**ZDR, REAL ESTATE SUB-FUND**

**ANNUAL REPORT**

**FOR THE YEAR ENDING 31st DECEMBER 2023**

**STATEMENT OF THE STATUTORY BODY FOR THE YEAR ENDING 31st DECEMBER 2023**

### STATEMENT OF THE STATUTORY BODY

This Annual Report, prepared with due care, gives, to the best of my knowledge, a true and fair view of the sub-fund of ZDR Investments SICAV a.s. designated ZDR, Real Estate Sub-Fund, its financial position, business activities and results of operations for the year ending 31st December 2023, of its prospects for future development, business activity and results of operations, and no facts have been omitted which might alter the meaning of this report.

In Brno, on 30 April 2024



ZDR Investments SICAV a.s.

Ing. Robert Hlava

Authorised Agent of the Sole Member of the Board of Trustees of  
CODYA Investment Company, a.s.



Independent Auditor's Report on

ZDR, Real Estate sub-fund   
of ZDR Investments SICAV a.s.   
joint-stock company

for the audited period  
of 1 January 2023 – 31 December 2023

**Accounting unit identification**

Company: **ZDR, Real Estate sub-fund of ZDR Investments SICAV a.s. joint-stock company**

Company ID: 064 21 091

Headquarters: Jungmannova 750/34, 110 00 Prague

Legal status: Joint stock company

Commercial Register Section and File number: B 22826, Registration Court in Prague

**TPA Audit s.r.o.**

140 00 Prague 4, Antala Staška 2027/79

Phone: +420 222 826 311, E-mail: [audit@tpa-group.cz,](mailto:audit@tpa-group.cz) [www.tpa-group.cz](http://www.tpa-group.cz/)

Branches: 746 01 Opava, Veleslavínova 240/8, Phone: +420 553 622 565

Company ID: 60203480, Commercial Register of the Municipal Court in Prague, Section and File no. C.25463

Authorisation number 80 of the Chamber of Auditors of the Czech Republic

Albania | Bulgaria | Montenegro | Czech Republic | Croatia | Hungary

Poland | Austria | Romania | Slovakia | Slovenia | Serbia

**The report is addressed to the company shareholders**

**Auditor's Statement**

The subject of the present audit comprised the attached Financial Statements of ZDR, a Real Estate sub-fund of ZDR Investments SICAV a.s. (the "Company"), prepared in accordance with Czech accounting regulations, and including Balance Sheet as of 31 December 2023, Profit and Loss Report, Statement of Changes in Net Assets Attributable to Holders of Redeemable Investment Shares, and Statement of Off-Balance Sheet Items for the year ending 31 December 2023, and Notes to Financial Statements, with a description of significant accounting policies used and other explanatory information. Details of ZDR, the Real Estate sub-fund of ZDR Investments SICAV a.s. are set out in Note 1 to these Financial Statements.

**In our opinion, the Financial Statements give a true and fair view of the assets and liabilities of ZDR, the Real Estate sub-fund of ZDR Investments SICAV a.s. as of 31 December 2023 and of the costs and income and result of its operations and off-balance sheet items for the year ended 31 December 2023 in accordance with Czech accounting regulations.**

**Basis for Auditor´s Statement**

The audit was conducted in accordance with the Act on Auditors and the standards of the Chamber of Auditors of the Czech Republic for auditing, which are the International Standards on Auditing (ISA), supplemented and modified by related application clauses, where appropriate. Our responsibilities under these regulations are described in more detail in the part titled Auditor's Responsibilities for Audit of Financial Statements. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, the auditors are independent of the Company and have fulfilled other ethical obligations arising from these regulations. The auditors believe that the evidence gathered provides a sufficient and appropriate basis for the present Auditor´s Statement.

**Other Information in Annual Report**

In accordance with Section 2(b) of the Auditors Act, Other Information means information contained in the Annual Report other than the financial statements and the present Auditor's Statement. Other Information is the responsibility of the Company's Board of Trustees.

The Auditor´s Statement on the Financial Statements is not applicable to Other Information. Nevertheless, part of the auditor´s responsibilities in connection with the audit of Financial Statements is to read Other Information and assess whether there is any material inconsistency between Other Information and the Financial Statements being audited or the knowledge of the entity obtained in the course of the audit or whether Other Information otherwise appears to contain any material misstatement. The auditors also assess whether Other Information has been prepared in all material respects in accordance with the relevant legislation. This assessment means finding out whether Other Information complies with the legal requirements on the formality and process of Other Information preparation in the context of materiality, i.e. whether any failure to comply with these requirements would be likely to affect the judgement made on the basis of Other Information.

On the basis of the procedures carried out, to the extent that the auditors are able to judge, it is hereby stated that

* Other Information that describes the facts that are also presented in the related Financial Statements is consistent in all material respects with the Financial Statements; and
* Other Information has been prepared in accordance with the applicable legislation.

The auditors are also required to state whether, based on their knowledge and understanding of the Company obtained in the course of the audit, the mentioned Other Information is free from any material misstatement. As part of these procedures, no material misstatements were identified in Other Information received.

**Responsibility of the Board of Trustees for Financial Statements**

The Board of Trustees is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Czech accounting regulations and for such internal controls as it determines necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

In preparing the Financial Statements, the Board of Trustees of the Company is required to assess the Company's ability to continue as a going concern and, if applicable, to describe in the notes to the financial statements the matters relating to its going concern and the application of the going concern assumption in preparing the Financial Statements, except where the Board of Trustees plans to dissolve the Company or to wind up its activity or has no realistic alternative but to do so.

**Auditor's Responsibility for the Audit of Financial Statements**

The audit´s objective is to obtain reasonable assurance about whether the Financial Statements taken as a whole are free from any material misstatement, whether due to fraud or error, and to issue Auditor's Report that includes Auditor´s Statement. A reasonable degree of assurance is a high degree of assurance, but it is not a guarantee that an audit performed in accordance with the above provisions will, in all cases, detect any material misstatement that may exist in the audited Financial Statements. Irregularities may arise from fraud or error and are considered material if they can reasonably be expected, individually or in the aggregate, to affect the economic decisions that users may make.

In conducting an audit in accordance with the above regulations, it is the auditors´ responsibility to exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore, the auditors are obliged to:

* Identify and evaluate the risks of material misstatements in the Financial Statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain sufficient appropriate audit evidence to provide a basis for Auditor´s Statement. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations or circumvention of internal controls.
* Obtain an understanding of the Company's internal controls relevant to the audit in order to design audit procedures that are appropriate to the existing circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system.
* Assess the appropriateness of the accounting policies used, the reasonableness of the accounting estimates made and the information provided by the Board of Trustees in this regard in the Notes to Financial Statements.
* Assess the appropriateness of the Board's use of the going concern basis in preparing the Financial Statements and whether, in light of the evidence gathered, there is any material uncertainty arising from events or conditions that may cast significant doubt on the Company's ability to continue its existence as a going concern. If the auditors conclude that such a material uncertainty exists, it is their responsibility to draw attention in Auditor´s Report to the information provided in the Notes to Financial Statements in this regard and, if that information is not sufficient, to issue a modified Auditor´s Statement. The auditors´ conclusions regarding the Company's ability to continue as a going concern are based on the evidence obtained up to the Auditor´s Report date. However, future events or conditions may cause the Company to lose its ability of continued existence.
* Evaluate the overall presentation, structure and content of the Financial Statements, including the Notes, and whether the Financial Statements present the underlying transactions and events in a manner that results in their fair presentation.

The auditors´ responsibility is to inform the Board of Trustees of, among other things, the planned scope and timing of the audit and the significant findings made during the audit, including any identified material weaknesses in the internal control system.

|  |  |
| --- | --- |
| In Prague, on 30 April 2024  .........................................................  Auditor:  Ing. David Mrozek  Authorisation Number of the Chamber of Auditors of the Czech Republic: 2309 | TPA Audit s.r.o.  Antala Staška 2027/79, Prague 4  Authorisation Number of the Chamber of Auditors of the Czech Republic: 080 |

### COMPANY PROFILE

**Company´s Basic Data**

ZDR Investments SICAV a. s.

ZDR, Real Estate Sub-Fund (hereinafter referred to as the "**Sub-Fund**” only)

Company ID: 06421091

Headquarters: Jungmannova 750/34, Nové Město, 110 00 Prague 1

Company entered in the Commercial Register kept by the Municipal Court in Prague, Section B, File no. 22826 (hereinafter referred to as the "**Company**")

The Sub-Fund was established on 4 October 2017 by decision of the Company's statutory body, which also drew up its Statutes.

The information on the Sub-Fund was entered into the list of investment funds maintained by the Czech National Bank pursuant to Section 597(a) of Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended (hereinafter referred to as "**ICIFA**") on 9 October 2017.

### Sub-Fund LEI

3157008GGWRIUHJP9Q16

### Sub-Fund NID

75160510

### Sub-Fund TIN

CZ684285718

### Securities issued by the Sub-Fund

|  |  |
| --- | --- |
| **Security type** | Investment shares (all classes) |
| **Form** | Registered shares |
| **Type** | Book-entry |
| **Number of issued shares as of 31 December 2023** | 3,364,892,565 |

**Limitations on transferability**

The transferability of the shares to third parties is subject to the consent of the Company's statutory body, which will be granted on condition that the acquiring investor is a qualified investor within the meaning of the provisions of Section 272 ICIFA.

### Statutory bodies of the Company

**Sole member of the Board of Trustees** of  
CODYA Investment Company, a.s.,  
Company ID: 068 76 897,

Headquarters: Poňava 135/50, 664 31 Lelekovice, company entered in the Commercial Register kept by the Regional Court in Brno, Section B, File no. 7923 (Date of inauguration to function: 18 January 2021)

Authorised Agent: Ing. Robert Hlava (Date of inauguration to function: 18 January 2021)  
Bc. Martin Pšaidl (Date of inauguration to function: 30 August 2022)  
Ing. Michal Sedlák, MBA (Day of inauguration to function: 30 August 2022)

### Delegation of certain activities

The statutory body of the Company has entrusted the internal audit to ASIG CONSULT, s.r.o., Company ID: 05800668, with its registered offices at Varnsdorfská 330/19, 190 00 Prague 9, company entered in the Commercial Register kept by the Municipal Court in Prague, Section C, File no. 270999.

Investments in the Company or the Sub-Fund are also offered through authorised agents.

In addition, an agreement has been executed on entrusting another entity with the performance of individual activities, including the investment fund management, with Advisory 4 Funds s.r.o., Company ID: 24220477, with its registered offices at Jungmannova 750/34, Nové Město, 110 00 Prague 1, company entered in the Commercial Register kept by the Municipal Court in Prague, in Section C, under File no. 189899 and the company Z/C/H Legal v.o.s., law firm, Company ID: 17877130, with its registered offices at Národní 973/41, Staré Město, 110 00 Prague 1, company entered in the Commercial Register kept by the Municipal Court in Prague, in Section A, File no. 80113 (the company was established by a spin-off, when part of the assets of the split company, Z/C/H Legal v.o.s., law firm, Company ID: 272 22 861, with registered offices at Národní 973/41, Staré Město, 110 00 Prague 1, was passed onto it).

### REPORT ON THE COMPANY'S BUSINESS ACTIVITIES AND THE STATE OF ITS ASSETS FOR THE YEAR 2023

**Company´s Basic Data**

ZDR, the Real Estate Sub-Fund (hereinafter referred to as the "**Sub-Fund**") is a sub-fund of ZDR Investments SICAV A.s., joint-stock company (hereinafter referred to as the "**Company**"), which is a legal entity seated in the Czech Republic, authorised to collect funds or things valuable at money from multiple qualified investors by issuing participatory securities of its sub-funds or by making qualified investors its shareholders, and to make joint investments of the collected funds or things valuable at money on the basis of a determined investment strategy, generally based on the principle of risk spreading, for the benefit of these qualified investors, and to further manage these assets. The Sub-Fund was established on 4 October 2017 by decision of the Company's statutory body, which also drew up its Statutes. The Sub-Fund's details were entered into the list of investment funds maintained by the Czech National Bank pursuant to Section 597(a) of the ICIFA on 9 October 2017.

The Company is authorised to manage and administer itself through its individual statutory body, which is the legal entity authorised to manage the Company. Hence, the Company is managed by CODYA Investment Company, a.s. (hereinafter referred to as the "**Statutory Body**").

The Company may create sub-funds in accordance with its Articles of Association. The company has created a sub-fund, the **ZDR Real Estate Sub-Fund**.

### Sub-Fund Activities

The objective of the Sub-Fund is valorisation of investors' funds by investing in high-yield real estate companies. The investment objective of the Sub-Fund in 2023 was to collect funds or things valuable at money from qualified investors and invest them in accordance with the defined investment strategy set out in the Sub-Fund's Articles of Association.

### Sub-Fund Management in 2023

A true and fair view of the Sub-Fund´s performance is given by the regular Financial Statements for the period from 1 January 2023 to 31 December 2023 (hereinafter referred to as the "**Fiscal Year**") and the Notes to Financial Statements, which form an integral part of this Annual Report.

The Sub-Fund´s economic earnings were affected by interest income and similar income in the total amount of CZK 104,687 thousand and interest cost and similar costs of CZK 42,027 thousand, costs incurred to pay fees and commissions in the amount of CZK 250 thousand, loss on financial operations in the amount of CZK 381,173 thousand, other operating costs of CZK 3,572 thousand, and administrative costs of CZK 165,227 thousand .

### Sub-Fund's Asset Status

The Sub-Fund's economic earnings were audited by TPA Audit s.r.o., company ID 602 03 480, with registered offices at Antala Staška 2027/79, Krč, 140 00 Prague 4. The auditor is registered with the Chamber of Auditors of the Czech Republic under No. 080.

### Assets

As of 31st December 2023, the Company recorded assets in total worth CZK 6,313,312 thousand . The assets consisted of Receivables from banks and credit unions in the amount of CZK 580,779 thousand, Receivables from non-bank entities in the amount of CZK 1,234,486 thousand, Participations with decisive influence in the amount of CZK 4,459,639 thousand, Other assets worth CZK 37,942 thousand, and Costs and income of future periods of CZ 466 thousand .

### Liabilities

Total liabilities of the Company worth CZK 6,313,312 thousand consisted of Other liabilities in the amount of CZK 157,004 thousand, Income and expenses of future period of CZK 225,728 thousand, Subordinated liabilities in the amount of CZK 474,672 thousand, and Net assets attributable to holders of investment shares in the amount of CZK 5,455,908 thousand.

### Portfolio Overview

Top 10 real estate holdings:

ZDR Retail Omikron d.o.o.

AM PS LAMBDA NEKRETNINE d.o.o.

ZDR Retail Litoměřice s.r.o.

FMZ Voitsberg I GmbH

ZDR Retail PUSCH s.r.o.

FMZ Wolfsberg GmbH

ZDR Retail Hradec Králové s.r.o.

Kunstdepot GmbH

ZDR Retail Ostrava Poruba s.r.o.

ZDR Logistic Prešov s.r.o.

### Outlook for 2024

In 2024, in line with its investment objective, the Sub-Fund will capitalise on investors' funds through continued expansion and acquisition of attractive properties and will continue to collect funds or things valuable at money from qualified investors and invest them in accordance with the defined investment strategy set out in the Sub-Fund's Articles of Association.

In Brno, on 30 April 2024



ZDR Investments SICAV a.s.

Ing. Robert Hlava

Authorised Agent of the Sole Member of the Board of Trustees of  
CODYA Investment Company, a.s.

### SPECIAL TERMS OF THE ANNUAL REPORT

ZDR, Real Estate Sub-Fund (the "**Sub-Fund**"), which is a sub-fund of ZDR Investments SICAV, a.s. (hereinafter referred to as the "**Company**") in accordance with the relevant provisions of Sections 291(1) and (3), 234(1)(a), (b) and (j) and 234(2), (6) and (8) of Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended (hereinafter referred to as the "**ICIFA**"), Articles 103 to 107 of Commission Delegated Regulation (EU) No. 231/2013, (hereinafter referred to as the "**Regulation**"), Decree No. 244/2013 Coll, on Detailed adjustment of certain rules of the ICIF Act, as amended (hereinafter referred to as the “**Decree**”), and Section 21 (2) of Act no. 563/1991 Coll., on Accounting, as amended (hereinafter referred to as the "**AA”**), gives the following Special Terms of Annual Report. This Annual Report also includes Financial Statements and Independent Auditor's Report. This Annual Report describes the Sub-Fund's portfolio composition.

### Sub-Fund´s Activities in 2023

During 2023, the Sub-Fund collected funds from qualified investors and invested them in acquisitions of business interests in real estate companies and their financing in accordance with the Sub-Fund´s investment strategy.

### Information about Events Occurring after Balance Sheet Date that are Material to the Purpose of Annual Report

There were no significant events after the balance sheet date.

### Information on the Expected Development of the Company's Activities

In 2024, in line with its investment objective, the Sub-Fund will capitalise on investor´s funds, especially through acquisitions of business shares in real estate companies and will continue to collect funds or things valuable at money from qualified investors to invest them in accordance with the defined investment strategy set out in the Sub-Fund's Articles of Association. The Sub-Fund management concluded that the above should not have a material effect on the going concern assumption.

### Information on Research and Development Activities (Section 21(2)(c) of the AA)

The Sub-Fund is not active in research and development.

### Information on the Acquisition of Own Shares or Interests

The Sub-Fund has not acquired any of its own shares or interests.

### Information on Environmental Protection Activities and Labour Relations (Section 21(2)(f) of the AA)

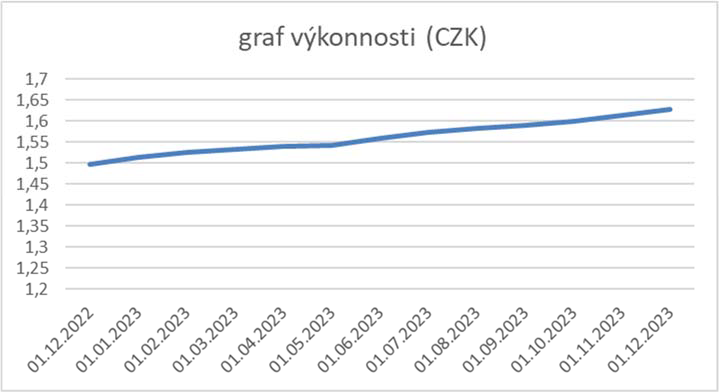
The Sub-Fund is not active in the field of environmental protection nor is it active in the field of labour relations.

### Information on whether the Company has a Branch or other Part of Business Establishment Abroad (Section 21(2)(f) of the AA)

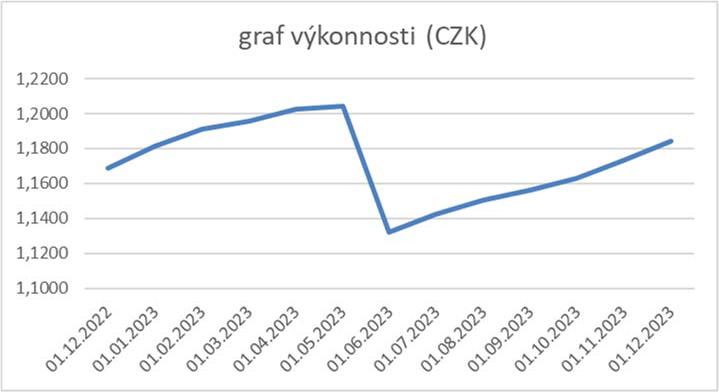
According to the provisions of Section 165 (1) ICIFA, the Sub-Funds is a separate part of the Company equity in terms of accounting and property relations, and has no organizational unit abroad.

### Development of Share Value in the Relevant Period in Graphical Format (Section 291(3) of the ICIFA in Conjunction with Annex 2(f) of the Decree

Class A



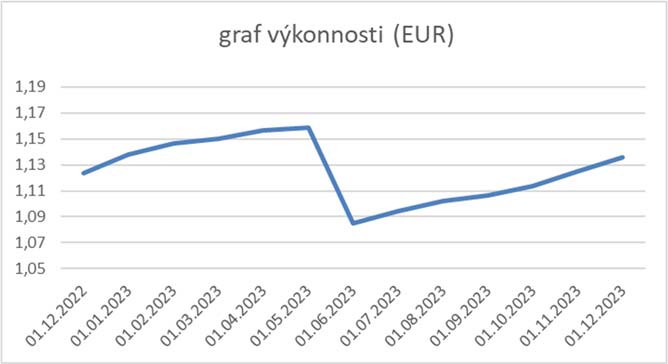
Class B



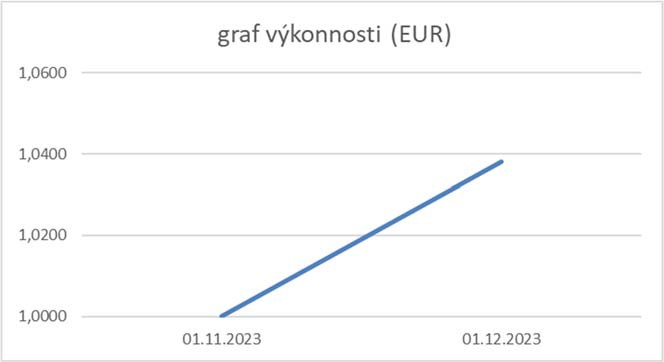
Class C



Class D



Class S



### Details of the Activities of the Sub-Fund Managing Entity in Relation to the Sub-Fund's Assets in the Current Financial Year (Section 291(1) of the ICIFA in Conjunction with Section 234(1)(b) of the ICIFA and Article 105 of the Regulation)

A summary of the Sub-Fund's activities, portfolio, results, material changes in data, including a review of the Sub-Fund's activities and results and a description of the risks and investment or economic uncertainties that the Sub-Fund may face, including key financial and non-financial performance indicators relating to the Sub-Fund, to the extent necessary to understand the Sub-Fund's investment activities or results, is set out in the Notes to Financial Statements and in the 2023 Business and Asset Review.

### Identification details of each person performing asset management (Asset Manager) or external manager of the Sub-Fund during the Relevant Period and the period during which he/she performed this activity, including a brief description of his/her experience and knowledge (Section 291(3) of the ICIFA in conjunction with Annex 2(a) of the Decree)

Name and surname: Ing. Michal Sedlák, MBA

Other identification data: born 17 March 1968

Performance of asset management for the Sub-Fund: from 1 October 2021 continuing

Knowledge and experience as Asset Manager: university graduate with degree in economics Since 1 April 2019, he has been working at CODYA investiční společnost, a.s., first as Head of Analysis in the Portfolio Management Department and since 1 October 2021 as Director of the Portfolio Management Department and member of the Board of Trustees. In his previous positions at Komerční banka a.s., Raiffeisenbank a.s. and Československá obchodní banka a.s., he was responsible for the bank's portfolio management, analysis and financing.

### Identification details of the Sub-Fund´s depositary during the Relevant Period and the period for which the depositary was acting as such (Section 291(3) of the ICIFA in conjunction with Annex 2(b) of the Decree)

Name: Česká spořitelna, a.s.

Company ID: 45244782

Headquarters: Olbrachtova 1929/62, post code 140 00, Prague 4

Depositary´s activities for the Sub-Fund: the whole Financial Year

### Identification details of each person entrusted with the custody or guardianship of the Sub-Fund's assets, if more than 1% of the value of the Sub-Fund's assets is held by such person (Section 291(3) of the ICIFA in conjunction with Annex 2(c) of the Decree

No such person was appointed by the Depositary in the course of the Financial Year.

### Identification data of each person authorised to provide investment services who performed the activity of the Principal Support Agent in relation to the Company's assets during the relevant period and the period of time for which he/she performed this activity (Section291(3) of the ICIFA in conjunction with Annex 2(d) of the Decree)

During the Financial Year, the Sub-Fund did not use any services of a Principal Support Agent.

### Litigations or arbitrations relating to disputes concerning the property or claims of the owners of securities or book-entry securities issued by the Sub-Fund, if the value of the subject matter of the dispute exceeds 5% of the value of the Sub-Fund's assets in the relevant period, including details of any governmental, court or arbitration proceedings during the financial year which may have had, or recently have had a significant effect on the financial position or profitability of the Sub-Fund or its group, or a statement that no such proceedings exist ( section 291(3) of the ICIFA in conjunction with Annex 2(g) of the Decree

During the financial year, the Sub-Fund was not a party to any litigation or arbitration involving property or claims of owners of securities or book-entry securities issued by the Sub-Fund where the value of the subject matter of the litigation would exceed 5% of the value of the Sub-Fund's assets during the financial year.

The Sub-Fund was not involved in any administrative, court or arbitration proceedings during the financial year which may have had or had a material effect on the financial position or profitability of the Sub-Fund in the past.

### Identification of assets with the value exceeding 1% of the value of the Sub-Fund's assets as of the date on which the valuation used for the purposes of this report was carried out, indicating the total cost and fair value at the end of the relevant period (Section 291(3) of the ICIFA in conjunction with Annex 2(e) of the Decree

|  |  |  |  |
| --- | --- | --- | --- |
| **ISIN** | **Name** | **Acquisition price**  **in CZK thousands** | **Fair value / valuation in CZK thousands** |
| SPV | FMZ Voitsberg GmbH (SPV) | 179,916 | 293,351 |
| SPV | FMZ Voitsberg II GmbH (SPV) | 16,882 | 29,545 |
| SPV | FMZ Voitsberg III GmbH (SPV) | 58,423 | 73,208 |
| SPV | FMZ Wolfsberg GmbH (SPV) | 134,660 | 229,710 |
| SPV | ZDR AM PS Lambda – Rijeka (SPV) | 234,422 | 249,377 |
| SPV | ZDR HoldCo Prešov s.r.o. including 100% share in ZDR Logistic Prešov s.r.o. (SPV) | 101,146 | 133,946 |
| SPV | ZDR Investments Solar s.r.o. (SPV) | 4,879 | 3,653 |
| SPV | ZDR Maso Běchovice s.r.o. (SPV) | 64,022 | 7,759 |
| SPV | ZDR Retail Beta d.o.o. + ZDR Retail Omikron d.o.o. (SPV) | 645,757 | 882,189 |
| SPV | ZDR Retail Bílovec s.r.o. (SPV) | 26,029 | 28,499 |
| SPV | ZDR Retail Frýdek-Místek a.s. (SPV) | 36,528 | 102,505 |
| SPV | ZDR Retail Havlíčkův Brod s.r.o. (SPV) | 15,375 | 18,236 |
| SPV | ZDR Retail Hradec Králové s.r.o. (SPV) | 152,703 | 168,677 |
| SPV | ZDR Retail Jičín II s.r.o. (SPV) | 55,031 | 77,869 |
| SPV | ZDR Retail Jičín s.r.o. (SPV) | 19,265 | 17,718 |
| SPV | ZDR Retail Kaznějov s.r.o. (SPV) | 7,773 | 12,217 |
| SPV | ZDR Retail Komárno s.r.o. (SPV) | 96,787 | 118,883 |
| SPV | ZDR Retail Litoměřice s.r.o. (SPV) | 268,755 | 318,693 |
| SPV | ZDR Retail Mariánské Lázně II s.r.o. (SPV) | 10,521 | 12,720 |
| SPV | ZDR Retail Most s.r.o. (SPV) | 98,404 | 128,187 |
| SPV | ZDR Retail Nové Zámky s.r.o. (SPV) | 20,900 | 29,047 |
| SPV | ZDR Retail Nýřany s.r.o. (SPV) | 15,790 | 20,564 |
| SPV | ZDR Retail Opava s.r.o. (SPV) | 67,183 | 60,791 |
| SPV | ZDR Retail Ostrava Dubina a.s. (SPV) | 70,146 | 110,648 |
| SPV | ZDR Retail Ostrava-Poruba s.r.o. (SPV) | 128,924 | 150,027 |
| SPV | ZDR Retail PUSCH s.r.o. (SPV) | 159,728 | 241,313 |
| SPV | ZDR Retail Pardubice s.r.o. (SPV) | 19,924 | 27,533 |
| SPV | ZDR Retail Rakovník I s.r.o. (SPV) | 17,660 | 18,461 |
| SPV | ZDR Retail Rakovník II s.r.o. (SPV) | 4,073 | (1,578) |
| SPV | ZDR Retail Schwörstadt GmbH (SPV) | 1,645 | 19,691 |
| Borrowings | ZDR Retail Bílovec s.r.o. | 20,088 | 22,800 |
| Borrowings | ZDR Retail Beta d.o.o. | 10,879 | 11,122 |
| Borrowings | ZDR Logistic Prešov s.r.o. | 46,978 | 48,630 |
| Borrowings | ZDR Investments Solar s.r.o. | 3,000 | 3,021 |
| Borrowings | ZDR HoldCo Prešov s.r.o. | 500 | 567 |
| Borrowings | ZDR Retail Havlíčkův Brod s.r.o. | 7,200 | 8,163 |
| Borrowings | Kunstdepot GmbH | 2,473 | 2,952 |
| Borrowings | FMZ Wolfsberg GmbH | 22,872 | 23,953 |
| Borrowings | FMZ Voitsberg III GmbH | 30,865 | 32,762 |
| Borrowings | FMZ Voitsberg II GmbH | 37,218 | 53,048 |
| Borrowings | FMZ Voitsberg I GmbH | 3,214 | 3,276 |
| Borrowings | AM PS LAMBDA NEKRETNINE d.o.o. | 264,558 | 266,343 |
| SPV | ZDR Retail Stříbro s.r.o. (SPV) | 35,011 | 34,484 |
| SPV | ZDR Retail Teplice s.r.o. (SPV) | 62,286 | 102,320 |
| SPV | ZDR Retail VoTa s.r.o. (SPV) | 45,033 | 77,988 |
| SPV | ZDR Retail W1 GmbH (SPV) | 993 | 32,444 |
| Borrowings | ZDR Retail Hradec Králové s.r.o. | 99,689 | 108,298 |
| SPV | Kunstdepot gmbh (SPV) | 96,262 | 144,780 |
| Borrowings | ZDR Retail W1 GmbH | 191,619 | 216,165 |
| Borrowings | ZDR Retail Teplice s.r.o. | 59,998 | 65,009 |
| Borrowings | ZDR Retail Stříbro s.r.o. | 61,000 | 67,712 |
| Borrowings | ZDR Retail Schwörstadt GmbH | 120,275 | 139,056 |
| Borrowings | ZDR Retail Rakovník II s.r.o. | 36,308 | 45,215 |
| Borrowings | ZDR Retail Pardubice s.r.o. | 39,500 | 39,639 |
| Borrowings | ZDR Retail PUSCH s.r.o. | 80,300 | 86,630 |
| Borrowings | ZDR Retail Jičín s.r.o. | 12,239 | 12,282 |
| Borrowings | ZDR Retail Ostrava-Poruba s.r.o. | 76,465 | 82,200 |
| Borrowings | ZDR Retail Ostrava Dubina a.s. | 9,223 | 13,036 |
| Borrowings | ZDR Retail Opava s.r.o. | 56,530 | 59,342 |
| Borrowings | ZDR Retail Omikron d.o.o. | 162,567 | 166,203 |
| Borrowings | ZDR Retail Nýřany s.r.o. | 10,000 | 11,337 |
| Borrowings | ZDR Retail Most s.r.o. | 59,081 | 63,669 |
| Borrowings | ZDR Retail Mariánské Lázně II s.r.o. | 17,500 | 19,840 |
| Borrowings | ZDR Retail Kaznějov s.r.o. | 18,598 | 25,748 |

**The value of all profit shares paid out per investment share (Section 291(3) of the ICIFA in conjunction with Annex 2(h) of the Decree)**

The profit shares of the Sub-Fund have not yet been paid out. Only a share in other own resources was paid out.

### Data on the actual fee paid to the Sub-Fund Manager for the Sub-Fund management activities, distinguishing between data on the fee paid for the performance of the activities of the Depositary, Administrator, Principal Support Agent and Auditor, and data on other costs or taxes (Section 291(3) of the ICIFA in conjunction with Annex 2(i) of the Decree)

Fee to the Sub-Fund Manager for management and administration CZK 85,015 thousand

Fee to the Depositary for services and administration of securities CZK 2,299 thousand

Other cost or tax figures CZK 5,962 thousand

### Data relating to the promotion of environmental or social performance and sustainable investments pursuant to Article 11 of Regulation (EU) 2019/2088 of the European Parliament and of the Council and data pursuant to Articles 5 to 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council (Section 291(1) of the ICIFA in conjunction with Section 234(1)(j) of the ICIFA)

The underlying investments of the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

### Details of material changes to the information set out in the Sub-Fund's Articles of Association that occurred during the Financial Year (Section 291(1) of the ICIFA in conjunction with Section 234(2)(a) of the ICIFA and Article 106 of the Regulation)

There were no material changes to the Sub-Fund's Articles of Association during the Financial Year.

### Details of salaries, wages, remuneration and similar income of employees and managers that may be considered as remuneration paid by the Sub-Fund Manager to its employees or managers during the Financial Year, broken down into fixed and variable components, details of the number of employees and managers of the Sub-Fund Manager and details of any capital appreciation remuneration paid by the Sub-Fund or its Manager (Section 291(1) of the ICIFA in conjunction with Section 234(2)(b) of the ICIFA and Article 107 of the Regulation)

The officers of the Company's statutory body (including the Portfolio Manager) and the authorised representatives of the statutory body are remunerated by the Statutory Body Member in accordance with its internal remuneration policy, developed with regard to the requirements of the AIFMR. These persons are not remunerated by the Company.

The Company's Statutory Body has established a system for remuneration of its employees, including all executives, such that remuneration consists of a compulsory component (salary) and a non-claimable component (performance-related remuneration). The non-claimable component of the remuneration is paid upon fulfilment of pre-defined conditions, which are usually based on the economic earnings achieved by the Company's Statutory Body and the performance evaluation of the individual employee.

The Statutory Body of the Company is obliged to disclose information on the remuneration of its employees. Due to the fact that the Company's Statutory Body manages more than one investment fund, the figures below are a proportionate part of the total remuneration paid by the Company's Statutory Body to its employees.

Fixed remuneration CZK 14,255,208.06K

Variable remuneration CZK 3,965,951.72

Remuneration for capital valuation CZK 0

|  |  |
| --- | --- |
| Number of remunerated employees | 36 |
| Number of remunerated members of the Board of Trustees | 5 |
| Number of remunerated members of the Supervisory Board | 2 |

### Details of salaries, remuneration and similar income of employees or managers that may be considered as remuneration paid by the Sub-Fund Manager to those of its employees or managers whose activities have a material impact on the risk profile of the Sub-Fund (Section 291(1) of the ICIFA in conjunction with Section 234(2)(c) of the ICIFA and Article 107 of the Regulation)

The Company's Statutory Body applies specific remuneration policies and procedures in relation to employees who have a significant influence on the risks to which the Company's Statutory Body or the Company itself may be exposed. These remuneration policies and practices promote sound and effective risk management and avoid conflicts of interest.

Employees and officers whose activity or function-related performance may have a material impact on the risk profile of the Fund are: Management Board and Supervisory Board.

Details of the salaries, remunerations and similar income of these persons are included in the preceding paragraph.

In Brno, on 30 April 2024



ZDR Investments SICAV a.s.

Ing. Robert Hlava

Authorised Agent of the Sole Member of the Board of Trustees of  
CODYA Investment Company, a.s.

# ZDR INVESTMENTS SICAV A.S.

# FINANCIAL STATEMENTS AS OF 31st December 2023

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## BALANCE SHEET

**In CZK thousands**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Assets** | **Note** | **Current accounting period** | **Past accounting period** |
| 3 | **Receivables from banks and credit unions** | 6.1 | **580,779** | **177,645** |
|  | of which (a) payable on demand |  | 66,500 | 100,845 |
|  | (b) other receivables |  | 514,279 | 76,800 |
| 4 | **Receivables from non-bank entities** | 6.2 | **1,234,486** | **1,440,203** |
|  | of which (b) other receivables |  | 1,234,486 | 1,440,203 |
| 8 | **Interests with decisive influence** | 6.3 | **4,459,639** | **3,540,608** |
| 11 | **Other assets** | 6.4 | **37,942** | **42,715** |
| 13 | **Costs and income of future periods** | 6.5 | **466** | **3,350** |
|  | ***Assets total*** |  | ***6,313,312*** | ***5,204,522*** |
|  |  |  |  |  |
|  | **Liabilities** | **Note** | **Current accounting period** | **Past accounting period** |
| 4 | **Other liabilities** | 6.6 | **157,004** | **237,132** |
|  | Of which (a) liabilities – non-issued shares |  | 33,911 | 62,812 |
|  | (b) other liabilities |  | 123,093 | 174,320 |
| 5 | **Income and expenses of future periods** | 6.7 | **225,728** | **432** |
| 7 | **Subordinated liabilities** | 6.8 | **474,672** | **480,000** |
|  | Of which (a) subordinated bonds issued |  | 474,672 | 480,000 |
| 8 | **Net assets attributable to holders of investment shares** | 6.9 | **5,455,908** | **4,486,958** |
|  | of which (a) capital fund equivalent |  | 4,337,234 | 3,791,699 |
|  | of which (b) other comprehensive income |  | 1,482,763 | 616,009 |
|  | of which: valuation differences |  | 1,482,763 | 616,009 |
|  | of which (c) retained earnings or uncovered loss of previous periods |  | 121,176 | 86,918 |
|  | of which (d) profit/loss for the accounting period |  | (485,265) | (7,668) |
|  | ***Liabilities total*** |  | ***6,313,312*** | ***5,204,522*** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Off-balance sheet items** | **Note** | **Current accounting period** | **Past accounting period** |
|  | **Off-balance sheet assets** |  |  |  |
| 4 | Receivable from fixed term operations | 6.17 | 2,779,065 | 2,554,682 |
| 8 | Values handed over for management | 6.10 | 6,313,312 | 5,204,522 |
|  | **Off-balance sheet liabilities** |  |  |  |
| 12 | Commitments on fixed-term operations | 6.17 | 2,791,039 | 2,440,206 |

## PROFIT AND LOSS SHEET FOR THE PERIOD ENDIND 31st December 2023

**In CZK thousands**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Profit or loss for the accounting period** | **Note** | **Current accounting period** | **Past accounting period** |
|  | Interest income and similar income and Interest cost and similar cost | 6.11 | **62,660** | **58,299** |
| 1 | Interest income and similar income |  | 104,687 | 94,224 |
| 2 | Interest cost and similar cost |  | (42,027) | (35,925) |
|  | Income from charges and commissions and Costs of charges and commissions | 6.12 | **(250)** | **(560)** |
| 4 | Income from charges and commissions |  | 1 | 866 |
| 5 | Costs of charges and commissions |  | (251) | (1,426) |
| 6 | Profit or loss on financial operations | 6.13 | **(381,173)** | **98,415** |
|  | of which (a) income from financial operations |  | 241,056 | 208,935 |
|  | of which (b) other financial cost |  | (622,229) | (110,520) |
|  | Other operating income and costs | 6.14 | **(3,572)** | **(490)** |
| 7 | Other operating income |  | 18 | 0 |
| 8 | Other operating costs |  | (3,590) | (490) |
| 9 | Administrative costs | 6.15 | **(165,227)** | **(163,482)** |
|  | Of which (b) other administrative costs |  | (165,227) | (163,482) |
|  | *Revenues total* |  | **345,762** | **304,025** |
|  | *Costs total* |  | **(833,323)** | **(311,843)** |
| 19 | *Loss on current activities before tax* |  | **(487,561)** | **(7,818)** |
| 23 | *Income tax* | 6.16 | 2,296 | 150 |
| 24 | *Loss for the accounting period after tax* |  | ***(485,265)*** | ***(7,668)*** |

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE INVESTMENT SHARES FOR THE PERIOD ENDING 31st December 2023

**In CZK thousands**

|  |  |  |
| --- | --- | --- |
|  | **Current accounting period** | **Past accounting period** |
| **Balance as of 1 January 2023** | **4,486,958** | **3,232,852** |
| **Change in net assets attributable to holders of redeemable investment shares** | **968,950** | **1,254,106** |
| **Of which:** |  |  |
| **Investment share issue** | 776,122 | 985,263 |
| **Investment share repurchase** | (230,587) | (99,540) |
| **Valuation differences** | 866,754 | 376,085 |
| **Change in net assets related to a change in the investment portfolio** | 41,926 | (34) |
| **Net profit/loss for the accounting period attributable to holders of redeemable investment shares** | (485,265) | (7,668) |
| **Balance as of 31 December 2023** | **5,455,908** | **4,486,958** |
| **Number of investment shares in class A (in pcs)** | 2,651,437,072 | 2,462,187,568 |
| **Number of investment shares in class B (in pcs)** | 704,622,040 | 541,702,064 |
| **Number of investment shares in class C (in pcs)** | 7,713,832 | 4,628,772 |
| **Number of investment shares in class D (in pcs)** | 829,621 | 676,038 |
| **Number of investment shares in class S (in pcs)** | 290,000 | 0 |

For the reason of error correction, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Investment Shares in a Comparative Period has been restated. This was done in accordance with National Accounting Council Interpretation No. I 29 Corrections of Errors, Changes in Accounting Estimates and Changes in Accounting Methods and Interpretation No. I 30 Comparability of Current and Past Period Information in a Business' Individual Financial Statements.

The change in the value was made in the past period statements under Valuation differences, where the amount of CZK 322,666 thousand was originally reported, now changed to CZK 376,085 thousand .

Furthermore, the row with the original description Undistributed profit or uncovered loss from previous periods was renamed to Change in net assets related to change in investment portfolio, where the original value was CZK 53,384 thousand, changed to the current CZK 34 thousand .

The correction has been made in order to correctly capture and compare the reported items year-on-year.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31st DECEMBER 2023

## GENERAL INFORMATION

#### SUB-FUND FORMATION AND CHARACTERISTICS

The joint-stock company ZDR Investments SICAV a.s. was established in accordance with its Articles of Incorporation, in accordance with Act No. 90/2012 Coll., on Business Corporations and Cooperatives, and Act No. 240/2013 Coll., on Investment Companies and Investment Funds. The Fund was established on 12 September 2017 by entry in the Commercial Register maintained by the Municipal Court in Prague in Section B, File number 22826.

The Fund is subject to the regulatory requirements of Act No. 240/2013 Coll., on Investment Companies and Funds, as amended (hereinafter referred to as "ICIFA").

The Fund's activities are carried out on the basis of the Czech National Bank's Decision No 2017/102432/CNB/570 of 21 July 2017.

The Fund is a qualified investors' fund which, within the meaning of Section 95(1) of the ICIFA, collects cash or things valuable at money from multiple qualified investors by issuing participatory securities, realises joint investments of the collected cash or things valuable at money on the basis of a designated investment strategy for the benefit of these qualified investors, and further manages these assets.

The Fund is neither a managing nor a subordinated fund and is established for an indefinite period of time. In accordance with the Articles, the Fund creates sub-funds. At the date of its incorporation, the Fund created a sub-fund called ZDR, Real Estate Sub-Fund (hereinafter referred to as the "**Sub-Fund**"). The sub-fund is a qualified investors´ fund within the meaning of Section 95(1) of the ICIFA.

The amount of the paid-up subscribed capital of the Fund is CZK 60.00. The amount of the recorded share capital corresponds to the amount of the subscribed founder shares of the Fund. The share capital of the Sub-Fund is equal to its fund capital.

The Sub-Fund's business is to invest in premium income properties, primarily of the retail type. The projects acquired by the Sub-Fund are predominantly located in the Czech Republic, occupied by tenants and the Sub-Fund always acquires 100% control. At the end of financial year 2023, the Sub-Fund, through its subsidiaries, owned 38 properties worth CZK 10.1 billion, with a total rentable area of 222,462 m2, of which 99.8% currently leased.

The statutory body of the Fund as of 31 December 2023 is:

CODYA Investment Company, a.s., company ID 068 76 897, with registered offices at Poňava 135/50, 664 31 Lelekovice, represented in the performance of its duties by Ing. Robert Hlava, Bc. Martin Pšaidl, Ing. Michal Sedlák, MBA.

The Company is always represented by the sole member of the Board of Trustees through one or more proxies. In the case of multiple proxies, each may act independently.

The Fund has no employees. The Fund's property portfolio is managed by the Fund's manager, CODYA Investment Company, a.s. (hereinafter referred to as the "**Company**").

The Company accounts for the status and movement of the Sub-Fund's assets separately from its own assets and assets in other funds it manages.

Information about the depository

On the basis of a Depository Agreement, the position of the Fund´s depository is held by Česká spořitelna, a.s., company ID: 452 44 782, with its registered offices at Olbrachtova 1929/62, Prague 4, post code 140 00, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File no. 1171 (hereinafter referred to as the "Depository"). The Depository also performs the depository´s function for the Fund´s sub-funds.

The assets of the Fund will be invested through the Sub-Fund in accordance with the investment policy in the types of assets described in the Sub-Fund´s strategy.

#### BASIS FOR FINANCIAL STATEMENTS PREPARATION

The Sub-Fund´s financial statements are prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended (hereinafter referred to as the "Accounting Act", or “AA”) and Decree No. 501/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting units that are banks and other financial institutions (hereinafter referred to as the "Decree").

In accordance with Section 4a(1) of the Decree, the Sub-Fund reports, measures and discloses in the Notes to Financial Statements information on financial instruments in accordance with the International Accounting Standards as modified by the directly applicable European Union regulations on the application of IAS (hereinafter referred to as

the "International Accounting Standards", or “IAS”).

The Financial Statements, including Balance Sheet, Profit and Loss Sheet, Statement of Changes in Net Assets Attributable to Holders of Redeemable Investment Shares and Notes to Financial Statements, are prepared in accordance with the Accounting Act, decrees issued by the Ministry of Finance of the Czech Republic and the Czech Accounting Standards for Financial Institutions. They are prepared on the basis of the historic acquisition price principle, modified by measuring financial instruments at fair value.

The financial statements comply with the general accounting principles, in particular the principle of time and material accounting, the principle of prudence and the going concern assumption.

The preparation of Financial Statements requires that the Sub-Fund makes estimates affecting the reported asset and liability and contingent asset and liability values at the balance sheet date and the profit and loss reporting date. These estimates are based on information available as of the balance sheet date and may differ from actual results.

Amounts in the Financial Statements are rounded to thousands of Czech crowns (CZK), unless otherwise stated, and the Financial Statements are not consolidated.

The Sub-Fund´s Financial Statements are prepared for the financial year starting 1st January 2023 and ending 31st December 2023. The Sub-Fund´s Financial Statements are audited in accordance with Section 187 of the ISIFA.

## ACCOUNTING PROCEDURES APPLIED

#### THE MOMENT OF ACCOUNTING CASE REALISATION

Financial assets and liabilities are recognised when the Sub-Fund becomes a party to the respective operation giving rise to them. The Sub-Fund derecognises a financial asset or its part from its balance sheet if it loses control of the contractual rights to that financial asset or its part. The Sub-Fund loses this control if it exercises rights to the benefits defined in the contract, if those rights cease or are waived by the Sub-Fund.

A financial liability or its part is dissolved when the obligation defined in the respective contract is discharged, cancelled or expires and the accounting unit no longer recognises the financial liability or its part in the balance sheet. The difference between the carrying amount of a liability, or part thereof, that has been dissolved or transferred to another entity, and the amount paid to meet that liability, is charged to cost or income.

#### FOREIGN CURRENCIES

The Financial Statements are presented in the currency of the Czech Republic (CZK), the primary economic environment in which the Sub-Fund operates. Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate published by the Czech National Bank (hereinafter referred to as "CNB") as of the balance sheet date. All foreign exchange gains and losses on monetary items are recognised in profit or loss on financial operations.

All transactions in foreign currencies are converted into Czech crowns at the current exchange rate published by the Czech National Bank.

#### FINANCIAL INSTRUMENTS

According to Section 4a of the Decree, from 1 January 2021 all financial instruments are subject to the rules under IFRS 9 Financial Instruments (hereinafter referred to as "IFRS 9").

The Sub-Fund divides financial instruments into two categories:

* Financial instruments at fair value through profit or loss (FVTPL),
* Financial instruments at fair value through other comprehensive income (FVTOCI),

The classification of the Sub-Fund's financial assets is based on

* The principles of the business model on the basis of which the financial assets are managed,
* The nature of the contractual cash flows arising from the financial asset (solely payments of principal and interest on the principal outstanding, or the “SPPI test”)

Financial assets and financial liabilities are recognised in the balance sheet when the Sub-Fund becomes a party to the contractual provisions on the financial instruments.

Financial assets and liabilities are measured at fair value on initial recognition. The fair value of financial assets or financial liabilities not designated as “at fair value through profit or loss” shall be adjusted for transaction costs directly attributable to the acquisition or issue of the financial instrument. The Sub-Fund recognises the following items in the Balance Sheet:

* Receivables from banks and credit unions (FVPL)
* Receivables from non-bank entities (FVPL)
* Interests with decisive influence (FVOCI)
* Other assets (FVPL)
* Liabilities on bonds (FVPL)
* Other liabilities (FVPL)
* Deferred expenditure (FVPL)

Business models assess the entity's intention concerning disposition with the financial asset, i.e. whether the intention is to collect contractual cash flows, sell the financial assets or both, or another business model. The individual business models of the Sub-Fund may be:

* “Fair value based management” – financial instruments measured at fair value through profit or loss (FVTPL) – refers to financial assets that are part of a portfolio that is managed and whose performance is assessed on a fair value basis, this includes financial instruments acquired for trading purposes, equity instruments for which the entity has elected not to categorise them as financial assets at fair value through profit or loss or derivatives,
* "Hold, collect and sell" – financial instruments measured at fair value through other comprehensive income (FVOCI),
  + Debt instruments that meet the SPPI test in the "hold, collect and sell" business model are measured at fair value through other comprehensive income. When a financial asset is derecognised, the cumulative gain/loss up to that point, recognised in the balance sheet item of “Valuation differences”, is reclassified from equity to the profit and loss account. Expected credit losses are recognised in the profit and loss account in the same way as exchange differences on the revaluation of foreign currency financial assets. Interest income is calculated using the effective interest rate and is recognised under “Interest income and similar income”.
  + Equity instruments that are not held for trading, and at the date of their acquisition the entity decides to classify them as financial assets at fair value through other comprehensive income, are revalued through other comprehensive income, including foreign exchange differences on revaluation,
* "Hold and collect" – financial instruments measured at amortised cost (AC).

### Financial assets at fair value through other comprehensive income

* Equity holdings

The Sub-Fund has elected to take advantage of the option to recognise all equity financial assets in other comprehensive income and therefore recognises non-trading assets at fair value through other comprehensive income ("FVOCI"). The reason for this classification is the entity's decision on an instrument-by-instrument basis at initial recognition, which takes into account the fact that equity financial assets are not held for trading and the entity intends to hold, collect and sell them.

For financial assets measured at fair value under FVOCI, subsequent changes in the fair value are charged to valuation differences in the Balance Sheet and derecognition of the financial asset increases or decreases retained earnings reported in the Balance Sheet.

### Financial assets at fair value through profit or loss

Sub-Fund´s assets measured at fair value through profit or loss include:

* Receivables from banks and credit unions
* Other assets

Receivables from non-bank entities The Sub-Fund classifies its investments in debt financial assets based on the business model for managing those financial assets and the contractual cash flow characteristics of those financial assets. The portfolio of financial assets is managed and performance is evaluated based on fair values. The sub-fund primarily focuses on the fair value information and uses this information to evaluate asset performance and make decisions.

The contractual cash flows from the Sub-Fund's debt instruments generally comprise principal and interest only, yet these securities are classified neither as held for the collection of contractual cash flows nor as securities held for the collection of cash flows and subsequent sale. As a result of the above, the Sub-Fund classifies all investments in debt financial assets as financial assets at fair value through profit or loss ("FVTPL"). The Sub-Fund's policy requires the investment company to value information about these financial assets on a fair value basis together with other related financial information.

On initial recognition, loans and borrowings are carried at fair value. Subsequent changes in the fair value and derecognition of a financial asset are charged to the profit or loss for the given year and included in "Profit or loss on financial operations" in the Profit and Loss Sheet, except for accrued interest, which is charged to economic earnings (profit or loss) for the current year and included in "Interest income and similar income" in the Profit and Loss Sheet.

All other financial assets are measured at fair value through profit or loss (FVPL). Financial assets held for trading and financial assets measured on a fair value basis are measured at FVTPL because those financial assets are held neither to collect contractual cash flows nor to achieve an objective, either by collecting the contractual cash flows or by selling the financial assets.

Financial assets are measured at fair value through profit or loss (FVPL). Financial assets held for trading and financial assets the value of which is measured on a fair value basis are measured at FVTPL because those financial assets are held neither to collect contractual cash flows nor to achieve an objective, either by collecting the contractual cash flows or by selling the financial assets.

Short-term assets and liabilities with a maturity of one year or less are measured at their nominal value, which is assumed to be comparable to fair value.

Derivatives are initially measured at fair value at the date the financial derivative contract is entered into and are subsequently remeasured to fair value at each balance sheet date. The resulting profit or loss is recognised directly in economic earnings (profit or loss) unless the derivative is designated or serves as a hedging instrument. A derivative with a positive fair value is recognised as a financial asset, while a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the Financial Statements unless the Sub-Fund has an enforceable right to the offset and intends to exercise that right. A derivative is recognised as a fixed asset or a long-term liability if the remaining period to maturity of the instrument is more than 12 months and the instrument will not be realised or settled within the next 12 months. Other derivatives are reported as short-term assets or liabilities.

### Financial liabilities at fair value through profit or loss

Sub-Fund´s liabilities measured at fair value through profit or loss include:

* Liabilities on bonds
* Other liabilities
* Expenses of future periods

The Sub-Fund classifies its financial liabilities at fair value through profit or loss on the basis that they belong to a group of financial assets and liabilities managed as a group and whose performance is evaluated on a fair value basis.

The Sub-Fund measures financial liabilities at fair value on initial recognition. Subsequent changes in fair value, accruals and derecognition of financial liabilities are charged to the economic earnings (profit or loss) for the year and included in the 'Profit or loss on financial operations' row of the Profit and Loss Sheet.

Short-term assets with a maturity of one year or less are measured at their nominal value, which is assumed to be comparable to fair value.

### Fair value measurement

International Financial Reporting Standard IFRS 13 defines fair value as the price at which an asset could be sold or a liability transferred in a standard transaction between market players at a given date.

In practice, one or a combination of three valuation approaches is used to determine fair value:

* Market approach = uses prices and other relevant information obtained through market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities such as an enterprise.
* Income approach = converts future amounts (e.g. cash flows or revenues and costs) to their present (discounted) value. The fair value measurement is determined based on the value indicated by current market expectations concerning these future amounts.
* Cost approach = takes into account the amount that would currently be required to replace the asset's output capacity (often called the normal replacement cost).

The fair value hierarchy used to value the Sub-Fund's financial assets:

Only Level 2 and Level 3 inputs are used to value the Sub-Fund's financial instruments.

Level 1 inputs = unadjusted quoted prices in active markets for equal or identical assets or liabilities

* The quoted price in an active market is the most reliable evidence of fair value and is used without adjustment to determine fair value

Level 2 inputs = inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability

* If the asset or liability has a specified (contractual) duration, the Level 2 input must be observable for the entire duration of the asset or liability. Level 2 inputs include:
* Quoted prices of similar assets or liabilities in active markets;
* Quoted prices of identical or similar assets or liabilities in markets that are not active;
* Inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities and credit spreads;
* Market-supported inputs.

Level 3 inputs – Level 3 inputs are unobservable input quantities in a regulated market. This level includes all instruments for which valuation methods include inputs that are unobservable and these unobservable inputs have a significant impact on the measurement of the instrument. This level includes instruments that are valued on the basis of quoted prices for similar instruments.

#### INCOME TAX AND DEFERRED TAX

Income tax is calculated in accordance with the provisions of the relevant Czech law on the basis of the profit reported in the Profit and Loss Account prepared in accordance with the Czech accounting standards. Under the current tax regulations, the corporate income tax rate applicable for 2023 for investment funds meeting the definition of a basic investment fund under Art. Section 17b of Act No. 586/1992 Coll., on Income Taxes, as amended, is 5%.

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base using the full liability method. A deferred tax asset is recognised in the amount that is more likely than not to be realised against expected future taxable profits.

The deferred tax calculation uses the approved tax rate for the period in which the Sub-Fund expects to realise it.

#### RELATED PARTIES

Related parties are defined in accordance with the related party disclosure as follows:

* 1. A person or a close family member of that person, if that person:
     1. controls or jointly controls the reporting entity; or
     2. has a substantial interest or influence, direct or indirect; or
     3. is a member of the key management of the entity or its parent
  2. An entity is related to a reporting entity if any of the following conditions apply:
     1. The entity and the reporting entity are members of the same group, an associate or joint venture of another entity or a joint venture of a group
     2. Both entities are joint ventures of the same third party.
     3. One entity is a joint venture of a third entity and the other entity is an associated undertaking of the third entity.
     4. The entity is controlled or jointly controlled by the person specified under a) above, or such a person exercises substantial influence over the entity or is a member of the entity's key management body.

Significant transactions, balances and pricing methods for related party transactions are presented in the Related Party Relationships tables.

#### ISSUED INVESTMENT SHARES

In accordance with IAS 32, the Sub-Fund recognises the investment shares issued as a 'Subordinated liability – net assets attributable to investment shareholders'. Investment Shares are issued and redeemed based on the holder's right to settle the fair value of the net assets of the Sub-Fund attributable to the Investment Shares of each class. The value of the Sub-Fund's net assets attributable to an Investment Share is calculated by dividing the net assets attributable to the holder of each class of Investment Shares by the total number of outstanding redeemable Investment Shares of that class. Investment shares are issued to investors based on quarterly specified sales prices.

The Company is obliged to redeem an investment share of the Sub-Fund at the amount equal to its current value as announced on the last day of the calendar month in which the Company received the request for redemption of the investment share. Shareholder deposits in equity are recognised as an increase in the liability towards the investment share holders.

As of 31 December 2023, the Sub-Fund issued five classes of investment shares redeemable at the holder's request and carrying different rights. The investment shares are issued as lumps, i.e. without par value, and are denominated in the same CZK (2 investment classes) and EUR (3 investment classes) currency. Investment shares of the Sub-Fund may be purchased by qualified investors only. All classes of investment shares have different rights attached to them, as set out in the Sub-Fund's Articles of Association. These Investment Shares are classified as financial liabilities in accordance with IAS 32 paragraph 11, including the applicable exceptions to the definition of a financial liability pursuant to IAS 32 paragraph 16. The Sub-Fund has assessed that the securities issued do not meet the exemptions set out in IAS 32 for classification as equity. In order for a financial instrument to be classified as equity, all the exceptions in IAS 32, 16A and 16B must be met. However, the financial instrument does not satisfy the exception under 16A (c), i.e. the financial instruments within the class do not carry the same features.

Based on the above, the Investment Shares issued by the Sub-Fund meet the financial liability definition under IAS 32. For this reason, the values attributable to shareholders, i.e. the Sub-Fund's fund capital, are presented in the Balance Sheet under item “7. Subordinated liabilities" as "Net assets attributable to investment shareholders" The fund capital is measured at redemption value, the Profit and Loss Sheet item "Increase or decrease in net assets attributable to investment shareholders from current activities after tax" represents the change in the value of the Sub-Fund's fund capital for the accounting period following from current activities.

Reporting of the Sub-Fund's fund capital under the Balance Sheet item "Net assets attributable to investment shareholders", or its valuation within the Profit and Loss Account item "Increase or decrease in net assets attributable to investment shareholders from current activities after tax" is in accordance with the requirements of IFRS and represents a deviation from the arrangement and designation of Balance Sheet and Profit and Loss Account items defined by the implementing regulation (Annex 1 to Decree No. 501/2002 Coll.), which is necessary to give a true and fair view of the subject matter of the accounts.

Investment shares are redeemed on the basis of redemption requests submitted by the investors. The Sub-Fund is obliged to redeem Investment Shares under the terms and conditions set out in the Sub-Fund's Articles of Association. Investment Shares are reported at the amount paid for the Investment Shares which is payable as of the Balance Sheet date if the holder exercises the right to redeem the Investment Share for the account of the Sub-Fund. Investment Shares are issued and redeemed based on the holder's right to settle the fair value of the net assets of the Sub-Fund attributable to the Investment Shares of each class. The value of the Sub-Fund's net assets attributable to an Investment Share is calculated by dividing the net assets attributable to the holder of each class of Investment Shares by the total number of outstanding redeemable Investment Shares of that class.

In accordance with the Sub-Fund's Articles of Association, investment positions are revalued to fair value annually as of the last day of the financial year to determine the net asset value per investment share for subscription and redemption. The Net Assets item reflects the accruals on current costs, in particular the charges specified in the Statute, such as management and administration fees. Advances received for the Investment Shares are recognised in Other Liabilities and measured at acquisition price, adjusted for the accrued item representing the profit or loss attributable to the holders of securities not yet issued.

#### USE OF ESTIMATES

The preparation of Financial Statements requires use of estimates affecting the reported asset and liability and contingent asset and liability values at the balance sheet date and the profit and loss reporting date. These estimates are based on information available as of the balance sheet date and may differ from actual results.

#### INTEREST INCOME AND SIMILAR INCOME

Interest income and cost are recognised at nominal amounts.

#### INCOME/COSTS OF CHARGES AND COMMISSIONS

One-off charges, except those directly related to the purchase of securities, are recognised directly to cost.

Other revenue-related charges and commissions are recognised in the period in which the Sub-Fund becomes entitled to them under the applicable contract terms.

#### PROFIT/LOSS ON FINANCIAL OPERATIONS

The fair value remeasurement of financial assets and derivatives (FVTPL), including foreign exchange gains and losses, is charged to profit/loss on financial operations.

#### OTHER OPERATING INCOME/COSTS

Other costs and income related to the Sub-Fund operation, not classifiable under other items of the P&L.

#### ADMINISTRATIVE COSTS

The costs of administration, management, professional and tax advice, depository´s services and audit are charged to the Sub-Fund´s administrative costs.

#### OFF-BALANCE SHEET ITEMS

Off-balance sheet items are used to record receivables and payables from derivative contracts.

#### SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the financial statements date is recognised in the financial statements if those events provide additional evidence of conditions that existed as of the balance sheet date.

Where significant events involving conditions that occurred after the balance sheet date happened between the balance sheet date and the financial statements date, the effects of those events are described in the Notes but are not recognised in the Financial Statements.

#### SIGNIFICANT ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

Below is a summary of the key assumptions concerning the future and other key sources of uncertainty of estimates in the accounting period that may represent a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the next financial year. The following critical accounting judgements, estimates and assumptions were used in the preparation of the Financial Statements:

### Financial Instrument Classification

The classification and valuation of financial assets depends on the results of the contractual cash flow characteristics test (whether they consist solely of principal and interest payments, the "SPPI test") and an evaluation of the business model that defines how the Sub-Fund manages financial assets to generate cash flows. The Sub-Fund evaluates how financial assets are managed to achieve the defined objectives.

### Fair Value Measurement of Equity Interests and the Valuation Process

The assets and liabilities of the Sub-Fund are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Sub-Fund uses observable market data when available. If Level 1 inputs are not available, the Sub-Fund engages external qualified valuers to carry out the valuation. Fair value is determined using the income approach to asset valuation. The income principle is based on the annual rent achieved less any annual costs associated with owning the property using a capitalisation rate.

### Pledges Received and Provided

Information on any pledges of business shares is contained in publicly accessible registers. See also the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| SPV | **Principal balance in CZK thousands** | **Pledge of share in SPV in CZK thousands** | **Subordinated** |
| **BANK/FKI** |
| **AM PS BETA NEKRETNINE d.o.o.** | **215,068** | 145,457 |  |
| BKS | 204,189 |  |  |
| FKI | 10,879 |  | YES |
| **AM PS OMIKRON NEKRETNINE d.o.o.** | **770,190** | 736,732 |  |
| BKS | 607,623 |  |  |
| FKI | 162,567 |  | YES |
| **FMZ Voitsberg I Gmbh** | **204,445** | 293,351 |  |
| UniCredit AT | 201,231 |  |  |
| FKI | 3,214 |  | YES |
| **FMZ Wolfsberg GmbH** | **193,638** | 229,710 |  |
| FKI | 22,821 |  | YES |
| Raiffeisenbank AT | 170,817 |  |  |
| **Kunstdepot GmbH** | **149,589** | 144,780 |  |
| FKI | 2,473 |  | YES |
| Raiffeisenbank AT | 149,127 |  |  |
| **ZDR HoldCo Prešov s.r.o.** | **197,618** | 133,946 |  |
| FIO bank | 150,641 |  |  |
| FKI | 46,977 |  | YES |
| **ZDR Retail Frýdek- Místek a.s.** | **79,689** | 102,505 |  |
| Raiffeisenbank | 79,689 |  | YES |
| **ZDR Retail Havlíčkův Brod s.r.o.** | **24,655** | 18,236 |  |
| Raiffeisenbank | 17,455 |  |  |
| FKI | 7,200 |  | YES |
| **ZDR Retail Jičín II s.r.o.** | **0** | 77,869 |  |
| UniCredit | 0 |  |  |
| **ZDR Retail Jičín s.r.o.** | **46,120** | 17,718 |  |
| FKI | 12,239 |  | YES |
| Komerční banka | 33,881 |  |  |
| **ZDR Retail Kaznějov s.r.o.** | **18,598** | 12,217 |  |
| FKI | 18,598 |  | YES |
| **ZDR Retail Komárno s.r.o.** | **103,862** | 118,883 |  |
| VÚB | 103,862 |  |  |
| **ZDR Retail Litoměřice s.r.o.** | **259,613** | 318,693 |  |
| UniCredit CZ | 259,613 |  |  |
| **ZDR Retail Mariánské Lázně II s.r.o.** | **38,948** | 12,720 |  |
| ČSOB | 21,448 |  |  |
| FKI | 17,500 |  | YES |
| **ZDR Retail Nové Zámky s.r.o.** | **6,156** | 29,047 |  |
| VÚB | 6,156 |  |  |
| **ZDR Retail Nýřany s.r.o.** | **29,448** | 20,564 |  |
| ČSOB | 19,448 |  |  |
| FKI | 10,000 |  | YES |
| **ZDR Retail Opava s.r.o.** | **179,339** | 60,791 |  |
| FKI | 56,530 |  | YES |
| Oberbank | 122,809 |  |  |
| **ZDR Retail Ostrava Dubina a.s.** | **79,635** | 110,648 |  |
| FKI | 9,223 |  | YES |
| Raiffeisenbank | 70,412 |  |  |
| **ZDR Retail Pardubice s.r.o.** | **84,150** | 27,533 |  |
| ČSOB | 44,650 |  |  |
| FKI | 39,500 |  | YES |
| **ZDR Retail PUSCH s.r.o.** | **374,294** | 241,313 |  |
| Česká spořitelna | 293,994 |  |  |
| FKI | 80,300 |  | YES |
| **ZDR Retail Rakovník I s.r.o.** | **22,762** | 18,461 |  |
| Česká spořitelna | 22,762 |  |  |
| **ZDR Retail Rakovník II s.r.o.** | **76,154** | (1,578) |  |
| FKI | 36,308 |  | YES |
| Komerční banka | 39,846 |  |  |
| **ZDR Retail Schwörstadt GmbH** | **260,237** | 19,691 |  |
| FKI | 120,275 |  | YES |
| Volksbank | 139,962 |  |  |
| **ZDR Retail VoTa s.r.o.** | **52,010** | 77,988 |  |
| Česká spořitelna | 52,010 |  |  |
| **ZDR Retail W1 GmbH** | **419,908** | 32,444 |  |
| FKI | 191,619 |  | YES |
| UniCredit AT | 228,289 |  |  |
| **ZDR Investments Solar s.r.o.** | **3,000** | 3,653 |  |
| FKI | 3,000 |  | YES |
| **ZDR Retail Maso Běchovice** | **0** | 7,759 |  |
| Česká spořitelna | 0 |  |  |
| FKI | 0 |  |  |
| **ZDR Retail Bílovec** | **70,558** | 28,499 |  |
| FKI | 20,088 |  | YES |
| Trinity Bank | 50,470 |  |  |
| **ZDR Retail Stříbro** | **127,161** | 34,484 |  |
| ČSOB | 66,161 |  |  |
| FKI | 61,000 |  | YES |
| **ZDR Voitsbertg III GmbH** | **128,343** | 73,208 |  |
| FKI | 30,865 |  | YES |
| Unicredit AT | 97,478 |  |  |
| **ZDR Voitsberg II GmbH** | **141,249** | 29,545 |  |
| FKI | 50,817 |  | YES |
| Unicredit AT | 90,432 |  |  |
| **ZDR Retail Hradec Králové s.r.o.** | **438,502** | 168,677 |  |
| Česká spořitelna | 338,813 |  |  |
| FKI | 99,689 |  | YES |
| **ZDR Retail Ostrava Poruba s.r.o.** | **233,896** | 150,027 |  |
| FKI | 76,465 |  | YES |
| Unicredit | 157,431 |  |  |
| **ZDR Retail Teplice s.r.o.** | **196,499** | 102,320 |  |
| FKI | 59,999 |  | YES |
| Unicredit | 136,500 |  |  |
| **ZDR Retail Most s.r.o.** | **199,710** | 128,187 |  |
| FKI | 59,081 |  | YES |
| **UniCredit CZ** | 140,628 |  |  |
| **ZDR HoldCo Prešov s.r.o.** | **500** | 0 |  |
| FKI | 500 |  | YES |
| **AM PS LAMBDA NEKRETNINE d.o.o.** | **885,103** | 249,378 |  |
| BKS | 620,546 |  |  |
| FKI | 264,557 |  | YES |
| **Total value of interests** |  | **3,975,456** |  |
| **Valuation of RH receivables** |  | **482,850** |  |
| **Total fair**  **value of interests as of 31 December 2023** |  | **4,458,306** |  |

## FIGURES FOR BALANCE SHEET AND PROFIT AND LOSS ACCOUNT ITEMS

### Note

Items not quantified in the tables below showed no movements or balances.

#### RECEIVABLES FROM BANKS AND CREDIT UNIONS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Receivables from banks and credit unions** | 580,779 | 177,645 |
| Of which (a) payable on demand | 66,500 | 100,845 |
| (b) other receivables | 514,279 | 76,800 |
| **Total** | **580,779** | **177,645** |

Receivables from banks – payable on demand consist of the Sub-Fund's current account balances. Other receivables consist entirely of term deposits in banks. All receivables from banks are realised in the Czech Republic and are recorded at fair value through profit or loss (FVTPL). The inputs for fair value specification are level 3. The value of the revaluation difference is zero as the fair value as of the balance sheet date corresponds to the nominal value of the receivables.

#### RECEIVABLES FROM NON-BANK ENTITIES

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Receivables from non-bank entities** | 1,234,486 | 1,440,203 |
| **Total** | **1,234,486** | **1,440,203** |

Receivables from non-banking entities are quantified in the following table. They represent long-term loans granted to owned companies. These loans to related parties were provided in the ordinary course of business at usual terms and interest rates. In the opinion of the Company's management, none of the loans granted presented a higher than normal credit risk or had other adverse indicators. Another item is the receivable from retained earnings towards decisive influence interest in Litoměřice in the amount of CZK 19,287,486.94.

Receivables from non-banking entities are quantified in the following table. They were reported at a nominal value of CZK 1,574,283,454.86 and accrued accessories of CZK 123,702,856.98. Subsequently, the loans were remeasured to fair value through profit or loss. The total impact from the revaluation in the period ending 31 December 2023 is CZK – 482,849,679.65.

See also the table on the following page.

|  |  |  |
| --- | --- | --- |
| **Counterparty** | **31 December 2023 (in CZK thousands)** | **31 December 2022 in CZK thousands** |
| **FMZ Voitsberg I GmbH** | 3,276 | 0 |
| **ZDR HoldCo Prešov s.r.o.** | 567 | 527 |
| **ZDR Retail Kaznějov s.r.o.** | 25,748 | 24,260 |
| **ZDR Retail BETA d.o.o.** | 11,122 | 11,850 |
| **ZDR Retail Frýdek-Místek a.s.** | 0 | 2,030 |
| **ZDR Retail Ostrava Dubina a.s.** | 13,036 | 12,298 |
| **ZDR Retail Nordica Office Ostrava s.r.o.** | 0 | 85,421 |
| **ZDR Retail VoTa s.r.o.** | 0 | 2,757 |
| **ZDR Retail Nýřany s.r.o.** | 11,337 | 10,537 |
| **ZDR Maso Běchovice s.r.o.** | 0 | 19,808 |
| **ZDR Retail Rakovník II s.r.o.** | 45,215 | 42,310 |
| **ZDR Retail PUSCH s.r.o.** | 86,630 | 96,617 |
| **ZDR Retail Havlíčkův Brod s.r.o.** | 8,163 | 7,587 |
| **FMZ Wolfsberg GmbH** | 23,953 | 24,544 |
| **ZDR Retail Mariánské Lázně II s.r.o.** | 19,840 | 18,440 |
| **ZDR Investments Solar s.r.o.** | 3,021 | 632 |
| **Kunstdepot GmbH** | 2,952 | 2,734 |
| **ZDR Retail Senec s.r.o.** | 0 | 33,321 |
| **ZDR Retail Schworstadt GmbH** | 139,056 | 128,587 |
| **ZDR Logistic Prešov s.r.o.** | 48,630 | 63,695 |
| **ZDR Retail Pardubice s.r.o.** | 39,639 | 41,621 |
| **ZDR Retail W1 GmbH** | 216,165 | 199,610 |
| **ZDR Retail OMIKRON d.o.o.** | 166,203 | 169,129 |
| **ZDR Retail Jičín s.r.o.** | 12,282 | 14,129 |
| **ZDR Retail Opava s.r.o.** | 59,342 | 38,017 |
| **AM PS LAMBDA NEKRETNINE d.o.o.** | 266,343 | 0 |
| **ZDR Retail Bílovec s.r.o.** | 22,800 | 21,193 |
| **ZDR Retail Stříbro s.r.o.** | 67,712 | 62,832 |
| **ZDR Voitsberg III GmbH** | 32,762 | 30,148 |
| **ZDR Voitsberg II GmbH** | 53,048 | 28,384 |
| **ZDR Retail Hradec Králové s.r.o.** | 108,298 | 100,323 |
| **ZDR Retail Most s.r.o.** | 63,699 | 29,116 |
| **ZDR Retail Teplice s.r.o.** | 65,009 | 60,209 |
| **ZDR Retail Ostrava Poruba s.r.o.** | 82,200 | 68,203 |
| **Other receivables from retained earnings** | 19,287 | 43,531 |
| **Fair value measurement** | (482,849) | (54,204) |
| **Total** | **1,234,486** | **1,440,203** |

#### INTERESTS WITH DECISIVE INFLUENCE

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Interests with decisive influence** | 4,459,639 | 3,540,608 |
| **Total** | **4,459,639** | **3,540,608** |

The individual valuations of the interests with decisive influence are shown in the table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Business name** | **Headquarters** | **Subject of business** | **Share capital** | **Currency** | **Share in VK** | **Share of voting rights** | **Fair value (CZK thousands)** |
| **ZDR Retail Frýdek-Místek a.s.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 2,000,000 | CZK | 100% | 100% | 102,505 |
| **ZDR Retail VoTa s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 77,988 |
| **ZDR Retail Kaznějov s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 200,000 | CZK | 100% | 100% | 12,217 |
| **ZDR Retail Ostrava Dubina a.s.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 2,000,000 | CZK | 100% | 100% | 110,648 |
| **ZDR Retail Nýřany s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 20,564 |
| **ZDR Retail Rakovník I s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 18,461 |
| **ZDR Retail Mariánské Lázně II s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 12,720 |
| **ZDR Retail Opava s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 60,791 |
| **ZDR HoldCo Prešov s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | management of property holdings | 1,000 | CZK | 100% | 100% | 0 |
| **ZDR Logistic Prešov s.r.o.** | Boženy Nemcovej 13,  811 04  Bratislava | property lease and management | 5,000 | CZK | 100% | 15% | 133,946 |
| **ZDR Retail PUSCH s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 200,000 | CZK | 100% | 100% | 241,313 |
| **ZDR Retail Nové Zámky s.r.o.** | Boženy Nemcovej 13,  811 04  Bratislava | property lease and management | 5,000 | EUR | 100% | 100% | 29,047 |
| **ZDR Retail Rakovník II s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | (1,578) |
| **ZDR Retail Pardubice s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1 | CZK | 100% | 100% | 27,533 |
| **ZDR Retail Komárno s.r.o.** | Boženy Nemcovej 13,  811 04  Bratislava | property lease and management | 5,000 | EUR | 100% | 100% | 118,883 |
| **ZDR Investments Solar s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 3,653 |
| **ZDR Retail Havlíčkův Brod s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1 | CZK | 100% | 100% | 18,236 |
| **ZDR Retail Litoměřice s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 210,000 | CZK | 100% | 100% | 318,693 |
| **ZDR Retail Jičín s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 17,718 |
| **ZDR Retail Jičín II s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 200,000 | CZK | 100% | 100% | 77,869 |
| **Kunstdepot GmbH** | Maxglaner Hauptstraße 20, 5020  Salzburg, Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 144,780 |
| **FMZ Wolfsberg GmbH** | Feldkirchner Straße 140,  9020  Klagenfurt am  Wörthersee, Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 229,710 |
| **FMZ Voitsberg I GmbH** | Feldkirchner Straße 140,  9020  Klagenfurt am  Wörthersee, Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 293,351 |
| **ZDR Retail W1 GmbH** | Feldkirchner Straße 140,  9020  Klagenfurt am Wörthersee,  Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 32,444 |
| **ZDR Retail Omikron d.o.o.** | Zagrebačka avenija 100/a, 10 000 Zagreb | property lease and management | 2,654 | EUR | 100% | 100% | 756,413 |
| **ZDR Retail Beta d.o.o.** | Zagrebačka avenija 100/a, 10 000  Zagreb | property lease and management | 2,654 | EUR | 100% | 100% | 125,776 |
| **ZDR Maso Běchovice s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 100,000 | CZK | 100% | 100% | 7,759 |
| **ZDR Retail Bílovec s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 28,499 |
| **ZDR Retail Stříbro s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 34,484 |
| **FMZ Voitsberg II GmbH** | Feldkirchner Straße 140,  9020  Klagenfurt am  Wörthersee, Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 29,545 |
| **FMZ Voitsberg III GmbH** | Feldkirchner Straße 140,  9020  Klagenfurt am  Wörthersee, Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 73,208 |
| **ZDR Retail Hradec Králové s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 168,677 |
| **ZDR Retail Ostrava Poruba s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 150,027 |
| **ZDR Retail Teplice s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 102,320 |
| **ZDR Retail Most s.r.o.** | Jungmannova 750/34, Nové Město, 110 00  Prague 1 | property lease and management | 1,000 | CZK | 100% | 100% | 128,187 |
| **ZDR HoldCo AT GmbH** | Feldkirchner Straße 140,  9020  Klagenfurt am Wörthersee,  Österreich | property lease and management | 35,000 | EUR | 100% | 100% | 439 |
| **ZDR Retail Schwörstadt GmbH** | Am Gewerbepar k 4, 90552  Röttenbach  a.d. Pegnitz | property lease and management | 25,000 | EUR | 100% | 100% | 19,691 |
| **AM PS LAMBDA NEKRETNINE d.o.o.** | Zagrebačka avenija 100/a, 10 000  Zagreb | property lease and management | 2,650 | EUR | 100% | 100% | 49,377 |
| **AMES Beta Projektentwicklungsgesellsch aft mbH (Villach)** | Feldkirchner Straße 140,  9020  Klagenfurt am Wörthersee,  Österreich | property lease and management | 35,000 | EUR | 0% | 0% | 895 |
| **Loan valuation – fair value** |  |  |  |  |  |  | 482,850 |
| **Total fair value of property interests** |  |  |  |  |  | **4,459,639** | |

The carrying amount of the interests with a decisive influence amounting to CZK 2,974,174 thousand was revalued as of 31st December 2023 based on an expert opinion by CZK 1,002,615 thousand . Furthermore, the value was increased by the revaluation of SPV loans of CZK 482,850 thousand . Fair value of holdings as of 31st December 2023 was CZK 4,459,639 thousand .

In the reported financial year, dividends were received from the unpaid profit of previous years on the properties of ZDR Retail Litoměřice s.r.o. and ZDR Nordica Office Ostrava s.r.o., there were no transfers of total capital gains and losses to profit or loss, ZDR Retail Nordica Office Ostrava s.r.o. and ZDR Retail Senec s.r.o. were sold in the course of the year, together with real estate properties owned by ZDR Maso Běchovice s.r.o. and real estate properties owned by ZDR Retail Kaznějov s.r.o.

#### OTHER ASSETS

|  |  |  |
| --- | --- | --- |
| **in CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Commissions for business acquisitions (Subscribers)** | 0 | 3,051 |
| **Fair value of derivatives and collateral** | 37,787 | 29,577 |
| **VAT** | 0 | 0 |
| **Other receivables** | 155 | 10,087 |
| **Total** | **37,942** | **42,715** |

The fair value of derivatives represents the values of held FX swaps and FX forwards with EUR as the underlying currency and expiry date of 17 January 2024, in the total amount of CZK 503,977 thousand (EUR 20,383 thousand) agreed with Conseq; at the end of the year the exposure in Česká spořitelna amounted to CZK 2,287,063 thousand (EUR 92,500 thousand at the forward rate of CZK 24.725/1 EUR with the maturity date of 24 January 2024.

#### COSTS OF FUTURE PERIODS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Costs and income of future periods** | 466 | 3,350 |
| **Total** | **466** | **3,350** |

#### OTHER LIABILITIES

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Liabilities arising from interest acquisitions** | 7,000 | 47,750 |
| **Suppliers** | 2,105 | 2,631 |
| **Liabilities – non-issued investment shares** | 33,911 | 62,812 |
| **Liabilities from sales – entry charges** | 449 | 0 |
| **Performance charge** | 48,834 | 77,255 |
| **Fee to professional advisor** | 6,853 | 5,731 |
| **Bail received** | 1,364 | 1,364 |
| **VAT** | 0 | (109) |
| **Accrued Fund management + administration** | 8,482 | 7,565 |
| **Liability for accrued interest on bonds issued** | 34,300 | 29,967 |
| **Fair value of derivatives** | 14,612 | 0 |
| **Contingent liability accounts and Other Liabilities** | 512 | 609 |
| **Corporate income tax and other taxes** | (1,418) | 1,557 |
| **Total** | **157,004** | **237,132** |

#### INCOME AND EXPENSES OF FUTURE PERIODS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Income and expenses of future periods** | 225,728 | 432 |
| **Total** | **225,728** | **432** |

Expenses of future periods include a liability for coverage of a purchase price underpayment related to the newly purchased SPV in Rijeka. The purchase price underpayment will be covered in 2024.

#### SUBORDINATED LIABILITIES

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Subordinated liabilities** | 474,672 | 480,000 |
| **Total** | **474,672** | **480,000** |

Subordinated liabilities represent bonds issued with the following parameters. The Bond issue was approved by decision of the Issuer dated 14 December 2021. The Bonds were assigned ISIN CZ0003537235. The Issue title is ZDR INV. 7,50/24, abbreviated to ZDR INV. 7,50/24.

The nominal value of each bond is CZK 1,-. The bonds are subordinated bonds.

The Bonds are registered in the central register of book-entry securities maintained by Centrální depozitář cenných papírů, a.s., with registered offices at Rybná 682/14, Staré Město, 110 00 Prague 1, company ID 25081489.

The issue price of the Bond issued on the first tranche issue date (17 January 2022) is 100% of its nominal value, i.e. CZK 1 per bond. Second tranche: settlement date 7 April 2022 at an issue price of 98.754%. Third tranche: settlement date 27 April 2022 at an issue price of 98.78%.

Number of units issued: 480,000,000 units, face value: CZK 480,000,000. The bonds bear interest at a fixed rate of 7.50% p. a. The bonds were revalued to fair value by CZK 5,328,000 as of 31 December 2023, the final value as of 31 December 2023 was CZK 474,672,000.

#### NET ASSETS ATTRIBUTABLE TO HOLDERS OF INVESTMENT SHARES

Investment shares are classified as financial liabilities as they carry their owners´ right to ask repurchase by the Sub-Fund at a value reflecting the valuation of the investment share at the time the right is exercised, without carrying voting rights at the Sub-Fund's general meeting and without meeting the exceptions to recognition as an equity instrument under IAS 32.

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Net asset value attributable to holders of investment shares** | 5,455,908 | 4,486,958 |
| **Total** | **5,455,908** | **4,486,958** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Investment shares** | **Number of investment shares**  **(pcs)** | **Unit price** | **Value as of 31 December 2023** |
| **Class A** | 2,651,437,072 | CZK 1.6286 | CZK 4,318,200,490 |
| **Class B** | 704,622,040 | CZK 1.1843 | CZK 834,497,232 |
| **Class C** | 7,713,832 | EUR 1.4286 | (EUR 11 020 280)  CZK 272,476,415 |
| **Class D** | 829,621 | EUR 1.1355 | (EUR 941 999)  CZK 23,290,927 |
| **Class S** | 290,000 | EUR 1.0380 | (EUR 301 032)  CZK 7,443,004 |
| **Total** | **3,364,892,565** |  | **5,455,908,068** |

The current value of an investment share for each class is defined as the proportion of the net value of the Sub-Fund´s assets attributable to one investment share of the respective class. Net assets attributable to holders of investment shares mean the Sub-Fund's asset value less the value of the Sub-Fund's debts.

The investment shares of each class are offered at a price equal to their share of the current value of the Sub-Fund's capital plus sales charges.

Investment shares sold and repurchased can be analysed as follows:

|  |  |  |
| --- | --- | --- |
| **Class A** | **Number of investment shares (pcs)** | **Value of investment shares in CZK** |
| **Period beginning as of 1 January 2023** | **2,462,187,568** | **3,688,714,350** |
| **Investment shares sold** | 283,944,641 |  |
| **Investment shares repurchased** | 94,695,137 |  |
| **Total** | **2,651,437,072** | **3,436,717,961** |
| **Proportion of change in net assets attributable to IA holders** |  | **881,482,529** |
| **Total** | **2,651,437,072** | **4,318,200,490** |
| **Class B** | Number of investment shares (pcs) | Value of investment shares in CZK |
| **Period beginning as of 1 January 2023** | **541,702,064** | **633,289,229** |
| **Investment shares sold** | 176,188,160 |  |
| **Investment shares repurchased** | 13,268,184 |  |
| **Total** | **704,622,040** | **600,242,373** |
| **Proportion of change in net assets attributable to IA holders** |  | **234,254,859** |
| **Total** | 704,622,040 | **834,497,232** |
| **Class C** | Number of investment shares (pcs) | Value of investment shares in CZK |
| **Period beginning as of 1 January 2023** | **4,628,772** | **146,633,943** |
| **Investment shares sold** | 3,130,068 |  |
| **Investment shares repurchased** | 45,008 |  |
| **Total** | **7,713,832** | **269,911,916** |
| **Proportion of change in net assets attributable to IA holders** |  | **2,564,499** |
| **Total** | **7,713,832** | **272,476,415** |
| **Class D** | Number of investment shares (pcs) | Value of investment shares in CZK |
| **Period beginning as of 1 January 2023** | **676,038** | **18,321,184** |
| **Investment shares sold** | 153,583 |  |
| **Investment shares repurchased** | 0 |  |
| **Total** | **829,621** | **23,015,116** |
| **Proportion of change in net assets attributable to IA holders** |  | **275,811** |
| **Total** | **829,621** | **23,290,927** |
| **Class S** | Number of investment shares (pcs) | Value of investment shares in CZK |
| **Period beginning as of 1 January 2023** | **0** | **0** |
| **Investment shares sold** | 290,000 |  |
| **Investment shares repurchased** | 0 |  |
| **Total** | **290,000** | 7,346,594 |
| **Proportion of change in net assets attributable to IA holders** |  | 96,411 |
| **Total** | **290,000** | **7,443,005** |

#### VALUES HANDED OVER FOR MANAGEMENT

The assets of the Sub-Fund totalling CZK 6,313,312 as of 31 December 2023 (31 December 2022: CZK 5,204,522) are managed by the Company.

#### INTEREST INCOME AND SIMILAR INCOME AND INTEREST COST AND SIMILAR COST

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| Interest on loans granted | 92,357 | 78,357 |
| Interest on current and term deposits | 12,330 | 7,200 |
| Interest on bonds | 0 | 8,667 |
| **Income total** | **104,687** | **94,224** |
| Cost of bonds | 42,027 | 35,925 |
| Interest on loans | 0 | 0 |
| **Costs total** | **42,027** | **35,925** |
| **Total** | **62,660** | **58,299** |

#### INCOME FROM CHARGES AND COMMISSIONS AND COSTS OF CHARGES AND COMMISSIONS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| Income from charges and commissions | 1 | 866 |
| **Income total** | **1** | **866** |
| CDCP charge | 0 | 2 |
| Account management charges | 46 | 1,319 |
| Other charges | 53 | 89 |
| Other costs | 152 | 16 |
| **Costs total** | **251** | **1,426** |
| **Total** | **(250)** | **(560)** |

The Other charges item primarily represents charges paid for the issuance of LEIs, ISINs, duty stamps and membership fees in professional associations.

In 2023, CDCP charges were included in the loss on financial operations as they are an integral part of the bonds issued. They are reported in Table 6.13. The adjusted value of this charge is CZK 3,638 thousand (2022: CZK 1,346 thousand ).

#### PROFIT OR LOSS ON FINANCIAL OPERATIONS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| Income from financial operations | 241,056 | 208,935 |
| **Income total** | **241,056** | **208,935** |
| Loss on financial operations | 622,229 | 110,520 |
| **Costs total** | **622,229** | **110,520** |
| **Total** | **(381,173)** | **98,415** |



Income from financial operations mainly consists of exchange rate differences, dividend income and currency derivative revaluation to fair value.

Loss on financial operations includes foreign exchange differences and the cost of remeasuring loans to fair value.

#### OTHER OPERATING INCOME AND COSTS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| Other income | 18 | 0 |
| Proceeds from the sale of a decisive influence interest | 0 | 0 |
| **Income total** | **18** | **0** |
| Other costs | 3,590 | 490 |
| Exclusion of the decisive influence interest | 0 | 0 |
| **Costs total** | **3,590** | **490** |
| **Total** | **(3,572)** | **(490)** |

#### ADMINISTRATIVE COSTS

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Other advisory services** | 0 | 0 |
| **Management fee – professional advisory services and fund administration** | 85,015 | 70,317 |
| **Fee to the depositary and for the custody of securities** | 2,299 | 1,913 |
| **Performance charge** | 71,951 | 88,328 |
| **Legal advice** | 2,980 | 716 |
| **Accounting and tax consultancy** | 10 | 112 |
| **Costs of expert reports** | 1,600 | 1,225 |
| **Other costs** | 1,372 | 871 |
| **Total** | **165,227** | **163,482** |

The Sub-Fund is managed by the Company, for management and administration consideration. The consideration is accrued in accordance with the Statute.

Remuneration to the Company for the management of the Fund and the Sub-Fund amounts to 0.07% of the total assets of the Fund, including the Sub-Fund, per annum, with a minimum monthly fixed fee of CZK 36,000 for each commenced calendar month.

Remuneration to the Client for the administration of the Fund and the Sub-Fund amounts to CZK 450,000 monthly paid from the total assets of the Fund, including the sub-funds.

The performance of the function of depositary of the Fund and the Sub-Fund is remunerated with CZK 50,000 per month, the monthly remuneration according to the previous sentence being increased by CZK 20,000 per every additional CZK 1,000,000,000 by which the assets of the Sub-Fund exceed CZK 1 billion. VAT will be added to the remuneration at the current legal rate. The Depositary's remuneration is paid from the assets of the Sub-Fund.

#### INCOME TAX

|  |  |  |
| --- | --- | --- |
| **CZK thousands** | **31 December 2023** | **31 December 2022** |
| **Tax base payable** | 0 | 66,880 |
| **Adjustment of the tax base from previous period** | (2,296) | (3,495) |
| **5% income tax payable** | **0** | **3,344** |
| **Advances paid** | 1,417 | 894 |
| **Legal entity income tax arrears** | 0 | 2,450 |
| **Total tax payable** | **0** | **150** |

**Tax to be paid:** The Sub-Fund did not account for any payable tax in 2023 due to loss reporting. The adjustment to the prior year's tax base is made by adjusting the past year's income tax estimate by the amount entered in the income tax return filed.

**Deferred tax:** The Sub-Fund did not account for deferred tax in 2023.

#### RECEIVABLES AND PAYABLES FROM FIXED-TERM OPERATIONS

1. Nominal and fair values of fixed-term operations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **in CZK thousands** | **As of 31 December 2023** | | | | **As of 31 December 2022** | | |
|  | **Receivables** | **Payables** | **Fair value** | **Receivables** | | **Payables** | **Fair value** |
| **Forward currency operations** | 2,779,065 | 2,791,039 | 11,974 | 2,554,682 | | 2,440,206 | 114,476 |
| **Total** | **2,779,065** | **2,791,039** | **11,974** | 2,554,682 | | 2,440,206 | 114,476 |

The values of receivables and payables as of 31 December 2023 are based on conversion to net present value, the nominal value of the receivable is CZK 2,275,500 thousand .

1. Residual maturity of fixed-term operations as of 31 December 2023

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CZK thousands** | **Within 3 months** | **3–12 months** | **1–5 years** | **Without specification** | **Total** |
| **Forward currency operations (receivables)** | 2,779,065 | 0 | 0 | 0 | 2,779,065 |
| **Forward currency operations (payables)** | 2,791,039 | 0 | 0 | 0 | 2,791,039 |

## RELATIONS WITH RELATED PARTIES

Receivables from related parties are disclosed in Note 4. Receivables from non-bank entities

|  |  |  |
| --- | --- | --- |
| **Payables to related parties** | **2023** | **2022** |
| **ZDR Investments SICAV a.s.** | 0 | 0 |
| **Total** | **0** | **0** |

As of 31st December 2023 The Sub-Fund records a payable to the Fund worth CZK 60.

## FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a security issued by investment funds is the value of that security published as of the valuation date.

Short-term assets and liabilities with a maturity of one year or less are measured at their nominal value, which is assumed to be comparable to fair value.

Short-term borrowings received are generally measured at accrued value using the effective interest rate method, which is considered comparable to fair value based on discounted expected cash flows in relation to the date when the borrowing was provided.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assets** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Receivables from banks | 0 | 580,779 | 0 | 580,779 |
| Receivables from non-bank entities | 0 | 0 | 1,234,486 | 1,234,486 |
| Interests with substantial and decisive  influence | 0 | 0 | 4,459,639 | 4,459,639 |
| Fixed forward operations in foreign exchange instruments | 0 | 0 | 37,787 | 37,787 |
| Other assets and receivables | 0 | 0 | 155 | 155 |
| **Total** | **0** | **580,779** | **5,732,067** | **6,312,846** |
|  |  |  |  |  |
| **Liabilities** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Subordinated liabilities | **0** | **0** | 474,672 | 474,672 |
| Other liabilities and payables | 0 | 0 | 157,004 | 157,004 |
| *Of which Fixed forward operations in foreign exchange*  *instruments* | 0 | 0 | 14,612 | 14,612 |
| **Total** | **0** | **0** | **631,676** | **631,676** |

There were no transfers between levels 1, 2 and 3 during 2023.

Assets and liabilities that are not revalued at fair value include short-term assets and liabilities, accrued items, accrual accounts or provisions.

#### VALUATION TECHNIQUES AND INPUT QUANTITIES DESCRIPTION OF VALUATION TECHNIQUE AND LEVELS 2 AND 3 INPUT QUANTITIES

For the fair value measurement at Level 3, we primarily use the income approach (where possible and appropriate, market comparison methods are also used, at least in support of the income approach). Based on the input quantities, the entity applies one of the valuation methods, determining fair value accordingly. Input quantities include information on the financial asset, interest rates, economic analysis, financial market information, issuance terms, financial analysis of the debtor, etc.

Equity methods determine the value of a company's assets (substance). The asset value is then given as the difference between the individually valued assets and liabilities. The property valuation can be broken down depending on the principles and assumptions used to value each individual component. If working with the going concern assumption, the valuation should reflect the cost of re-acquisition of the asset (replacement value less the value of wear and tear) – the substance value method. Another asset-based method is the salvage value method. In this case, no longer-term existence of the entity being valued is expected and the value is assessed in terms of the cash that could be obtained from selling individual parts of the business assets after paying its liabilities. The equity method also includes the book value method. In this case, the basis is the valuation of assets and liabilities following from the applicable accounting principles. Of course, any of the other applicable methods may be used for the revaluation of individual asset and liability subcomponents. Market comparison valuation technique – a comparison determines the value of a financial asset by comparing the value being assessed to comparable data found in a similar area of business that are publicly traded or are part of a public or private transaction. Previous transactions involving the financial asset are also taken into account. The estimation is based on the 'comparable multiplier method' or the 'comparable transaction method'. Comparable transactions are analysed on the basis of comparability criteria such as the terms of the transaction, its scope and timing. This analysis is important in selecting the appropriate coefficients to apply to the financial data of the business being valued. The relevant data are compared and duly adjusted with respect to the financial asset.

Valuation by income approach – These methods include the discounted cash flow method. Under this method, future cash flows, including the continuing value at the end of the projection period, are estimated and discounted to present value at the required rate of return. The discounted cash flow method is considered (along with other models using predictions of future outcomes) to be the most theoretically sound valuation method because it explicitly takes into account the future benefits associated with ownership of the asset being valued.

|  |  |  |  |
| --- | --- | --- | --- |
| **CZK thousands** | **Fair value** | **Valuation technique** | **Inputs used** |
| **Assets** | | | |
| **Receivables from banks** | 580,779 |  | Real account balances, exchange rates at the end of the accounting period according to the Czech National Bank. |
| **Receivables from non-bank entities** | 1,234,486 | DCF | Bank rates on newly granted loans (based on Czech National Bank rates, ARAD time series system) range from 9.74% p.a. to 4.50% p.a. (note that shorter rates are higher in the period under review), the rate used depends on the assessed creditworthiness of individual entities. In the case of loans in EUR, the same source is used, i.e. market data from Czech National Bank´s statistics. |
| **Interests with decisive influence** | 4,459,639 | Substance method | Financial Statements as of 31 December 2023, prices per m2 in the respective region, market data. |
| **Fixed forward operations in foreign exchange instruments** | 37,787 | DCF | Czech National Bank´s and European Central Bank´s exchange rates. |
| **Payables** | | | |
| **Liabilities on bonds** | 451,497 | Fair value remeasurement | PRIBOR rates according to the Czech National Bank. |
| **Fixed forward operations in foreign exchange instruments** | 14,612 | DCF | Czech National Bank´s and European Central Bank´s exchange rates. |

The items listed below are valued by an external expert assessor company:

- Interests with substantial and decisive influence

Derivatives within other assets are valued according to the bank confirmations, at the same time an internal model approved by the depositary is used to measure the fair value of derivatives and receivables from non-bank entities.

## OVERVIEW OF FINANCIAL INSTRUMENTS AS OF 31 DECEMBER 2023:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In CZK thousands** | **As of 31 December 2023** | | | **As of 31 December 2022** | | |
| **Financial assets:** | **FVTPL option application** | **FVTPL is mandatory** | **FVOCI option application** | **FVTPL option application** | **FVTPL is mandatory** | **FVOCI option application** |
| **Receivables from banks** | 0 | 580,779 | 0 | 0 | 177,646 | 0 |
| **Receivables from non-bank entities** | 0 | 1,234,486 | 0 | 0 | 1,440 203 | 0 |
| **Interests with decisive influence** | 0 | 0 | 4,459,639 | 0 | 0 | 3,540,608 |
| **Other assets** | 0 | 155 | 0 | 0 | 13,138 | 0 |
| **Forward currency operations** | 0 | 23,175 | 0 | 0 | 29,577 | 0 |
| **Subordinated liabilities** | 474,672 | 0 | 0 | 480,000 | 0 | 0 |
| **Other liabilities** | 157,004 | 0 | 0 | 51,745 | 0 | 0 |

Other liabilities mainly represent liabilities following from unpaid purchase prices from the acquisition of business shares, liabilities for suppliers and other liabilities from operations.

There were no reclassifications or transfers of financial instruments between categories during the period.

## SUMMARY OF NET INCOME/COST OF REVALUATION AT FAIR VALUE

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **In CZK thousands** | **As of 31 December 2023** | | | | **As of 31 December 2022** | | |
| **Category** | **FVTPL option application** | **FVTPL is mandatory** | **FVOCI option application** | **FVTPL option application** | | **FVTPL is mandatory** | **FVOCI option application** |
| **Receivables from non-bank entities** | 0 | (482,850) | 0 | 0 | | (54,204) | 0 |
| **Interests with decisive influence total** | 0 | 0 | 1,485,465 | 0 | | 0 | 618,710 |
| **of which due to changes in market conditions:** | 0 | 0 | 1,485,465 | 0 | | 0 | 618,710 |
| **Of which due to changes in credit risk:** | 0 | 0 | 0 | 0 | | 0 | 0 |
| **Forward currency operations** | 0 | 28,619 | 0 | 0 | | 146,218 | 0 |

If no change impact is mentioned, the revaluation is due to a change in market conditions.

The table above does not include income/costs from foreign exchange translation in the total amount of CZK 17,166 thousand .

## RISKS

#### MARKET RISK

Market risk consists of an increase in the Sub-Fund volatility or a sudden drop in the price of the assets held and thus a drop in the value of the Sub-Fund's investment share. The sub-fund does not eliminate market risk by diversifying investments, which increases the risk following from concentration. The Sub-Fund volatility may also increase significantly in the case of an event on the part of the issuer (unexpected change in the financial situation or creditworthiness) affecting the price of the securities held by the Sub-Fund.

The objective of market risk management is to protect the Sub-Fund's investment portfolio and to limit potential loss that may arise from changes in market conditions. These changes may be caused by increased volatility of selected assets, for example, due to the occurrence of an unexpected market situation. Market risk management seeks to achieve the best possible return at an acceptable level of risk. The Risk Management Department may set internal limits in the form of investment matrices, permitted investment instruments and operations based on qualitative and quantitative assessments.

Policies and procedures for managing market risk include identification, measurement, mitigation, management, monitoring and control, and stress testing. The identification of market risks is aimed at identifying and assessing relevant factors that may influence market developments and pose a potential risk to investors in a given sector. Methods and tools are used to measure market risks, including quantitative analysis, risk modelling, assessing the probability of the risk occurrence and its impact on investments. One of the important elements of market risk measurement is represented by continuous monitoring of the market and its trends in order to react quickly to changes and minimise the risk of capital loss. Limitations in the market risk management process mean compliance with legal regulations, regulatory requirements, internal limits and the Company's overall strategy. Market risk management means a feedback response to current market situations in the context of the identified risks. Market risk management monitoring is a process of continuous follow-up of the identified risk factors and monitoring the effectiveness of the measures implemented to minimise these risks. The main objective of this process is to ensure that risks are properly managed and that all necessary information is available. Stress testing is performed by analysing the impact of selected scenarios on the overall value of the Sub-Fund's investment portfolio.

The methods used to assess market risk include the Value at Risk and Stress Testing methods. The Value at Risk method estimates the worst loss that can occur with a prescribed probability in a specified future period. A specified confidence level (usually 99%) is used. The method used to calculate Value at Risk is based on variance-covariance matrix models or historical data. Stress testing determines the vulnerability of an investment portfolio by the impact of adverse market conditions, which shows the true size of potential loss. For this purpose, scenarios are created by the Risk Management Department and used for impact analysis.

### Breakdown by geographical segment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **CZK thousands** | Domestic | EU | Other / Impact of loan revaluation on RH | Total |
| **Receivables from banks** | 580,779 | 0 | 0 | **580,779** |
| **Interests with decisive influence** | 1,873,230 | 2,103,559 | 482,850 | **4,459,639** |
| **Receivables from non-bank entities** | 753,257 | 964,079 | (482,850) | **1,234,486** |
| **Other assets** | 38,409 | 0 | 0 | **38,409** |
| Balance as of 31 December 2023 | **3,248,675** | **3,067,639** | **0** | **6,313,312** |
| **CZK thousands** | Domestic | EU | Other | Total |
| **Interest income and similar income** | 73,649 | 31,038 | 18 | **104,705** |
| **Income from charges and commissions** | 1 | 0 | 0 | **1** |
| **Gains from fair value remeasurement** | 241,056 | 0 | 0 | **241,056** |
| Balance as of 31 December 2023 | **314,706** | **31,038** | **18** | **345,762** |

#### SENSITIVITY ANALYSIS

|  |  |  |  |
| --- | --- | --- | --- |
| **CZK thousands** | **Value \* parameter** | **Loss** | **VK/CAI** |
| **Business share price risk** | 4,459,639 \* 15% | 0 | 668,945 |
| **Loan interest rate risk** | 1,215,198 \* 1% | 12,152 | 0 |
| **Currency risk** | 363,802 \* 1% | 3,638 | 0 |

Sensitivity analysis shows the potential impact of changes in market conditions on the values of assets under management and the impact on profit and loss accounts and equity value.

The value (of an asset) denotes the exposure subject to market risk and indicates the degree of quantitative impact.

The parameter is an estimate of the potential annual change in the market and indicates the degree of potential qualitative impact.

value \* parameter = potential impact of market risk

Business share price risk – the parameter is expressed as a % and indicates a downward revaluation

Loan interest rate risk – the parameter is expressed in % and means the effect of an upward shift of the interest rate curve

The following table with data as of 31st December 2023 shows the sensitivity of the market value of the properties in the Sub-Fund's portfolio to changes in rental income in the property yield rate.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Rent** | | | | |
|  | | **(5.0)%** | **0.0%** | **5.0%** |
| **Yield** | (0.5)% | 10,702,367 | 11,265,650 | 11,828,932 |
| 0.0% | 9,918,589 | 10,440,620 | 10,962,651 |
| 0.5% | 9,241,776 | 9,728,185 | 10,214,594 |

#### CREDIT RISK

Credit risk is the risk arising from the inability or unwillingness of a counterparty to pay its contractual obligations, arising mainly from receivables from customers. Credit risk mainly arises from borrowings provided.

The sub-fund mitigates credit risk by continuously monitoring the debtor´s creditworthiness and monitoring cash expenditures and estimated cash income in the upcoming period.

The carrying amount of financial assets represents an estimate of the Sub-Fund's maximum exposure to credit risk.

Lower-rated bonds are usually more sensitive to a variety of factors, such as the financial situation of the issuer, the macroeconomic situation, interest rates, commodities and other economic variables and, last but not least, changes in investor preferences. Some risk also arises from the possible subordination of the bonds, where in the event of deterioration of the issuer's credit characteristics and inability to meet its obligations, the claims related to the bonds will only be satisfied after all other claims have been satisfied. As a result of these factors, there may be more significant fluctuations in market prices, or limited liquidity. The Company tries to limit the credit risk of the Sub-Fund's investments using various investment techniques, but the risk cannot be completely eliminated in the interest of keeping a certain return potential.

The Sub-Fund does not use any interest rate derivatives.

The carrying amount of financial assets at fair value through profit or loss represents the best estimate of the Sub-Fund's maximum exposure to credit risk.

The table below shows the breakdown of receivables by maturity as of the balance sheet date

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **CZK thousands** | **Within 3 months** | **3–12 months** | **1–5 years** | **Over 5 years** | **Interest free** | **Total** |
| **Receivables from banks and credit unions** | 580,779 | 0 | 0 | 0 | 0 | 580,779 |
| **Receivables from non-bank entities** | 0 | 0 | 0 | 1,215,199 | 19,287 | 1,234,486 |
| **Other assets** | 155 | 37,787 | 0 | 0 | 0 | 37,942 |
| **Balance as of 31 December 2023** | **580,934** | **37,787** | **0** | 1,215,199 | **19,287** | **1,853,207** |

The Sub-Fund does not record any overdue receivables.

#### CURRENCY RISK

The Sub-Fund carries out transactions in foreign currencies, which entails the risk associated with exchange rate fluctuations. Exposure to FX risk is managed within the parameters of approved policies using currency forwards.

The Group is mainly exposed to currency risk in relation to the EUR currency.

The objective of currency risk management is to minimise the negative impact of currency fluctuations on the performance of individual investments of the Sub-Fund and the related impact on the resulting current value of the Sub-Fund´s investment share of the relevant class.

Policies and procedures for managing currency risk include identifying factors that could have a negative impact on assets recoded in foreign currencies, their monitoring and management. In order to eliminate currency risk, the Company may use financial derivatives in managing the Sub-Fund's assets, usually in connection with hedging against interest rate or currency risks (e.g. forward, swap). Financial derivatives are generally traded on Forex markets.

To assess the currency risk, the company uses stress testing and applies scenarios related to changes in currency exchange rates. These scenarios are proposed by the Risk Management Department.

The table below shows the carrying amount of the Sub-Fund's monetary assets and liabilities denominated in foreign currency as of the end of the reporting period:

|  |  |  |
| --- | --- | --- |
| **Currency** | Assets (CZK thousands ) | Liabilities (CZK thousands ) |
| **EUR currency – cash** | 363,802 | 371 |

#### LIQUIDITY RISK

Liquidity risk is the ability of the Sub-Fund to meet its maturing obligations. As of 31st December 2023, the Sub-Fund did not record any payables towards banks or non-bank entities.

The Liquidity Risk Management Methodology defines the Company's comprehensive approach to the issue of liquidity management of the Sub-Fund as a whole – i.e. in the context of liquidity of individual assets and in the context of liquidity of the entire Sub-Fund towards investors. The objective of the liquidity risk management methodology implementation is to ensure continuity of trading in the Sub-Fund's investment shares and to ensure smooth execution of the Sub-Fund's investment share redemptions in accordance with the rules set out in its Articles of Association.

Policies and procedures for liquidity risk management include the Company-established control mechanism and compliance with internal liquidity limits. The control mechanism includes an ongoing analysis of the Sub-Fund's asset liquidity, where the liquidity of individual assets acquired by the Sub-Fund is checked. The control is either automatic, in the case of those assets that allow automatic control, or qualitatively performed by the Risk Management Department. Liquidity can be analysed on the basis of the maximum contract deadlines or terms of issue in combination with expert estimations. The Sub-Fund´s historical and future inflow/outflow is checked on a regular basis to identify any new trends. The structure and concentration of the Fund's investors is analysed to determine the "age" of the capital, primarily to predict the potential outflow of the Sub-Fund. The balances (liquid funds) in the Sub-Fund's accounts are monitored on a regular basis. The Sub-Fund´s internal liquidity limits are reviewed on a regular basis within a set timeframe or on an ad hoc basis as decided by the Risk Management Department. The minimum value of liquid funds set by the Articles may be temporarily increased (recommended liquidity) by decision of the Risk Management Department, e.g. on the basis of an unexpected situation occurrence.

Liquidity management consists in the selection of instruments that guarantee the liquidity of the portfolio within the timeframes envisaged by the Articles, for which purpose the Fund's portfolio is regularly stress tested in the manner set out in the relevant liquidity stress testing methodology. For this purpose, scenarios are created by the Risk Management Department and used for impact analysis. The objective of this analysis is to obtain information on the Fund liquidity for defined time periods.

In view of the nature of a significant portion of the Sub-Fund's assets, which may consist of real estate companies, the valuation of the Sub-Fund's assets is carried out in accordance with the Sub-Fund's Articles of Association at least once a year. Thus, in the event of a sudden change in circumstances affecting the price of real estate properties in possession of a real estate company owned by the Sub-Fund, a situation could arise where the current value of an investment share of the Sub-Fund, determined on the basis of the last valuation carried out, does not correspond to the fair value of the real estate properties possessed by a real estate company owned by the Sub-Fund. In the event of such a sudden change in circumstances affecting real estate price, the Fund or the Company shall proceed in accordance with the relevant provisions of the Sub-Fund's Articles of Association.

The table below shows the breakdown of liabilities by maturity as of the balance sheet date.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **CZK thousands** | **Within 3 months** | **3–12 months** | **1–5 years** | **1–5 years** | **Unspecified** | **Total** |
| **Liabilities from non-issued IA** | 33,911 | 0 | 0 | 0 | 0 | **33,911** |
| **Other liabilities** | 59,189 | 47,928 | 0 | 0 | 1,364 | **123,093** |
| **Subordinated liabilities** | 474,672 | 0 | 0 | 0 | 0 | **474,672** |
| **Income and expenses of future periods** | 11,130 | 214,598 | 0 | 0 | 0 | **225,728** |
| **Balance as of 31 December 2023** | **578,902** | **262,526** | **0** | **0** | **1,364** | **857,404** |

The Sub-Fund is able to meet its obligations arising from its liabilities to unrelated entities and to perform these obligations according to the relevant contractual terms. There were no breaches of contractual maturities of debts during the financial year, i.e. all debts were paid duly and timely.

## SUBSEQUENT EVENTS

The Company has assessed that the presumption of the Sub-Fund as a going concern is undoubted, i.e. that the Sub-Fund is able to continue its activities in the future.

The Financial Statements as of 31 December 2023 have therefore been prepared on the basis of the assumption that the Sub-Fund will be able to continue its activities as a going concern.

At the time of publication of these Financial Statements, the Company had not experienced any negative impact of the current geopolitical situation on the Sub-Fund's operations, however, the situation is constantly changing and therefore it is not possible to predict future impacts on the Sub-Fund's operations. The Company will continue to monitor any potential impact and take all possible steps to mitigate any negative effects on the Sub-Fund.

There were no other significant events occurring between the Balance Sheet date and the Financial Statements date that might affect the Financial Statements as of 31 December 2023.

Compilation date Statutory representative´s signature



ZDR Investments SICAV a.s.

Ing. Robert Hlava

Authorised representative of the Sole Member of the Board of Trustees of CODYA Investment Company, a.s.

30 April 2024