

Balance Sheet **Report**

January 2021–September 2022

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Introductory Word

Dear friends of DRFG Investment Group,

It is already the third Balance Sheet Report you are reading, or precisely the opening word, which will not and cannot sound only optimistic. If it did, it would be turning a blind eye to the reality of which we are all part. The past as well as this year have been quite challenging and unpredictable, especially due to external influences that have had a generally negative impact on economic situation around the world and on the European markets where we operate. But we made it through, and successfully!

In 2020 and 2021, our society and economy were significantly affected by the covid-19 pandemic. Just when it seemed that both countries and people were coping with this unprecedented situation and our lives would slowly start to return to normal, something happened that has not been seen in Europe for many decades. A sovereign state was invaded by the Russian Federation, and this had a very negative impact not only on each and every one of us, but, of course, on the overall mood in society and, of course, on the economy and the markets. Shortly after the initial shock, the secondary consequences of this situation began to manifest and escalate. Energy prices, especially electricity and natural gas, are breaking every conceivable record. At the same time, a dangerously high inflation, the rising prices of virtually everything we consume, rising interest rates and the development of other economic variables are posing a challenge to all market players.

The aforementioned return to normal was probably delayed by several years. Regardless, our lives are running and must continue to run. In spite of all the objective problems, we are still living in what is, from a historical perspective, the safest and most generous time in our history. Yes, we all have definitely more enjoyed a few years of continuous growth and good mood, but unfortunately, from time to time there are more difficult

times in our lives. It is important to realize that at the same time, every crisis has a great potential to make a difference, to learn from mistakes and to start doing things better. In fact, even seemingly small changes can bring big tangible results in the long term. Unlike people affected by the war, we can do this in the peace and warmth of our own homes. Let us cherish this.

Usually, such introductory words recap business successes while revealing plans for the months and years ahead. We will leave that to the key people in our Group, who will reveal many interesting facts from behind the scenes of DRFG in the following pages. But we can mention that, despite all negative influences, we are managing to meet our goals and keep moving forward thanks to our never-ending work. We are developing in many new projects at home and abroad and we are taking care of the existing ones. And the results, for example when looking at last year's record profit, are a good proof of this.

The Group's strategy chosen back in 2019 proved to be the right one. At that time, we reorganised the Group with an emphasis on the independent management and efficiency of the individual areas of activity, namely real estate, finance and telecommunications. We were only able to achieve good results in the current dynamic times and despite all external influences thanks to the great efforts of all employees and associates, to whom our great thanks are due. We believe that these results are also good news for all co-investors and that they will retain their trust in us as well.

We greatly appreciate your support and look forward to the upcoming years during which we will work together and share earnings and success.

DRFG shareholders

DRFG Investment Group

We abide by an investment philosophy based on preferring investment in the fields that we have an insight into, in locations that are close to us in terms of culture and geography, and in projects in which we can achieve a significant decision-making share. We prefer investment in real estate, telecommunications, energy industry and financial services.

10 Years

2011 – 2021

We only **invest** in what we have
an insight into.



1 620

employees
and associates



7

countries where
we operate



CZK 2,77

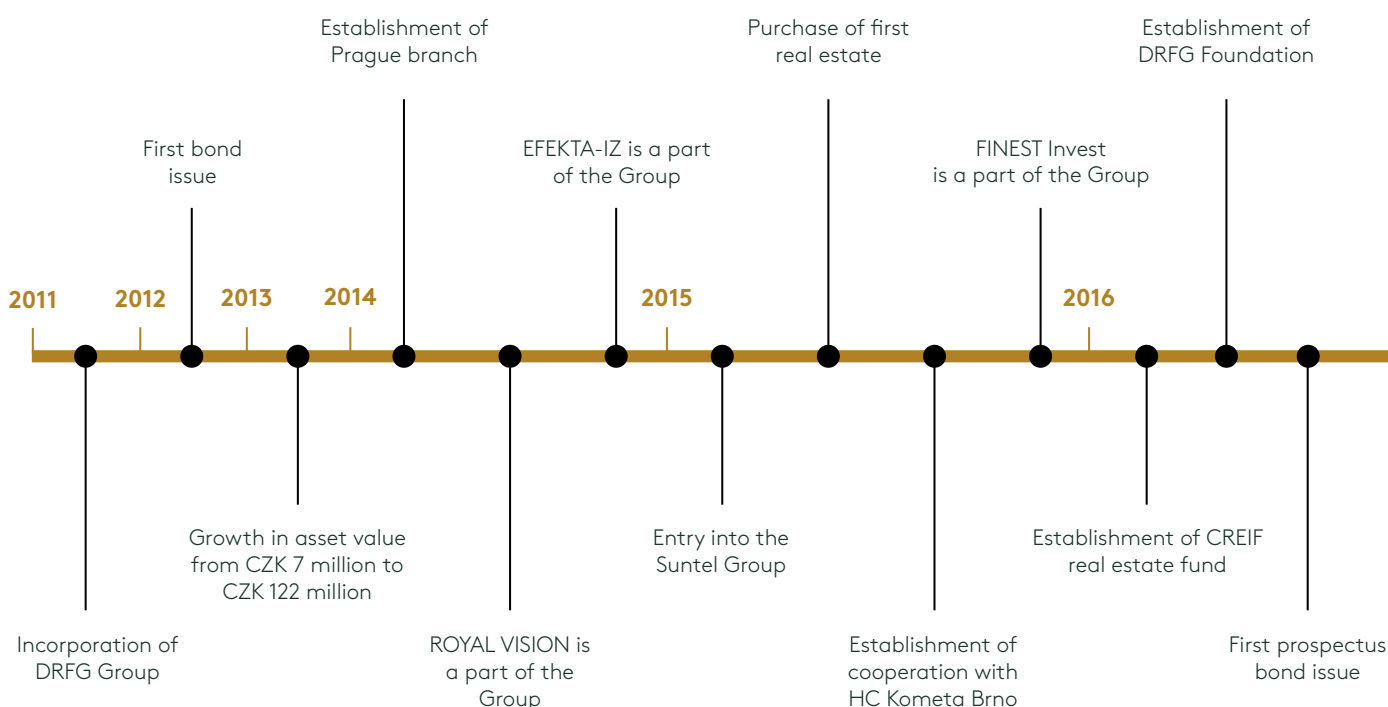
billion of paid
off bonds

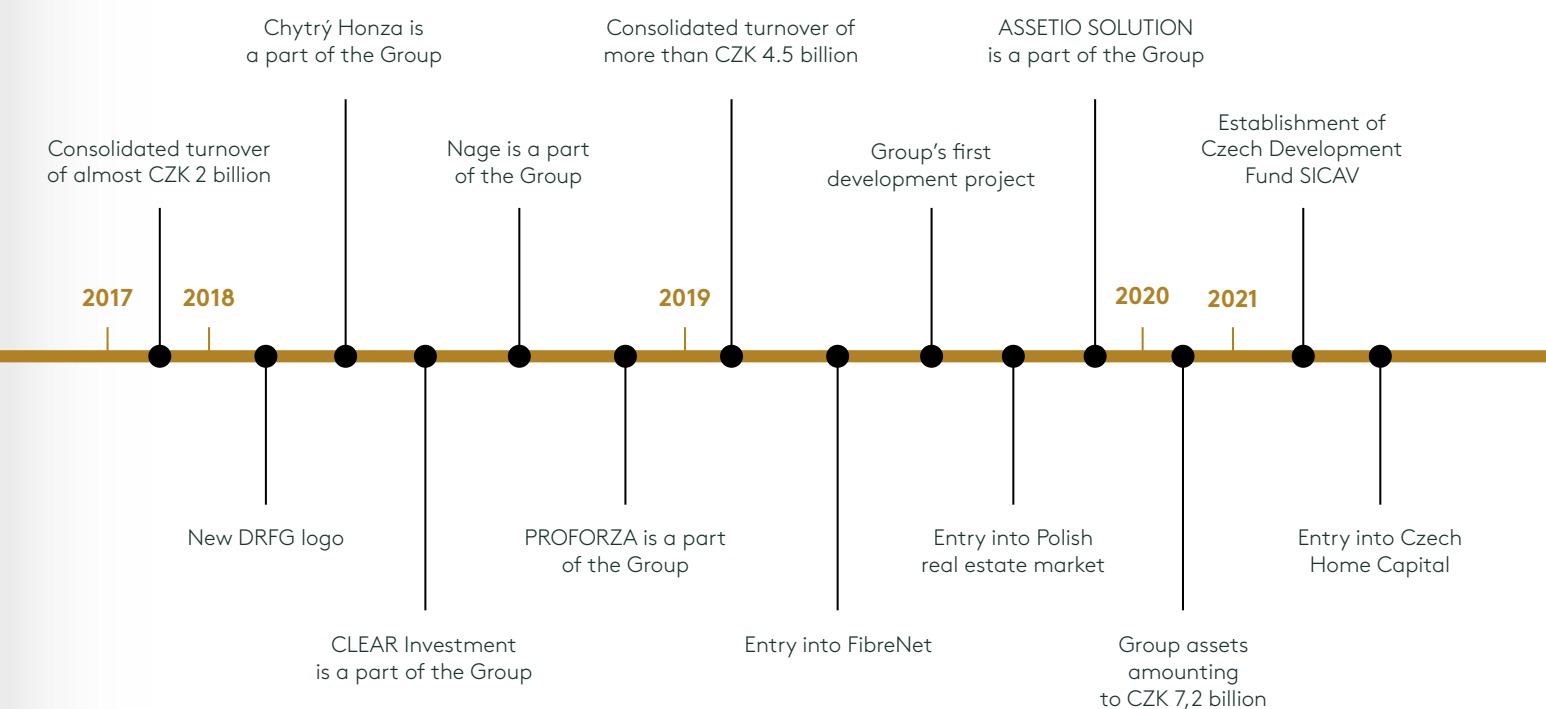
Data as of 30 September 2022

DRFG 10 YEARS

As time went by

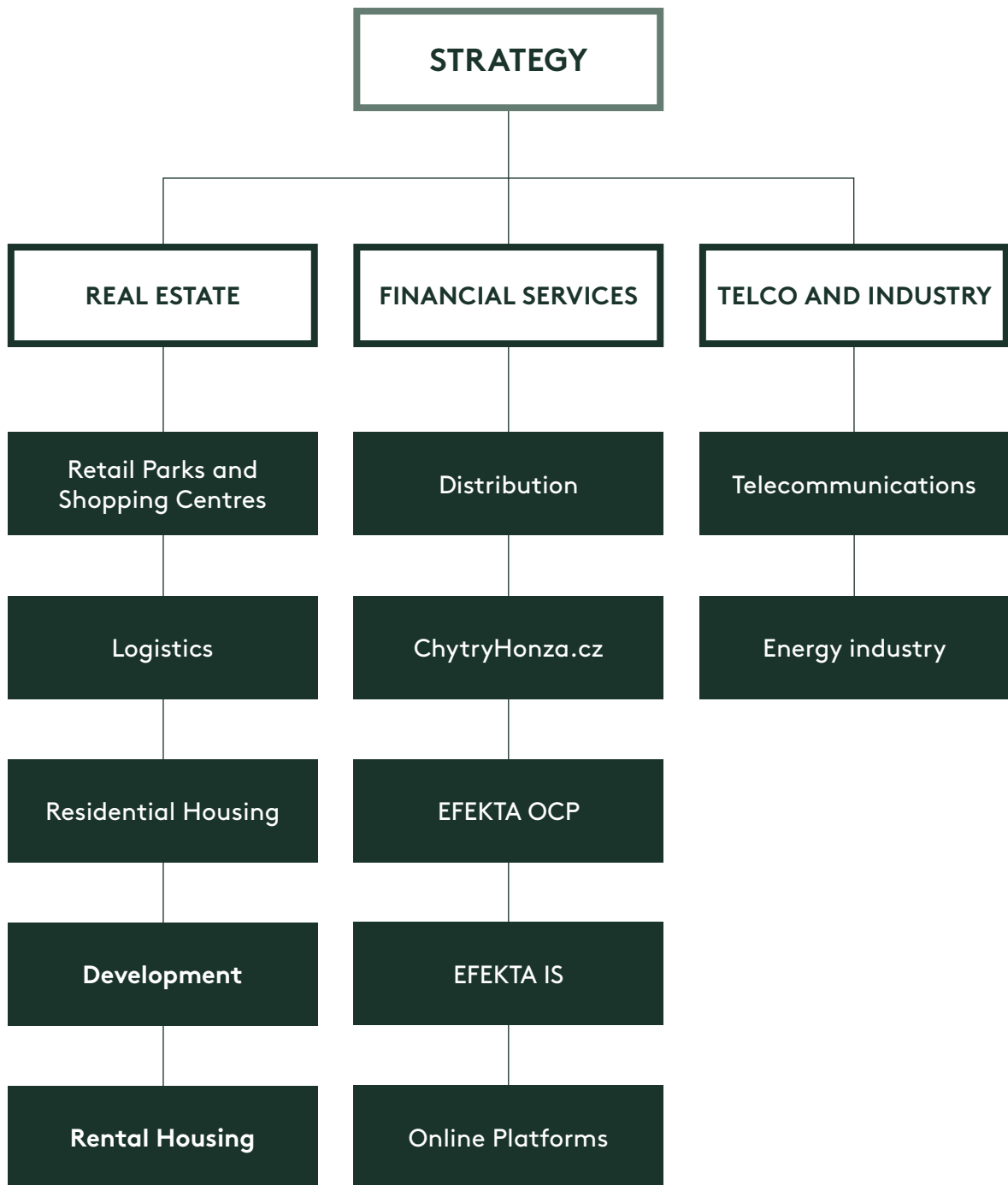
2011–2021





Data as of 31 December 2021

Business Pillars



The Czech Republic — Poland — Slovakia — Germany — Austria — Switzerland

People
in the Group



Shareholders

David Rusňák

Roman Řezníček

Pavel Fráňa

Company Management

Peter Hlaváč



David Rusňák

David is a shareholder of DRFG Investment Group.

In 2011 he increased his activities by establishing an investment group called DRFG (David Rusňák Family Group), where he is the Chairman of the Board and the main shareholder. He also established a foundation (DRFG Foundation), which supports a number of social, cultural, and charitable projects.

At present, he searches for new investment opportunities.



Roman Řezníček

Roman is a shareholder of DRFG Investment Group.

He has worked in the area of telecommunications for more than 20 years, and during this time he has managed to build a major telecommunications group operating in the Czech Republic, Slovakia, Switzerland, Germany, and Austria. The Suntel Group companies provide comprehensive services in the area of construction, modernisation and servicing of telecommunication networks.

At present, Roman Řezníček searches for further investment opportunities in the telecommunications domain.



Pavel Fráňa

Pavel is a shareholder of DRFG Investment Group.

As a member of the Supervisory Board, he oversees the operation and performance of the Management Board and Company's activities. Pavel has demonstrated excellent results in the area of law practice, within which he especially focuses on commercial law, mergers and acquisitions, as well as the agenda for disputes. He acquired his experience as a long-time partner of a law firm Advokátní kancelář Hartmann, Jelínek, Fráňa a partneři, s.r.o. He was also a member of the Board of the international organisation Alliance of Business Lawyers. Since 2004 he has been an arbitrator of the Arbitration Court attached to the Czech Chamber of Commerce and the Agrarian Chamber of the Czech Republic. He acts as a registered mediator.

He graduated from the Faculty of Law of Charles University in Prague, where he obtained academic titles JUDr. and Ph.D.



Peter Hlaváč

Peter is the Chief Executive Officer of DRFG Group.

He is fully responsible for the management and strategic development of all holding companies. During his professional life, he has held a number of leading positions of a commercial and economic nature, especially in the paper industry, to which he dedicated almost 20 years.

He graduated from the Slovak Technical University in Bratislava, then studied at the University of Paris and completed an internship in Naples.

Board of Directors

Vendula Macková

FINANCIAL DIRECTOR

Vendula oversees the DRFG's economic department. She has been working in the area of taxation and accounting for more than 18 years.

Josef Šilhánek

DRFG REAL ESTATE DIRECTOR

In DRFG Group Josef is responsible for acquisitions and management of a portfolio of revenue properties and a portfolio of development projects within DRFG Real Estate. He covers all markets, on which DRFG Real Estate operates.

Jan Bartušek

DIRECTOR OF DRFG FINANCIAL SERVICES

Jan coordinates and strategically develops companies in the domain of financial services. These include a tandem of companies Chytrý Honza and Efekta OCP that complement online businesses HypoPortal, Finnology and, more recently, Investown. He has been active in the world of finance for more than 14 years.

Angelika Houdková

REAL ESTATE FACILITY MANAGEMENT DIRECTOR

Angelika is responsible for the entire real estate management division. Before joining DRFG, she worked as Strategic Development Director in Globus ČR, where she established the Real Estate Lease Department.

Martin Slaný

CHIEF ECONOMIST, EXTERNAL RELATIONS MANAGER

Martin is responsible for the evaluation of economic opportunities and potential risks, drawing up impact studies, economic and statistical analyses. He represents the Group outwardly and oversees its external relations.

Hana Cajthamlová

MANAGER FOR FINANCE AND BANKS

Hana sets a uniform bank strategy, develops relations with banks and oversees tenders for financing Group's projects.

Michal Krejzlík

CONTROLLING MANAGER

Michal is responsible for Controlling Department. He concentrates on the consolidation of Group's results, on strategic planning and on Group-level analyses.

Jan Pelíšek

DIRECTOR OF DRFG POLSKA

Jan focuses on Polish real estate market, where he manages a branch of DRFG Investment Group and is responsible for all activities on Polish market.

Economic Indicators of Companies Controlled by DRFG Group

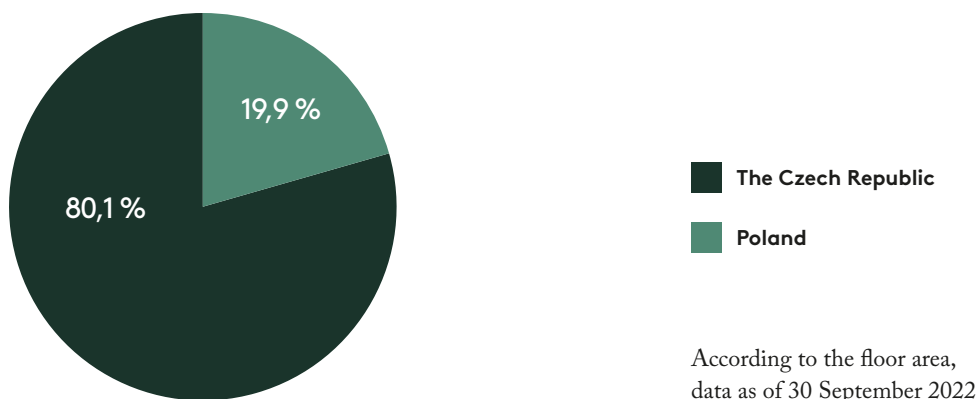


Consolidated and Audited Results for 2021

DRFG Group		DRFG TELCO Group (Suntel Group)
5 454 574	ASSETS	1 728 224
2 546 605	REVENUE	1 425 580
528 432	EQUITY	419 819
503 215	EBITDA	82 611

Values are in thousands of CZK.

Geographical Division of DRFG

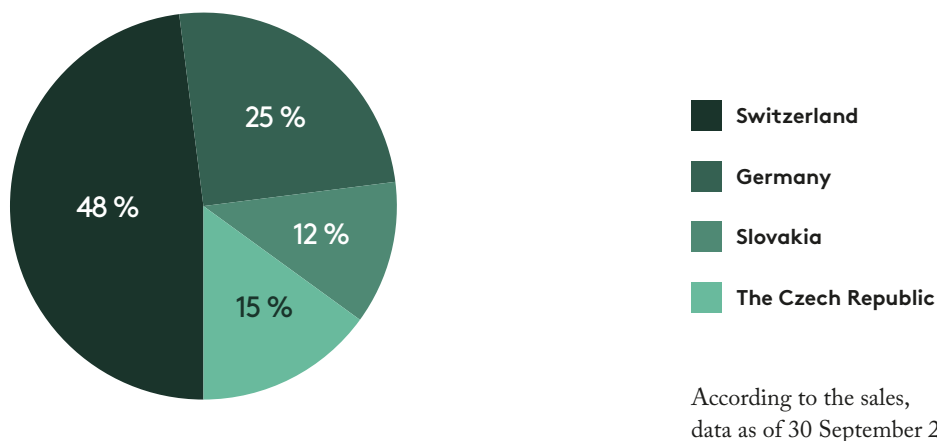


DRFG Group continues focusing on investment in the area of commercial and residential real estate, power industry and financial services.

DRFG TELCO Group (Suntel Group) continues investing in telecommunications projects.

Both groups have the same end owners and primary objectives and are subject to a joint business strategy.

Geographical Division of SUNTEL GROUP



Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET FOR THE DRFG GROUP AS OF 31/12/2021 (IN THOUS. CZK)

			2021
TOTAL ASSETS			5 454 574
A.		Receivables for subscribed capital	0
B.	Fixed assets		1 710 522
B. I.		Intangible fixed assets	29 931
B. II.		Tangible fixed assets	104 470
B. III.		Long-term financial assets	397 260
B. IV.		Negative consolidation balance	-25 643
B. V.		Positive consolidation balance	1 204 504
B. VI.		Adjustments associated with the change of consolidation unit	0
C.	Current assets		3 403 415
C. I.		Inventory	9 012
C. II.		Receivables	3 162 971
C. II. 1.		Long-term receivables	2 272 902
C. II. 2.		Short-term receivables	890 069
C. III.		Short-term financial assets	0
C. IV.		Cash	231 432
D.	Accured assets		340 637

			2021
TOTAL LIABILITIES			5 454 574
A.	Equity		528 132
A. I.		Registered capital	2 100
A. II.		Share premium and capital funds	846 781
A. III.		Reserve funds	210
A. IV.		Profit (loss) of previous years (+/-)	-361 766
A. V.		Profit (loss) of current accounting period (+/-)	103 811
A. VI.		Clearance of consolidation difference and result attributable to minority interest	-68 586
A. VII.		Own minority equity	5 582
B. + C.	Liabilities		4 911 524
B.		Provisions	28 375
C.		Payables	4 883 149
C. I.		Long-term payables	4 231 179
C. II.		Short-term payables	651 970
D.	Accruals		14 918

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE DRFG GROUP AS OF 31/12/2021
(IN THOUSANDS CZK)

			2021
I.		Revenue from sales of products and services	642 797
II.		Sales of goods	56 502
A.		Power consumption	835 686
B.		Change in inventory from own activities (+/-)	0
C.		Capitalization	0
D.		Personnel costs	94 274
E.		Valuation adjustments in the operating area	64 688
E.	1.	Valuation adjustments to long-term intangible and tangible assets	28 599
E.	1.	1. Valuation adjustments to long-term intangible and tangible fixed assets – permanent	28 599
E.	1.	2. Valuation adjustments to intangible and tangible fixed assets – temporary	0
III.		Other operating income	760 509
F.		Other operating expenses	792 785
* Consolidated net operating income			-327 625
IV.		Revenue from non-current financial assets – equity interests	987 792
G.		Expenses of interests sold	444 804
V.		Revenues from other non-current financial assets	357
H.		Expenses associated with non-current financial assets	0
VI.		Interest revenue and similar revenue	96 249
I.		Adjustment of values and provisions associated with in financial activities	-123 274
J.		Interest expenses and similar expense	284 401
VII.		Other financial revenue	2 399
K.		Other financial expenses	45 967
* Profit (loss) of financial activities (+/-)			434 899
L.		Income tax	3 463
L.	1.	Income tax payable	3 463
L.	2.	Income tax deferred (+/-)	0
** Profit (loss) after taxation (+/-)			103 811
M.		Transfer of profit (loss) share to shareholders	0
*** Profit (loss) of accounting period(+/-)			103 811
N.		Clearance of negative consolidation balance	1 523
O.		Clearance of positive consolidation balance	-71 802
P.		Net income from minority interest	-1 694
EBITDA			503 215
TOTAL TURNOVER			2 546 605

All figures in CZK thousands

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET FOR THE DRFG TELCO AS OF 31/12/2021 (IN THOUS. CZK)

			2021
TOTAL ASSETS			1 728 224
A.		Receivables for subscribed capital	0
B.	Fixed assets		1 064 750
B. I.		Intangible fixed assets	9 947
B. II.		Tangible fixed assets	369 354
B. III.		Long-term financial assets	706
B. IV.		Negative consolidation balance	-20 754
B. V.		Positive consolidation balance	705 497
B. VI.		Adjustments associated with the change of consolidation unit	0
C.	Current assets		627 896
C. I.		Inventory	195 304
C. II.		Receivables	264 792
C. II. 1.		Long-term receivables	21 332
C. II. 2.		Short-term receivables	243 460
C. III.		Short-term financial assets	0
C. IV.		Cash	167 800
D.	Accured assets		35 578

			2021
TOTAL LIABILITIES			1 728 224
A.	Equity		419 819
A. I.		Registered capital	200
A. II.		Share premium and capital funds	423 563
A. III.		Reserve funds	1 063
A. IV.		Profit (loss) of previous years (+/-)	8 992
A. V.		Profit (loss) of current accounting period (+/-)	-1 098
A. VI.		Clearance of consolidation difference and result attributable to minority interest	-43 955
A. VII.		Own minority equity	31 054
B. + C.	Liabilities		1 245 393
B.		Provisions	4 600
C.		Payables	1 240 793
C. I.		Long-term payables	558 231
C. II.		Short-term payables	682 562
D.	Accruals		63 012


CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE DRFG TELCO GROUP
AS OF 31/12/2021 (IN THOUSANDS CZK)

			2021
I.		Revenue from sales of products and services	1 355 884
II.		Sales of goods	19 797
A.		Power consumption	796 749
B.		Change in inventory from own activities (+/-)	43 163
C.		Capitalization	39
D.		Personnel costs	450 029
E.		Valuation adjustments in the operating area	34 959
E.	1.	Valuation adjustments to long-term intangible and tangible assets	35 920
E.	1.	1. Valuation adjustments to long-term intangible and tangible fixed assets – permanent	35 920
E.	1.	2. Valuation adjustments to intangible and tangible fixed assets – temporary	0
III.		Other operating income	26 616
F.		Other operating expenses	34 603
* Consolidated net operating income			42 755
IV.		Revenue from non-current financial assets – equity interests	0
G.		Expenses of interests sold	0
V.		Revenues from other non-current financial assets	0
H.		Expenses associated with non-current financial assets	0
VI.		Interest revenue and similar revenue	225
I.		Adjustment of values and provisions associated with in financial activities	0
J.		Interest expenses and similar expense	51 667
VII.		Other financial revenue	23 058
K.		Other financial expenses	11 261
* Profit (loss) of financial activities (+/-)			-39 645
L.		Income tax	4 208
L.	1.	Income tax payable	3 249
L.	2.	Income tax deferred (+/-)	959
** Profit (loss) after taxation (+/-)			-1 098
M.		Transfer of profit (loss) share to shareholders	0
*** Profit (loss) of accounting period(+/-)			-1 098
N.		Clearance of negative consolidation balance	1 221
O.		Clearance of positive consolidation balance	-40 560
P.		Net income from minority interest	4 616
EBITDA			82 611
TOTAL TURNOVER			1 425 580

All figures in CZK thousands

About the Strategy





We have had a successful year with a clear profit-making strategy

Peter Hlaváč
DRFG General Director

Real estate, financial services, telecommunications and industry, this is the core of DRFG's business. In all areas, the Group had a successful year. In response to changes in the economy, the Group has become increasingly active in foreign markets, especially in property development and logistics, and in euro-denominated projects in general. In the foreseeable future the Group is going to enter new markets. The entry into the rental housing segment through Czech Home Capital was also a good move. In addition, the Group is also strengthening its fund business. This year, in the sector of financial services, the Group focuses on online projects and related digitisation of services.

You have initiated a number of changes in the Group over the past two years. Have they already been completed?

The changes, such as reorganising the company, streamlining internal processes, strengthening the analytics team or refining the three business pillars, namely real estate, industry/telecommunications and financial services, are now in the status I set out to achieve two years ago. As of 1 January 2022, all three divisions are made stable in terms of organisation and personnel, have competent management and a clear profit-making strategy over a five-year time horizon. However, optimizing the business is a never-ending process. It is necessary to constantly respond to external

influences, to look for new opportunities and markets. We have moved even more into property development, residential sector and logistics in order to respond to changes in the economy, namely high interest rates and the general situation in the property market; we are also active abroad. This year, outside the Czech Republic, we are increasingly active in neighbouring Poland, we are implementing our first projects in Slovakia, and we plan to enter the Romanian, Croatian and Slovenian markets in the near future. In telecommunications, we completed a reorganisation that has resulted in significant savings in operating costs, and we have strongly strengthened the competences of local managers. Assets consolidation is now underway, which goes hand in hand with the transfer

of the Suntel Group's controlling department directly to DRFG headquarters. We are not lagging behind in terms of renewable energy sector either, where we launched several photovoltaic projects. Financial services went through a similar process, where we are strengthening online services in various segments. We have diversified, but from the strategic perspective, we are still moving on within the three pillars.

With hindsight, could you assess how much the several waves of the covid-19 pandemic have affected the Group's business?

The direct impact was initially significant, as the retail segment was hit hard by the government's measures and quite logically had an impact on us as a retail property business. However, we were able to respond quickly. And in particular, it was confirmed that we have a resilient portfolio built on solid foundations. The proof is that the fund's performance returned to pre-pandemic levels, or even increased. Before the pandemic, we decided to strengthen our logistics activities. The last few years only supported this decision. As well as the fact that telecommunications is a part of our critical infrastructure and an additional key asset. If we look at the residential real estate market, entering the rental housing segment through Czech Home Capital was clearly the right thing to do.

For a year now, the Czech economy has been struggling with high inflation. What are the implications for the Group's business?

Inflation itself has a rather positive effect in the real estate sector in the short term, thanks to the indexation of rents. However, we are more interested in the prices of certain price ranges than in overall inflation. We were cautious regarding the rise in construction prices, but fortunately the situation was not as critical as it seemed even last year. The same is true of input prices in the telecommunications business. Of course, we have to take higher prices into account when analysing individual projects, which naturally puts pressure on higher margin of the projects. Then there are the secondary effects of inflation, where we are particularly negatively affected by rising interest rates, which have a direct impact on the financing of the projects in Czech crowns. The decline in mortgages then negatively affects us in the financial services division. And this, as I indicated above, has fundamentally changed the strategy, particularly in the real estate business. Today, the crown assets are basically non-existent outside of property development, so we have to focus more on euro-denominated ones abroad, or on logistics projects in the Czech Republic that are implemented in euros. Fortunately,

we have gained a lot of experience in Poland in recent years, and we are more active in telecommunications abroad than at home, so entering new markets is not an unknown move for us. It is still true that so far we are interested only in EU markets, the markets which are close to us, the markets where we can find a local partner with a high level of know-how.

The financial results for the past year show big changes, how do you assess them from your position?

It was clearly a successful year. EBITDA exceeded half a billion crowns, a net profit of over 100 million crowns was a double amount compared to that of 2020. Considering all that happened in the economy and what "homework" we have done, it is clear that the Group has a great deal of flexibility and ability to adapt to changes promptly. DRFG's great strength is its flexibility and speed in decision-making, as well as the ability of all divisions, including the Group's internal distribution companies, to pull together. This is probably what I appreciate most.

The Group established two new funds. In addition to the real estate fund (CREIF), a fund for qualified investors focused on development (CDFS) was added to the portfolio. What is the main motivation?

We consider the Qualified Investor Fund to be the key fund because it focuses on development, an activity that we are fundamentally strengthening both at home and abroad. Moreover, it provides very interesting appreciation and even guaranteed returns. The fund is picking up assets relatively quickly – in addition to the Spořovací Residence, it includes the Kunětická Hora family housing project. In summer, we will add a residential complex in Mladá Boleslav and the first part of an extensive and essential residential project in Olomouc. We want to fundamentally strengthen the fund business. This is the direction we will take in the coming years.

Well, the bonds are no longer the main financing instrument?

We were one of the first companies to make a greater use of the potential of corporate bonds. After all, we have so far repaid CZK 2,77 billion worth of bonds. We have never been a single second overdue. We gained a valuable lead over the others who are copying our concept today, but we are moving on. We have new products related mainly to the fund's business. A fundamental change in the DRFG's strategy, already applied this year, is to stop the growth of the Group's consolidated debt while strengthening the equity. This results in an improved equity/external funds ratio. Sustaining this trend is the fundamental task ahead.

Real Estate





359 000 m²

LEASABLE AREA ACROSS
THE CZECH REPUBLIC AND POLAND



CZK 20+ billion

TOTAL VALUE OF REAL ESTATE PROJECTS
IN DIFFERENT STAGES OF ACQUISITION AND DEVELOPMENT

Data as of 30 September 2022.



We are Strengthening our Development Business and Targeting Several European Markets

Josef Šilhánek
DRFG Real Estate Director

We are living in dynamic times, with the covid-19 pandemic, which has been with us and still is for the last two years, with the war in Ukraine and ever-increasing inflation. Any company, not just an investment company, needs to react quickly to this market situation. Previously, business strategy was set for three to five years, but according to Josef Šilhánek, director of DRFG Real Estate, today it is set for about half a year. The construction segment is changing dynamically, and all economic and demographic phenomena are reflected in it.

The Group has recently been active in property development. What are the deciding factors when entering a new residential project?

Yes, this year the development will account for 60% of the total investment volume. When analysing the projects, we look at the purchasing power of the region, local labour market, demographics, we assess the ranking of popularity of a place to live, the average age of residents and many other economic and social factors. Last but not least, we

carefully assess the local real estate market – its saturation, competitive supply, and the development of purchase prices and rents. The location also plays a major role. For example, in Ostrava or Ústí nad Labem, currently, the price of potential development is higher than the selling price, so it is absolutely not worth investing in residential projects in these locations at this time. We are not afraid to enter other cities on a regular basis, not only because they are doing well economically, but also because we have our

investors and local teams there. In Olomouc, for example, we are building the Complex City project in several stages on a brownfield site, where we invest a total of over CZK 2 billion. The total value of all our real estate projects in various stages of acquisition and development is currently over CZK 20 billion.

This year has been marked by ever-increasing inflation and the associated rise in construction costs, how does the Group and its established funds cope with this?

The prices of new flats in the Czech Republic have increased by about 2,3 times since 2010. The prices of older properties have increased by 2,2 times. The trend in commercial real estate is similar, but the commercial real estate segment is not homogeneous and has been affected differently by covid-19. Among other things, we have decided not to invest resources in hotels or office space for upcoming projects, even in the near future. We are taking into account the rising construction cost in our calculation models and are implementing higher provisions in our budgets to cover these costs. This means, of course, that we have to implement such projects where the market will at least partially compensate us for the increase in construction and financial costs.

This year you succeeded in starting cooperation on several projects in Poland, can you tell us more about them?

Poland is an important market for us with a high potential not only in logistics but also in retail. However, more investors and developers are realizing this, which has caused an increase in competition in this region. We have several projects in the pipeline with developers operating in this market, but we are also preparing our own projects. We have more than 350 000 m2 of leasable space in various stages of development, especially in the logistics sector, such as parks in Poznań, Warsaw, Wrocław and other cities. There is a strong demand for completed projects, especially from German institutional investors and funds.

Ecology as well as ESG standards are hot topics at the moment. How have you specifically taken this into account on construction sites?

We have mapped our portfolio in terms of energy intensity certification and prioritised investments to

achieve better performance in some of our older buildings. For new acquisitions, this is a very important parameter for us. We also try to emphasize energy efficiency in new development projects. The energy cost is becoming more and more important and increasingly influences buying behaviour of consumers, both in private and commercial sectors. Internally, we have started to look at photovoltaic island roof systems. We are currently running a pilot project for installation on three retail centres.

What are your future plans, do you also want to build in other cities in the Czech Republic or abroad?

Because of what is happening in our country, especially in the field of interest rates, we have also entered Slovakia, for example. In the Czech Republic, we are mainly looking for euro transactions, primarily logistics and retail projects. As far as residential housing in the Czech Republic is concerned, we aim at an average size of apartments up to 60 m2 and we stick to the middle segment, it means we try to produce affordable housing even under current conditions. However, despite the above, we still see potential for investment in the Czech Republic, as we are a Czech investment group.

At the moment, however, we are focusing on countries that have euro as a domestic currency or at least have transactions in euro. We are currently evaluating investment opportunities in residential projects in Slovakia, Slovenia, Austria and Croatia. In the area of commercial projects, those in Slovakia, Germany and Romania are of great interest to us. At the same time, we want to remain active in euro transactions in our existing markets in the Czech Republic and Poland.

Real Estate Map

Administered Real Estate in the Czech Republic and Poland

Cataler Týniště
Ciechanów (PL)
Szczecin (PL)
OC Olomouc CITY
OC Haná Olomouc
Centro Ostrava
Poznań (PL)
Józefosław (PL)
Piekary Śląskie (PL)
Lubin (PL)
OC Géčko Liberec
Retail Park České Budějovice

Retail Park Trutnov
Retail Park Český Těšín
Retail Park Mikulov
Retail Park Černý Most
Retail Park Lanškroun
Retail Park Berounka
Retail Park Mělník
Retail Park Vyškov
Retail Park Letovice
Retail Park Kyjov
Retail Park Most
OC Lannova České Budějovice

OC Paráda Hodonín
PENNY Market Lomnice nad Popelkou
PENNY Market Libochovice
Tesco Český Těšín
JYSK Vyškov
JYSK Mělník
JYSK Jindřichův Hradec
JYSK Písek
Poliklinika Vyškov
Údolní 11
Nám. Svobody 20

Development Projects in the Czech Republic and Poland

Green Resort Kunětická hora
Rezidence Spojovací

Complex City Olomouc
Green Mladá Boleslav

As of 30 September 2022

Development Projects





Under Construction

Kunětická Hora Residence

This project follows a current trend of modern housing. It includes construction of 18 family houses in the desirable location of Dříteč between the regional cities of Pardubice and Hradec Králové. The entire area of the future houses is conceptually enclosed and in addition to the buildings constructed on separated plots, it is also planned to build service roads, pavements and green vegetation.



Under Construction

Spojovací Residence

The next development project is Spojovací Residence exceeding CZK 320 million. The Group launched the construction of the apartment building with a ceremonial stone tapping at the end of March 2021.

The building with forty apartment units with the most desirable layouts from 1+kk to 3+kk, balconies and underground parking will be built in Prague district Vysočany at Spojovací Street not far away from Grammar School of Jaroslav Seifert. Four residential floors will be complemented by commercial units on the ground floor. The project is scheduled for completion in spring 2023.



Under Construction

Mladá Boleslav Green

Another project of an apartment house with a private garden, which we are preparing, is located in Mladá Boleslav near the golf course. Six floors will offer over a hundred apartments of various sizes. Each space will have a loggia, terrace or front garden.

On the lowest floor there will be several commercial units. A children's playground for leisure family activities will also be located in the immediate vicinity.



We are Preparing

Complex City Olomouc

Complex City Olomouc with 40 thousand m² of floor area divided between apartments and commercial premises represents an upcoming project in Olomouc. It is planned to build 450 – 500 flats in four buildings. The underground floors will house parking lots, cellars and premises for shops and cafes.

Administered Real Estate





Cataler Týniště nad Orlicí

DRFG won the contract for construction of the first ever production hall of a Japanese catalyst manufacturer in Europe. Cataler Corporation develops the components for automotive industry and motorcycles. In the new production hall in Týniště nad Orlicí the company employed 70 – 100 people in technical, administrative and labour positions.

During its 50-year history, the company has opened production plants on three continents. Cataler Corporation's annual sales exceed CZK 36 billion globally. DRFG Real Estate was a successful investor in this project. Cataler uses the production hall within a long-term lease. The investment amounted to about CZK 200 million, the premises with a total area of 22 000 m² were completed in March 2020. Between 2021–2022, the site was expanded by two more stages with a total area of 25 000 m².



Ciechanów Polsko

A shopping centre with an area of more than 15 000 m² is located in Polish district town of Ciechanów, which has almost 46 000 inhabitants.

The centre offers a wide range of stores, from H&M clothing to Scandinavian JYSK, which is a retailer of furniture and household goods.



Szczecin Polsko

A local shopping centre is located on the plot of land with an area of over 14 000 m².

The tenants include such companies as Abra, Calypso Fitness, Decathlon sporting goods retailer and Komfort Home.



Olomouc CITY

Olomouc CITY Shopping Centre offers 20 000 m² of retail space with an annual attendance of approximately 3 million customers. The tenants include a wide range of not only stores and restaurants, but also a number of leisure services.

The centre houses, for instance, CineStar multiplex cinema, children's corner and the Amazon play area, which regularly prepares an entertainment program for families with children. The advantage of the centre is its convenient accessibility and structural connection with Globus retail chain.



Haná Olomouc

Haná Shopping Centre with its 10 000 m² has been in operation since 2002. It is visited by more than 3 million people annually.

The tenants include such stores as SportsDirect and A3 Sport sporting goods stores, KiK and Takko clothing stores, CCC footwear and many others. The centre is structurally connected with Tesco retail chain and situated in a popular Olomouc shopping location.



Shopping Centre Géčko in Liberec

Shopping Centre Géčko with its leasable area of approximately 10 000 m² is part of a saturated and immensely popular shopping destination.

Due to its location, it forms a natural extension of the most popular conception of hypermarkets in the Czech Republic – hypermarket Globus. It is a popular destination not only for local visitors, but also for people from the entire region.



Poznań Polsko

A local retail park covers almost 3 500 m². The residents of this picturesque town on the Warta River can shop in such stores as Rossmann drugstore and Spar food retailer. Poznań is an important trade and transport hub between Berlin and Warsaw, which makes the local retail park even more attractive.



Józefosław Polsko

A Polish retail park Józefosław is located in a lucrative location in the south of Warsaw and has a total area of almost 3 800 m². Major tenants include, for example, the well-known PEPCO discount network, Rossmann drugstore and French Auchan hypermarket.



Piekary Śląskie Polsko

The shopping centre Piekary Śląskie offers a wide range of shopping opportunities on an area of 10 000 m². The tenants include, for example, Rossmann drugstore, PEPCO discount network, CCC footwear and Bricomarche, which is a hypermarket selling furniture and household items.



Lubin Polsko

A Polish retail park comprising almost 2 000 m² and offering a wide range of services and products. From low-end Kik clothing through Polo Market to a branch of Apteka Prima pharmacy network.

Retail Parks and Other Real Estate

Retail Park Most
Retail Park České Budějovice
Retail Park Trutnov
Retail Park Český Těšín
Retail Park Mikulov
Retail Park Černý Most
Retail Park Lanškroun
Retail Park Berounka
Retail Park Mělník
Retail Park Vyškov
Retail Park Letovice
Retail Park Kyjov
Centro Ostrava

OC Lannova České Budějovice
OC Paráda Hodonín
PENNY Market Lomnice nad Popelkou
PENNY Market Libochovice
Tesco Český Těšín
JYSK Vyškov
JYSK Mělník
JYSK Jindřichův Hradec
JYSK Písek
Poliklinika Vyškov
Údolní 11 Brno
Nám. Svobody 20 Brno







CZECH HOME CAPITAL

The third biggest private provider of rental flats in the Czech Republic

In July 2021, DRFG joined Czech Home Capital, a company investing in rental housing, thus becoming its largest shareholder. The rental housing sector is an appropriate complement to the Group's real estate investment strategy.

Czech Home Capital is a purely Czech company with a strong financial background that invests in rental housing in the Czech Republic and selected EU countries. In addition to its own real estate portfolio, it manages additional 10 000 housing units across the Czech Republic.

The strategy is to build and expand its own territorially diversified housing portfolio in stable locations. An integral part of the strategy is the purchase of properties undergoing renovation in accordance with ESG principles and BREEAM certification.

Rental housing provides a steady return based on a fundamental human need to dwell somewhere and is therefore less sensitive to market fluctuations than commercial real estate or other financial market investment instruments.

Current Development Projects



2023, Kutná hora

100 housing units



2021–2023, Ostrava

270 housing units



2021–2023, Halberstadt, Germany

330 housing units



CZECH FUND

Czech Real Estate Funds for Small and Experienced Investors

CZECH FUND is an original Czech brand of investment mutual funds focusing on investments in real estate in Central Europe. Real estate funds gather investor's funds and allow them to share returns on billions of assets while reducing investment costs.

Based on your preferences, you can invest in existing real estate properties with a stable yield and low volatility (Czech Real Estate Investment Fund), or you may opt for a longer-term investment in property development projects with attractive appreciation (Czech Development Fund SICAV, a.s.).

Disclaimer: Czech Development Fund SICAV, a.s. is a fund of qualified investors pursuant to Act No. 240/2013 Coll., on investment companies and investment funds; only a qualified investor pursuant to Section 272 of the Act referred to above can become a shareholder thereof.

.Real Estate

OPEN-END MUTUAL FUND

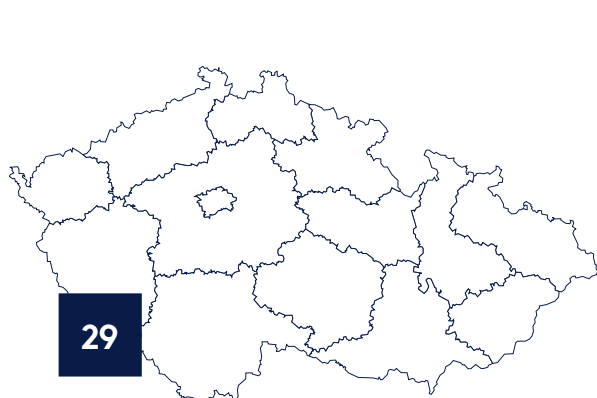
- Real estate fund for conservative investors
- Stable yield with a low risk
- Yield on commercial rents

.Development

QUALIFIED INVESTOR FUND

- Czech Development Fund SICAV, a.s.
- Focus on development projects
- Attractive yield up to 8% p.a.
- Yield on construction and sale of real estate

.Real Estate



The Czech Republic



Poland

+34,75 %

APPRECIATION SINCE THE FUND
WAS ESTABLISHED IN 2016

CZK 8,13 billion

VALUE OF
THE REAL ESTATE

13 500+

INVESTORS

Czech Real Estate Investment Fund, which was established in 2016, focuses on investments in commercial real estate in the Czech Republic, especially in the area of retail, warehousing, and light manufacturing.

With its strategy, it aims at conservative investors who prefer appreciation, which is stable in the long term and is associated with lower risk, and which benefits from the real estate portfolio leased in a high-quality.

The fund maintains high diversification of lessors, rental revenues, and locations all over the Czech Republic. The revenue stability is ensured by approximately four hundred lessors, primarily in regional retail parks.

The fund's strategy is based on the acquisition of commercial real estate with suitable composition of lessors and with permanent stable revenues, which can be predicted from lease contracts concluded for long term.

The estimated yield of unit certificate investors is 6%. The fund primarily focuses on regional retail parks housing predominantly the sellers of foodstuff and basic needs (foodstuff, pharmacies, chemists, etc.) and on logistics constructions and light manufacturing structures. In the previous years, this strategy proved to be the right one as it was resistant to extraordinary crises.

Data valid as of 30 September 2022

Development



Complex City Olomouc



Rezidence Spojovací

7 % p.a.

GUARANTEED YIELD*

CZK 1 billion

ANTICIPATED VOLUME OF THE FUND'S
PROPERTY UNTIL THE END OF 2022

4 PROJECTS

RUNNING UNTIL
THE END OF 2022

The **Czech Development Fund SICAV, a.s.** is designed for experienced and self-confident investors who are interested in attractive appreciation of their funds through participation in property development projects. The fund focuses on investments in the development of residential, manufacturing and logistics real estate in Central Europe. The implementation of the projects is overseen from the start to completion by a project team of experts with many years of experience in the real estate investment, project management and bank financing. Due to that, the fund can achieve a maximum appreciation. It is possible to invest in the fund with the minimum amount of one million Czech crowns.

The fund's strategy is to invest in yield-interesting property development projects in logistics, light manufacturing and residential construction sector, to participate in the implementation and control thereof, and appreciate the funds invested by investors upon the subsequent sale of the completed real estate..

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Data valid as of 30 September 2022

* Qualified investors can participate in the construction of residential or industrial real estate through so-called preferred investment shares (PIA) with a conditional guarantee of the yield, up to the amount of the fund capital of performance investment shares (VIA I), which provide a yield of up to 8% per annum, but at least 7% per annum.

Telecommunications and Industry





600

KM LENGTH OF
OPTICAL NETWORKS



18

BRANCHES
IN EUROPE



CZK 1,43 bilion

REVENUES
IN 2021



450+

TELECOMMUNICATIONS
EXPERTS



Suntel Group

The Suntel Group is an international company providing telecommunications services for construction and operation of networks in Switzerland, Germany, Austria, the Czech Republic, Slovakia and the Netherlands. In Switzerland, it ranks in the TOP3 and grew by 100% year-on-year.

It employs over 450 professionals who provide services 24 hours a day, 7 days a week. Suntel Group's clients include the world's leading telecommunications companies: Vodafone, Salt, Ericsson, Huawei, T-Mobile, O2, Cetin and others. The Suntel Group also includes the owner and operator of passive telecommunications infrastructure in Slovakia, which is FibreNet, s.r.o. The FibreNet's infrastructure and services are used by national and multinational telecommunications operators, regional providers and the government. In October 2019, the Group expanded with the acquisition of Swiss Enkom, thus strengthening its capacity to implement the state-of-the-art business technologies and network planning.

This year the Suntel Group celebrated 22 years of operation in the telecommunications market.



Power Industry and Photovoltaics

Under the brand of DRFG ENERGY, the Group is active in the energy market with an aim to implement investment projects in the area of renewable resources focusing on supplies of generated energy directly to commercial customers. Together with our technological partners, we are setting a pilot project of photovoltaic power plants in selected real estate of the CREIF* fund.

The estimated total volume of installations under implementation is 1,3 MWp, with all energy consumed in the respective properties. Specifically, in Haná Shopping Centre in Olomouc, Géčko Shopping Centre in Liberec, and Paráda Shopping Centre in Hodonín.

Our long-term intention is to become a major entity in the field of power generation, especially using supported resources, which has a potential for future development regarding applicable Czech and European legislation. This area of interest particularly includes district heating, combined generation of electricity and heat, and electricity generation using other renewable resources – water, wind, and especially photovoltaic power plants.

*Czech Real Estate Investment Fund

Financial Services





500 000+

SATISFIED CLIENTS
IN FINANCIAL SERVICES



4

ONLINE PROJECTS
IN FINANCIAL SERVICES



700+

INVESTMENT CONSULTANTS
AND ADVISORS



The Future is to Integrate the Traditional World of Finance with Technologies

Jan Bartušek
Director of DRFG Financial Services

DRFG's financial distribution was affected by a dynamic year marked by steadily rising inflation and deterioration of mortgage credit conditions. Such a year was also experienced by Chytrý Honza, OCP Efekta, as well as the online projects Finnology and HypoPortal, which fall under the wings of DRFG and are expecting a lot of news this year. Jan Bartušek, the director of financial services responsible for their operations, believes that despite the rising prices and the end of the mortgage boom, they will be able to increase their economic results even this year.

You took up the position of the Director of Financial Services at the beginning of this year, but your professional story has been linked to DRFG for longer. What has been your journey within the Group?

Yes, the first confirmation of cooperation took place in 2019. After eleven years of building the financial intermediary company Assetio, when we reached a turnover of CZK 100 million, there was a tendency to move my potential further on. Until then, the turnover was primarily generated through the distribution of mortgages and insurance policies. Our goal was to gradually shift the focus of our activities to mediation of investments, where we were not so strong at that time. It therefore made sense to join forces with DRFG and thus draw significantly more know-how from this area.

What were your first steps in the financial services division? What priorities did you focus on?

The objective of the new concept of this division, which includes Chytrý Honza, OCP Efekta, online projects Finnology and HypoPortal, is to deliver quality services to its customers, but at the same time to remain in the black numbers. Here due to a rapid growth we were not entirely

successful in the past for a variety of reasons. Our objective is that by 2025 at the latest, the division is in profit of more than CZK 50 million and will continue to grow gradually. But this cannot be achieved by cost-cutting alone; we need to provide new and better services to our customers, look for synergies and economies of scale between the individual entities and invest time and money in projects that will have a return on investment in the short term.

If we look at Chytrý Honza, which was historically perceived as a driver in the lead generation business, how is it doing? Do you plan on further refining of this business model?

In general, I trust online projects. It is logically due to a generational change, and it was accelerated by the pandemic in recent years, when many people now see the Internet as the first place to search for any kind of services. We have built our lead business on two pillars. The first pillar is leads from online, where through sophisticated marketing and functional websites we are one of the few in the Czech market to generate leads in three segments, namely mortgages, life insurance and newly also investment segment. The second pillar is a web-based application (lead management system) that links up our distribution and

their business partners in the form of developers or real estate agencies. A properly integrated mortgage calculator on the sales website of a real estate agency or a well-set up cooperation with a developer's sales office also brings a large number of business opportunities in the form of leads. In addition, many other synergies are created in this way. Some collaborations can even result in the developer and DRFG working together on a joint residential development.

However, you have made more changes in Chytrý Honza. Which are some of the most important ones?

The identification of who our customer is, is the biggest mindset change in my opinion. It's not really the end client per se, but the distribution or individual advisors. It may sound like a cliché, but in the past, it was not common to orient all headquarters' activities, IT projects and business support to our distribution. If you want to provide a quality service to all advisors, maximum support, real back-office support, ensure the continuous development of IT projects and infrastructure, and on top of that to meet the strict legislative framework of such a heavily regulated business, then it is a big challenge to ensure the profitability of the company. Here too, a major change was needed, requiring a complete restructuring, rethinking of the cost structure and securing new revenue verticals while stabilising the existing ones. A proof that these steps were the right ones is the first ever positive EBITDA for Chytrý Honza in its history for 2021.

You have also launched the Investment Platform project in collaboration with EFEKTA securities trader. What is its main objective and what do you hope to achieve from its launch?

For a long time, OCP Efekta has relied solely on offline distribution of its listed products. However, those who are not online today are depriving themselves of a large part of the market that is there. OCP Efekta's current strategy is to position part of its existing product offering through an online platform, which means its website. The aim is to attract clients who are willing to buy investment products online, without contacting an advisor or investment specialist. And this goes hand in hand with saving many of the costs associated with physical distribution. There is also a cooperation set up with Chytrý Honza, where the leads generated from the investment platform are effectively directed to the experienced advisors.

How would you assess people's attitude towards investing in times of rising prices and

inflation? How is the advisory market responding to the investment mood in society?

More and more people started at least to think how to protect their money from inflation and long-term loss of value. It has stirred up investment decisions to some extent. Under this situation, the advisory market is trying to inform the clients and to show them how to protect their money from losing value in the long term through investment instruments. Just last year the whole market was dealing with mortgages, which is a typical demand product, but this year is different for advisors. They need to communicate their ideas more directly towards the clients, they can't just wait to see where the demand comes from. 'To stick one's neck out' in this way means working significantly more on personal marketing, consistently building their own or their firm's brand, and presenting their views publicly and to their clients on how to deal with topical issues such as inflation. Overall, I see more emphasis on working with and servicing a tribe of clients. Here, the advisor must already be well prepared, and high demands are required especially in terms of knowledge of financial markets, macroeconomics, investment instruments and their use.

What are your plans for the next year? Are you looking forward to anything in particular?

Next year will not be about dramatic changes, on the contrary, I want to stick to the set direction in the long term. We have several IT projects coming up as part of OCP Efekta, where we will introduce a brand-new client's centre and start developing an application for this web service. Chytrý Honza is preparing a new CRM solution for its advisors, it means a completely new front-end and features that should make their work significantly easier. It will also consistently strengthen the online and lead generation business, which I see as one of Chytrý Honza's main competitive advantages. Especially nowadays, when organic demand has dropped significantly, it's crucial for us to let the market know that we are able to cover this drop just with business opportunities in the form of leads from online. And not only for mortgages, as we are practically the only pool that can also secure demand for the life insurance or investment segment. The fact that today I see a great potential in digitisation and integration of the traditional world of finance with technology is also demonstrated by the investment entry into Investown. We support a project based on micro-investments in apartments together with other investors, which are Seed Starter from the Czech Savings Bank and Lighthouse Ventures. The big challenge now is the integration in Česká spořitelna's internet banking having 1,9 million users.



DRFG Finance

Financial Services in DRFG Group

The DRFG Investment Group perceives financial services as one of the key areas in which it plans to invest in the years to come. Financial services are offered through several established companies, including EFEKTA-IZ, ROYAL VISION, FINEST Invest, CLEAR Investment, Assetio Solution, Proforza, RAISEUP, NAGE and ChytryHonza.cz. These companies employ top experts in the sector of financial analytics, financial law and, last but not least, people with extensive experience in the distribution of financial services. A substantial added value within financial services is achieved, in particular, thanks to the synergies among these areas.



EFEKTA OCP

Leading Czech Securities Trader

EFEKTA OCP is a securities trader focusing on funds and bonds. The company has been operating on the market for almost 30 years. During this time, it has served more than 20 000 satisfied clients for whom it identifies only products and projects into which the company has an insight and can, thus, actively influence their success through top management know-how and ownership shares of long-term partners.

This non-bank trader has all the necessary licenses, adequate background and many years of know-how to be able to provide comprehensive services related to investment instruments to both its clients and business partners.



ChytryHonza.cz

ChytryHonza.cz

Online Comparison Engine with its Own Consultancy Network

One of the first Czech online comparison engines and a provider of financial products with its own consultancy network.

It has more than 700 advisers and financial consultants from all over the Czech Republic, who provide about 650 products from almost 70 banks, credit companies, insurance companies, pension and investment companies to their clients. During its existence, it has helped 55 000 households with their mortgages. The company is the market leader in linking up on-line and off-line distribution of financial services and thus represents a unique solution on the market for both financial advisors and the use of services for the client.

ChytryHonza.cz has been operating on the domestic market since 2009, the company came under the umbrella of the DRFG Investment Group at the turn of 2018/2019.



Support and Partnerships





HC Kometa Brno

The Brno Hockey Club has been closely connected with the investment group since 2015. The combination of business and sports was also reflected in the name of the home arena of Brno hockey players (formerly DRFG Arena) with a capacity of almost eight thousand spectators.

At present, DRFG is one of the main partners of the Club. As part of our support to young hockey talents, the Group has newly become the general partner of the youth.



The Karlovy Vary International Film Festival

The Karlovy Vary International Film Festival is the largest film festival in the Czech Republic and the most prestigious film festival in Central and Eastern Europe. Each year the festival presents more than 200 films from all over the world and regularly features famous and interesting filmmakers. We are a partner of this important cultural event for the fourth time.



Prague University of Economics and Business

Through their mutual long-term cooperation and by organising a contest, the representatives of DRFG and the Faculty of Economics of Prague University of Economics and Business wish to support economic knowledge and financial literacy of young people. Dozens of students participated in the contest to win the prize of Dean of Faculty of Economics awarded for the best secondary-school thesis in the field of economics. The expert jury acknowledged a total of ten students' theses from the area of economics and offered the authors thereof a possibility to study at the Faculty of Economics without the need to undergo the admission procedure and granted a financial award to them.



Investors Club

A student organisation called Klub investorů (in English: Investors Club) associates more than fifty active members who are interested in the world of investment and business. In the course of their cooperation, there have been several expert discussions or lectures on topics associated, for example, with investments in the real estate market.



Jiří Kolbaba

We also support the most famous Czech traveller and photographer Jiří Kolbaba and his popular series of lectures and talks about his travels.

Watch the video with Jiří Kolbaba:

Cestujte po světě, investujte doma (Travel the world, invest at home)





Regional Chamber of Commerce Brno

Business and personal ties to the region are the reasons for the long-standing cooperation between DRFG and the Regional Chamber of Commerce in Brno. The main mission of the Chamber is to support business activities in the Brno region as well as provide a number of other services to its members.

DRFG Foundation



Projekt Krabice od bot, 2021

In the period of prosperity, we should not forget those who are in need of our help. We know that, for objective reasons, many of them have a more complicated path towards a happy life than most of us.

Solidarity should go hand in hand with prosperity. That's why for six years now, through DRFG Foundation, we have been helping people with disabilities, the socially disadvantaged, volunteers and carers of the seriously ill or people in unpredictable and challenging life situations. In the past year, a large amount of foundation's support was used to eliminate the damage caused by a devastating tornado that swept through several villages in South Moravia.

The Foundation has long supported Diakonia Brno, Domov Horizont Kyjov and has repeatedly been a proud general partner of Krabice od bot project (the Shoebox Project) in the long term. It is a collection of Christmas gifts for children in need, which in the past year at Christmas, made about 48 000 children from poor families and shelters happy.

In 2021, thanks to the generosity of our donors, we were able to support 24 entities. The total financial assistance on behalf of our foundation exceeded CZK 2 million last year.





CONTACT

DRFG a.s. Headquarters

Vinařská 460/3

603 00 Brno

+420 778 439 262

Offices:

Brno

Vinařská 460/3

603 00 Brno

brno@drfg.cz

Praha

QUADRIO

Purkyňova 2121/3

110 00 Praha 1

praha@drfg.cz

