) from transactions with securities and ownership interests	-40 020	-
Gain (loss) from foreign exchange differences	5 073	-88 502
Gain (loss) from fixed term transactions and options	-57 309	75 749
Total	-92 256	-12 753

The loss from transactions with securities and ownership interests includes a loss from the sale of Táborská 31, s.r.o.

4.12. Breakdown of income and expense items by geographical area

Geographical area

	Czech Republic		Slovakia		Poland		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Interest income and similar income	99 928	65 240	58 877	53 393	-	-	158 805	118 633
Commission and fee expense	355 988	292 569	-2 490	-	-131	-	353 367	292 569
Gain or loss from financial operations	- 92 256	-12 753	-	-	-	-	-92 256	-12 753

4.13. Administrative expenses

	2018	2017
Audit costs	396	384
Total administrative expenses	396	384



4.14. Income tax

Current tax – tax analysis

	2018	2017
Profit (loss) before tax	-285 305	-187 081
Items increasing the tax base, tax non-deductible expenses	-	-
Items decreasing the tax base, non-taxable revenues	-	-
Tax base	-285 305	-187 081
Tax (5%) from tax base	-	-
Total tax	-	-

4.15 Recognised deferred tax asset/liability

	31/12/2018	31/12/2017
Deferred tax assets		
Tax loss carried forward	-	-
Total	-	-
Deferred tax liabilities		
Unrealised gains from the remeasurement of ownership interests with controlling influence	2 746 180	1 743 594
Total	2 746 180	1 743 594
Total balance of temporary differences	-2 746 180	-1 743 594
Tax rate	5%	5%
Net deferred tax asset (+)/liability (-)	-137 309	-87 179

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	31/12/2018	31/12/2017
Current accounts – Česká spořitelna, a.s.	2 671 175	2 853 922
Loans granted to real estate companies:		
JRA, s.r.o.	77 421	77 421
REICO Investment ALFA, a.s.	112 000	125 000
REICO Investment GAMA, a.s.	78 767	78 767
Táborská 31 a.s.	-	40 000
Táborská 31 a.s.	-	70 000
Qubix Building Prague s.r.o.	225 675	213 751
Topas Real spol s r.o.	164 500	164 500
METRONOM BC s.r.o.	475 839	-
REICO Investment BETA, s. r. o. (TEUR 1 050)	34 533	31 306
FORUM BC I, s. r. o. (TEUR 12 286)	316 066	313 793
Topas Real spol. s r.o. (TEUR 6 355)	163 482	162 306
Park One Bratislava, s.r.o.	176 133	167 204
Industrial Park Dubnica I, s.r.o.	95 782	-
Interest on loan – REICO Investment GAMA, a.s.	1 711	1 711
Interest on loan – Qubix Building Prague s.r.o.	4 037	3 824
Interest on loan – REICO Investment BETA, s. r. o.	267	243
Total receivables from related parties	4 597 388	4 303 748

Payables to related parties	31/12/2018	31/12/2017
Uninvoiced depositary fee – Česká spořitelna, a.s.	2 363	1 877
Uninvoiced management fee – the Investment Company	30 413	25 031
Fees for the sale of units for December – Česká spořitelna, a.s.	3 572	3 467
Other payables – Česká spořitelna, a.s.	2 242	-
Other payables – the Investment Company	-	23 655
Total payables to related parties	38 590	54 030

Expenses charged to the Fund by related parties	2018	2017
Depository fee – Česká spořitelna, a.s.	24 928	19 701
Fee for maintaining asset accounts of securities, ownership interests and custody of securities – Česká spořitelna, a.s.	120	120
Fee for maintaining short-term bonds – Česká spořitelna, a.s.	6	6
Fee - central depository – Česká spořitelna, a.s.	1	1
Bank fees – Česká spořitelna, a.s.	5 728	3 166
Fee for issuing a guarantee – Česká spořitelna, a.s.		74
Total expenses charged to the Fund by Česká spořitelna, a.s.	30 783	23 068
Management fee – the Investment Company	320 468	264 970
Total expenses charged to the Fund by related parties	351 251	288 038

Revenues from related parties recognised by the Fund	2018	2017
Interest on deposits with banks – Česká spořitelna, a.s.	3 460	3
<i>Revenues from Česká spořitelna, a.s. recognised by the Fund</i>	<i>3 460</i>	<i>3</i>
Interest on loan JRA, s.r.o.	6 060	6 060
Interest on loan REICO Investment ALFA, a.s.	12 098	13 500
Interest on loan REICO Investment BETA, s. r. o.	3 018	2 820
Interest on loan REICO Investment GAMA, a.s.	6 788	6 788
Interest on loan Táborská 31 a.s.	1 422	11 041
Interest on loan Qubix Building Prague s.r.o.	15 743	15 170
Interest on loan FORUM BC I, s. r. o.	25 588	26 207
Interest on loan Topas REAL spol. s r.o.	23 242	23 536
Interest on loan Park One Bratislava, s.r.o.	13 660	12 505
Interest on loan Industrial Park Dubnica I, s.r.o.	5 043	-
Interest on loan METRONOM BC s.r.o.	18 505	-
<i>Revenues from real estate companies recognised by the Fund</i>	<i>131 167</i>	<i>117 627</i>
Total revenues from related parties recognised by the Fund	134 627	117 630

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:

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

	31/12/2018	Average VaR
Global VaR	0.11%	0.18%
FX VaR	0.01%	0.02%
Interest rate VaR	0.11%	0.18%

	31/12/2017	Average VaR
Global VaR	0.17%	0.11%
FX VaR	0.02%	0.01%
Interest rate VaR	0.17%	0.11%

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 2018	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not specified	Total
Receivables from banks	3 659 795	622 389	-	-	-	4 282 184
Receivables from non-banking institutions	5 748	-	-	1 906 111	14 354	1 926 213
Debt securities	-	-	-	-	-	-
Ownership interests with controlling influence	-	-	-	-	15 646 287	15 646 287
Prepaid expenses and accrued income	-	-	-	-	-	-
Other assets	34 472	-	3 921	-	-	38 393
Total assets	3 700 015	622 389	3 921	1 906 111	15 660 641	21 893 077
Other liabilities and deferred income and accrued expenses	-119 269	-14 810	-12 886	-	-137 309	-284 274
Net balance of assets/equity	3 580 746	607 579	-8 965	1 906 111	15 523 332	21 608 803
Cumulative difference	3 580 746	4 188 325	4 179 360	6 085 471	21 608 803	-

As at 31 December 2017	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not specified	Total
Receivables from banks	4 272 331	820 122	-	-	-	5 092 453
Receivables from non-banking institutions	5 535	-	-	1 437 507	6 784	1 449 826
Debt securities	-	-	-	-	-	-
Ownership interests with controlling influence	-	-	-	-	10 834 761	10 834 761
Prepaid expenses and accrued income	-	448	-	-	-	448
Other assets	74 604	-	-	-	-	74 604
Total assets	4 352 470	820 570	-	1 437 507	10 841 545	17 452 092
Other liabilities and deferred income and accrued expenses	-77 954	-303	-	-	-87 180	-165 437
Net balance of assets/equity	5 185 757	820 267	-	1 437 507	9 843 124	17 286 655
Cumulative difference	5 185 757	6 006 024	6 006 024	7 443 531	17 286 655	-

4.18. Assets and liabilities recognised in off-balance sheet accounts

As at 31 December 2018, collaterals and pledges received of TCZK 1 035 450 (2017: TCZK 595 474) 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. Contingencies and commitments

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

4.20. Subsequent events

No events occurred after the balance sheet date that would have any material impact on the Fund's financial statements as at 31 December 2018.

Prepared on:

Signature of the authorised representative:

Person responsible for bookkeeping (name, signature):

Person responsible for the financial statements (name, signature):

26 April 2019



Filip Kubricht



Jana Potočková



Jana Potočková



Jaromír Kohout



**ČS nemovitostní fond, otevřený podílový fond
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Material for the public

