

Profitable months 91:1 Losing months

**227 mil. EUR**

Total Value of Assets

**18 buildings**

In possession

**80 tenants**

In buildings

**7 % p. a.**

Targeted return for the investor

**98 % occupancy**

In buildings

## PERFORMANCE

NAV in EUR: **111,264 mil. EUR**

NAV in CZK: **2,751 mld. CZK**

2021 return: **9,66 %\***

2022 return: **8,1 %\***

Last month return: **-9,30 %\***

6 months return: **-7,64 %\***

12 months return: **-5,71 %\***

YTD return: **-5,71 %\***

\*All data include capital yield and dividend earned

## REAL ESTATE PORTFOLIO

Office **37 000 m<sup>2</sup>**

Retail **72 000 m<sup>2</sup>**

**Total: 109 000 m<sup>2</sup>**

## MANAGEMENT COMMENTARY

As of December 2023, the NOVA Real Estate Fund's appreciation reached -9.30% and therefore the total appreciation for 2023 is -5.71%.

The only factor in the decline in the Fund's performance in the last month of last year is the annual revaluation of the real estate component of the portfolio, which the Fund has done by an external international independent valuer, Colliers. In accordance with the Articles of Association, the Fund performs this revaluation once every twelve months, always in the last quarter of the calendar year.

The revaluation is a purely accounting matter and does not speak to the health of the portfolio or its individual properties. It is a theoretical determination of the fair market value, which seeks to reflect the situation of the property market in a given period. Despite the decline in this value, the portfolio retains a 98.7% rental yield and a WAULT of 3.95 years at the end of the year.

A major factor in the decline in the value of the Fund's properties is the application of an increased yield percentage called the Yield Yield Yield, which reflects market developments in the valuation. Yield as a capitalization percentage has an inverse effect on the value of real estate, i.e. an increase in this percentage reduces the valuation.

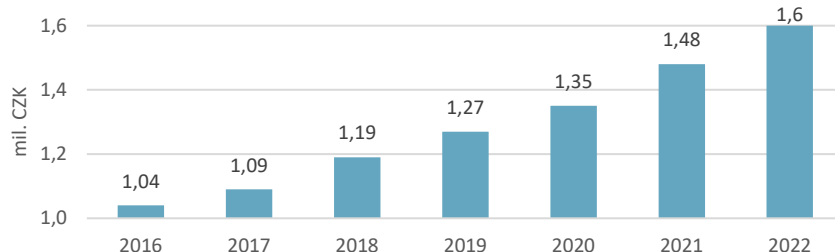
According to market reports and valuation reports, yield rates have risen by 50 to 75 basis points year-on-year across the board, which in itself would reduce the real estate component by about 10%. However, the yield growth factor, on the other hand, is offset by the growth in the income component, i.e. the actual contracted or market rents, which in many cases have increased due to indexation for inflation.

Yield is primarily a function or reflection of interest rates and market sentiment. We believe that as these rates fall soon, there will be a market repricing (a function of rents and yields) and a retrospective revaluation of the NRE portfolio. The CNB has already started to cut rates at the end of 2023 and the market similarly expects EURIBOR rates to fall in the coming quarters, which should translate into increased activity in the commercial real estate market.

The Fund has not been successful in finding a new strategic investor to replace the bankrupt Arca Capital group, which still holds the majority of the Fund's investment shares, within the deadline it set for itself, i.e. by the end of 2023. In line with its previously announced strategy, the Fund therefore approached a leading international real estate agent to help the Fund prepare a public tender for the sale of the remaining part of the portfolio. Despite the relative size of the portfolio, the Fund will attempt to sell all of the properties this year so that, ideally, the Fund can be opened and all holders of investment shares paid out before the end of the year. Technically, this means that in the next few weeks the Fund manager will decide to re-suspend and start selling property companies.

## THE FUND'S PERFORMANCE

Evaluation of the initial investment of CZK 1 million in the last 7 years



## AUDITED APPRECIATION

2016	2017	2018	2019	2020	2021	2022
3,60 %	5,29 %	8,65 %	7,39 %	6,61 %	9,66 %	8,1 %

## THE FUND'S PERFORMANCE\*

	January	February	March	April	May	June	July	August	September	October	November	December
2021	0,45 %	0,33 %	0,52 %	0,64 %	0,67 %	0,69 %	0,66 %	0,66 %	0,76 %	0,66 %	1,00 %	2,24 %
2022	0,68 %	0,38 %	0,81 %	0,43 %	0,51 %	0,60 %	0,61 %	0,98 %	0,54 %	0,47 %	0,41 %	1,39 %
2023	0,46 %	0,46 %	0,28 %	0,28 %	0,22 %	0,38 %	0,27 %	0,26 %	-0,28 %	1,11 %	0,46 %	-9,30 %

\*After the deduction of the management fee

**DISCLAIMER:** The investment is intended exclusively for persons meeting the definition of a qualified investor according to Section 272 of Act No. 240/2013 Coll., on investment companies and investment funds, as currently applicable. In the case of an investment between EUR 40,000 to EUR 125,000, the fund manager assesses of the investment. The return on the investment is not guaranteed. Detailed information shall be found in the Statute of the Fund available at the registered office of the manager.