

YOUR PARTNER FOR EUROPEAN REAL ESTATE

August
2023

Corporate Profile

ZDR INVESTMENTS INTRODUCTION

We are sector specific, Czech republic based, real estate investor with substantial footprint across **Central and Western Europe**. We focus on fundamentals with the objective of creating long-term value for our investors, partners, and communities.

We focus on daily needs-based retail properties leased long-term to tenants with strong credit profile. **Grocery and discounter anchored properties** provides sustainable income and **resilience despite economy conditions**. Today, ZDR Investments portfolio comprises of **more than 60 retail properties worth more than EUR 550 mio**.

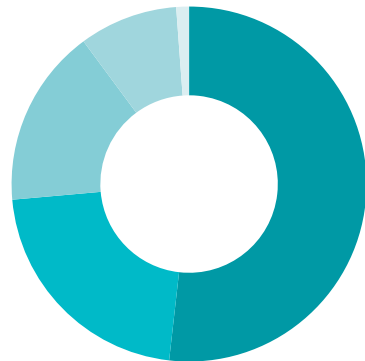


WHERE WE OPERATE

We operate in established and developed countries of European Union where we have the deepest expertise.

CRE makes a major contribution to GDP in the EU and provides prosperity and jobs.

Commercial properties contributed 2.8 % of the total EU economy (EU Real Estate Forum, 2022).



- Czech Republic
- Croatia
- Slovakia
- Austria
- Germany



OUR INVESTMENT APPROACH

01 DEVELOPED AND STABLE REGION

We are an experienced Prague based manager operating in well-known developed countries of Central and Western Europe. Czech Republic is part of EU with significant trade connection to Germany, largest EU economy.

02 GROCERY & DISCOUNTER ANCHORED

We focus mainly on defensive asset class of daily needs-based retail parks. Substantial share of net leaseable area represent grocery stores and discounters offering low-priced goods.

03 STRONG RESILIENCE

Creditworthy tenant mix generates stable income despite economy cycle. They are able to pass rising costs to consumer. European demand is price sensitive in general, therefore discount retailers thrive when consumer spending plunge.

04 LONG-TERM LEASE AGREEMENTS

Weighted average lease expiry is one of key fundamentals ensuring stable income. A proactive approach allows us to maintain above-standard WALE which makes us to deliver stable returns.

05 VARIED RISK DIVERSIFICATION

We take a conservative-based risk approach. Wide diversification is fundamental principle of our philosophy. We manage a large portfolio of 63 properties in five european markets with more than 200 sector-variety tenants.

06 STABLE TRACK RECORD

Our purpose is to deliver long-term sustainable return of investment. Over last five year, an average annual Master Fund's return was more than 10 %. Forecasts are based solely on rental yield, not on capital value growth.

FOUNDERS



Zdeněk Prázdny

Zdeněk is responsible for development of new projects and looks for further acquisition opportunities on the market. He is the founder of the Traxial Group, in which he has completed dozens of projects in the field of commercial development.



Radek Hladký

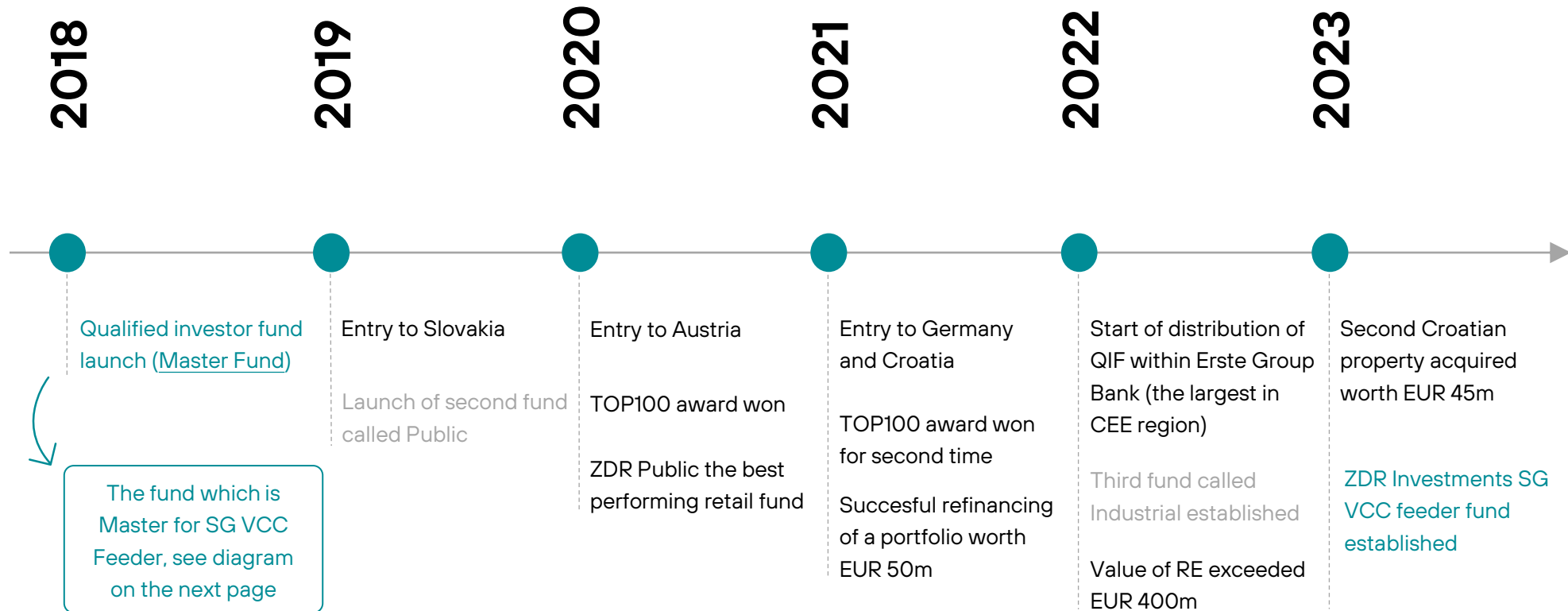
Radek manages the ZDR Investments Group, sourcing and structuring new acquisitions. He co-founded the Z/C/H Legal law office, which has provided advice, mostly to multinational clients, on real estate transactions worth almost EUR 4 billion over more than 18 years of its existence.



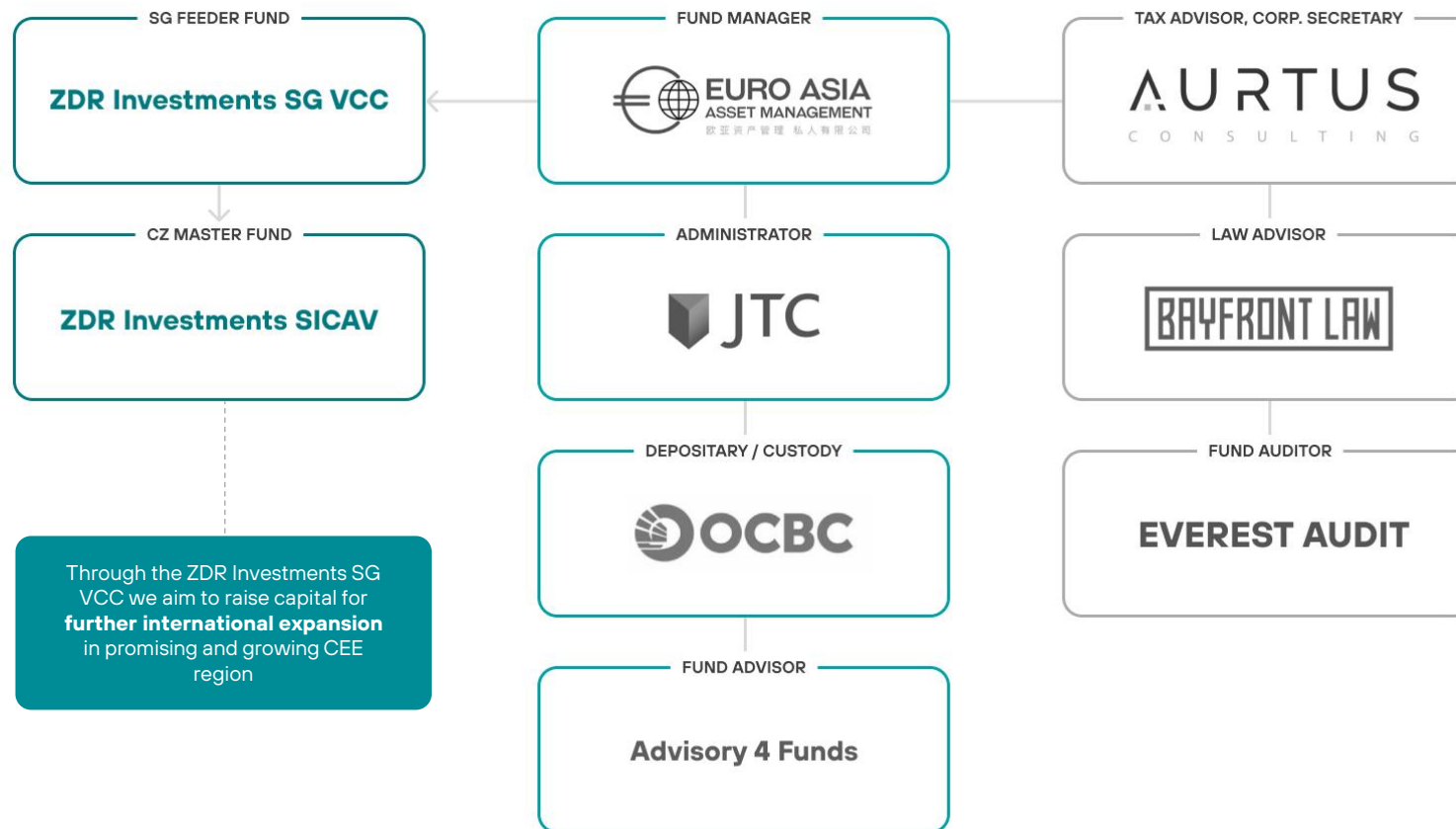
Roman Latuske

Roman is the head of expansion into Austrian and German markets and develops relationships with key business partners. He studied banking in Wiesbaden and worked in commercial real estate financing at DePfa-Bank and HYPO-BANK. He has 20 years of experience working in senior management positions at the Mafra and Economia media houses.

OUR HISTORY



PARTICIPATE ON EUROPEAN REAL ESTATE



MASTER FUND OVERVIEW

01

Stable and defensive asset class

02

Daily needs-based retail properties

03

Grocery and discount stores focus

04

Inflation-linked lease agreements

40

PROPERTIES

550 mEUR

MARKET VALUE

6.5 %

WEIGHTED PORTFOLIO YIELD

52.9 %

LOAN TO VALUE

6.5 years

WALE

28.2 mEUR

NET PROPERTY INCOME

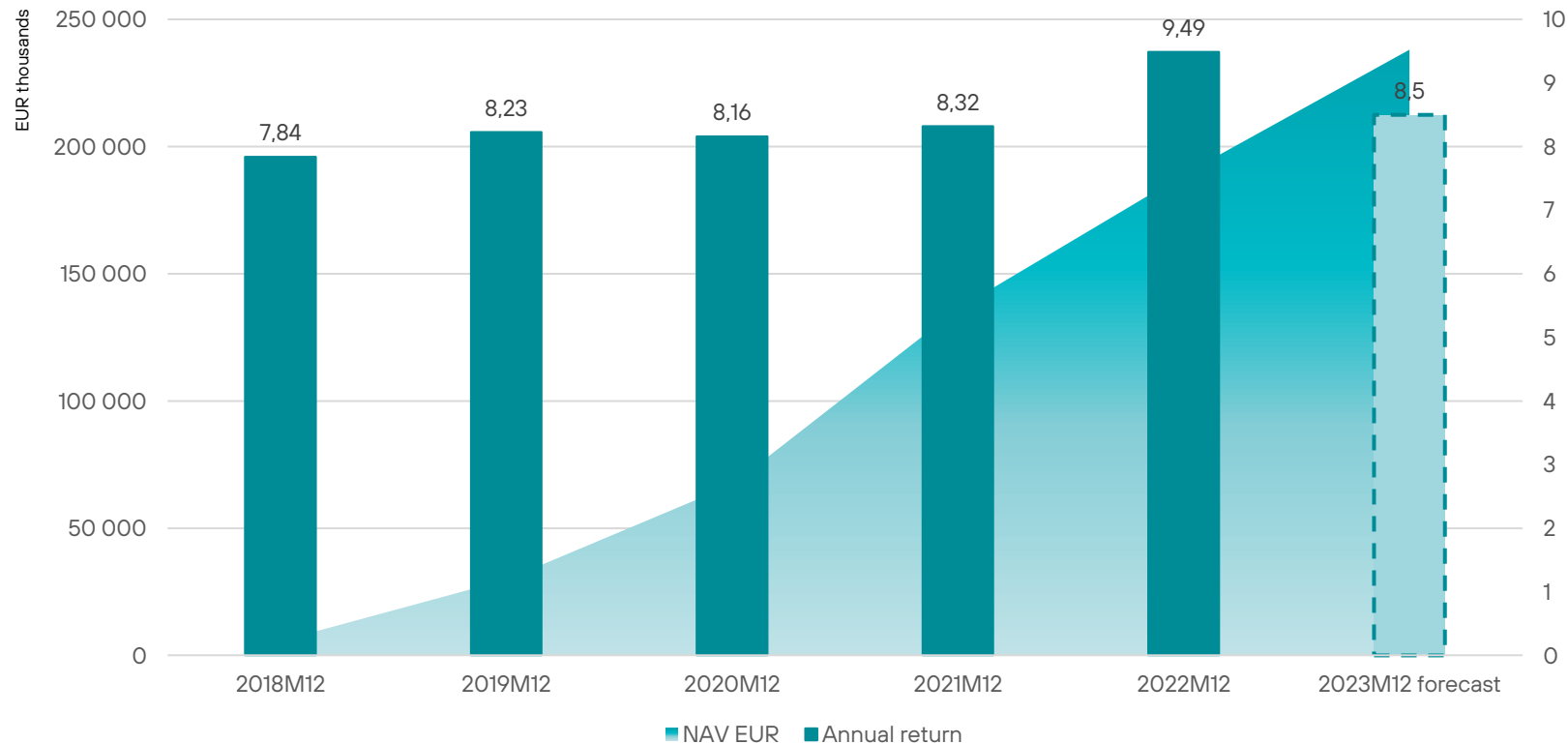
341

LEASE CONTRACTS

98.1 %

OCCUPANCY RATE

MASTER FUND PERFORMANCE



10.2%

AVG ANNUAL RETURN
SINCE INCEPTION

38.8%

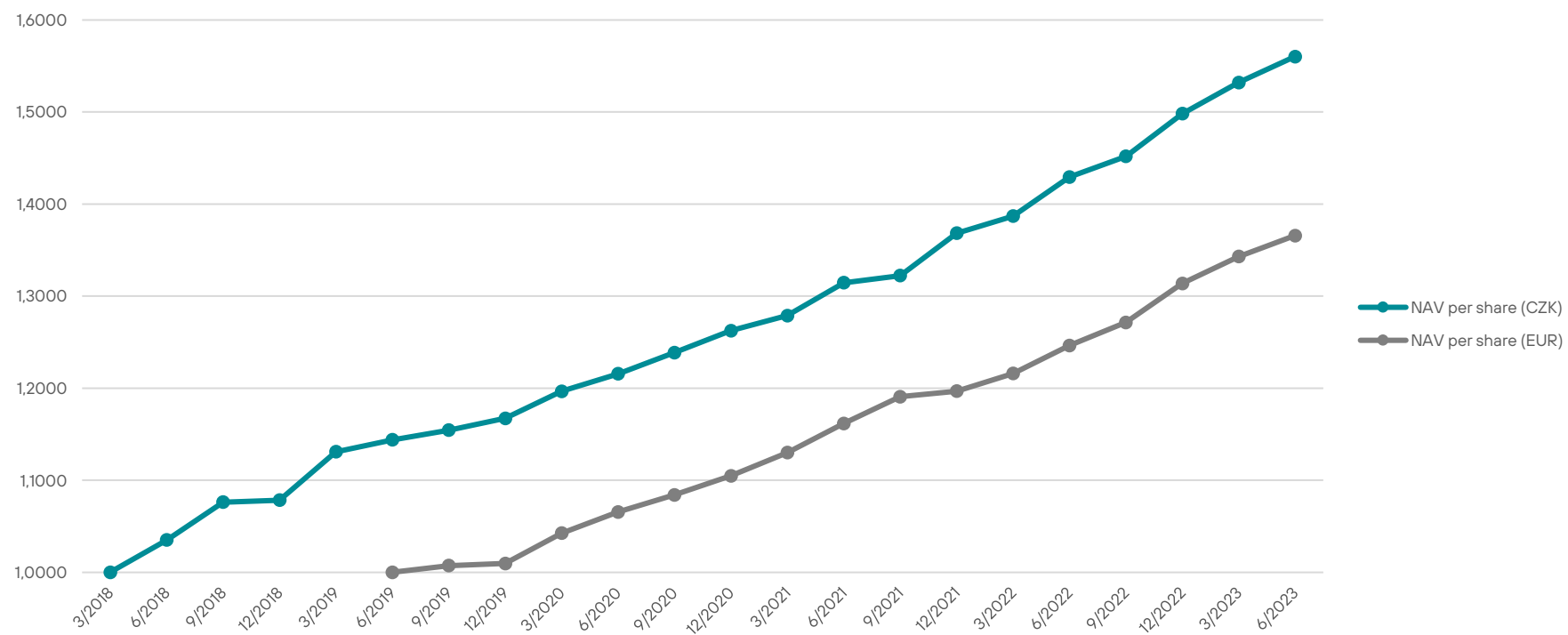
NAV GROWTH YoY

2.2 TSD

INVESTORS

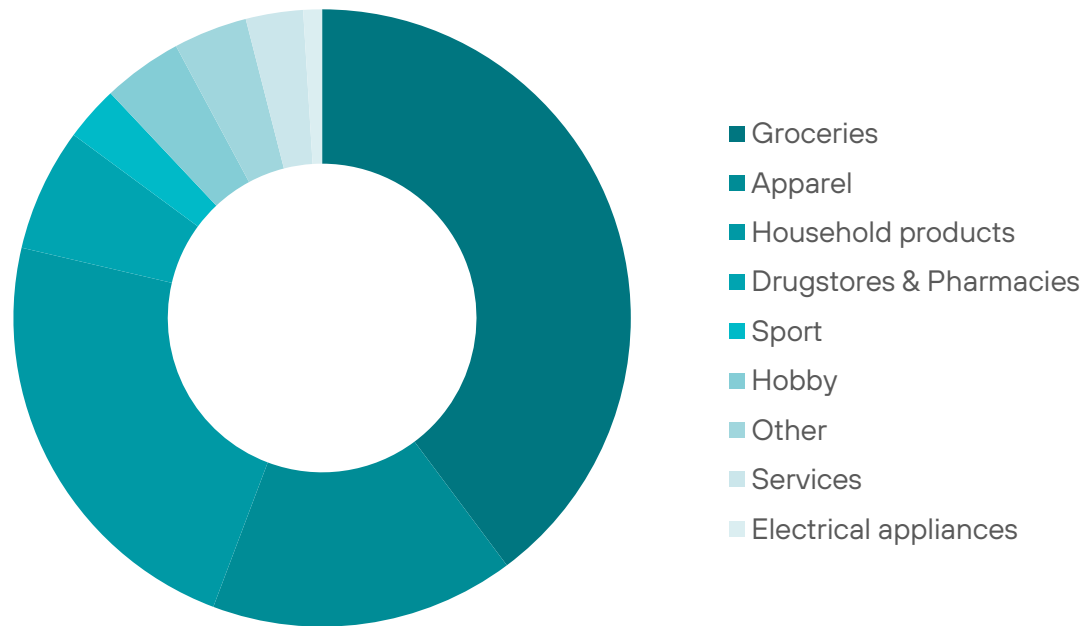
MASTER FUND PERFORMANCE

NAV PER SHARE OF MASTER FUND



DEFENSIVE TENANT MIX

COMPOSITION OF THE PORTFOLIO BY SEGMENTS



39.7%

GROCERY STORES SHARE

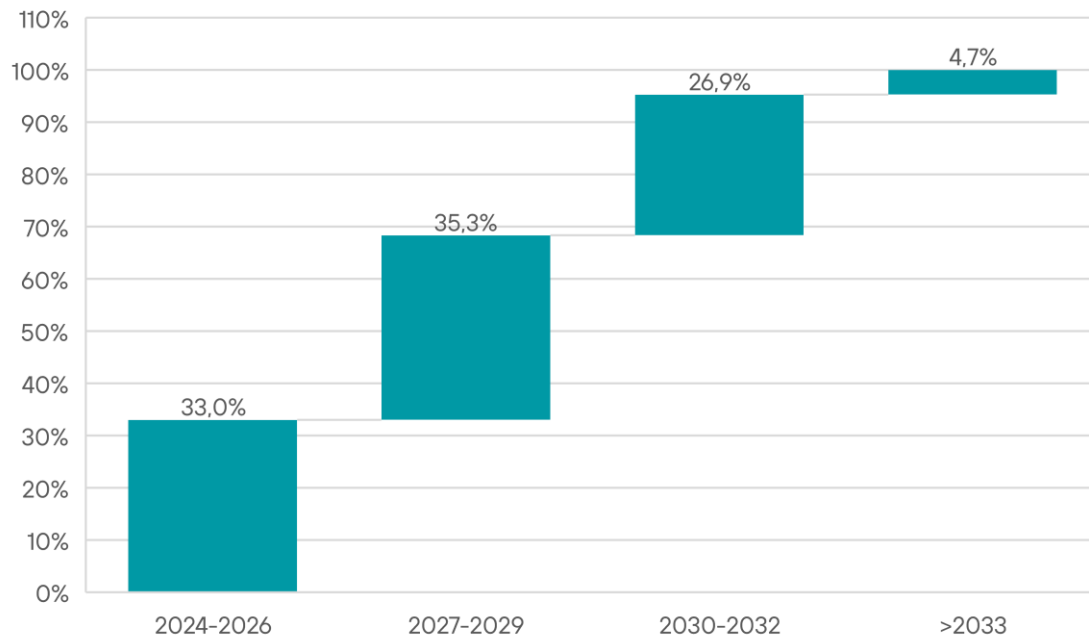
7.5 years

WALE OF TOP 10 TENANTS

Consumer staples oriented portfolio makes the investment strategy sustainable. Grocery stores represent substantial part of net leaseable area.

TENANT PORTFOLIO

TWO THIRDS OF LEASE AGREEMENTS TERMINATES AFTER 2026



8.7% ▲

RENT REVERSION YoY

99.5%

RETENTION RATE

Long-term contracts with a strong credit tenant base as well as high demand for space with low vacancy rates lead to sustainable rental income. Sticky tenant portfolio provides almost 100 % retention rate.

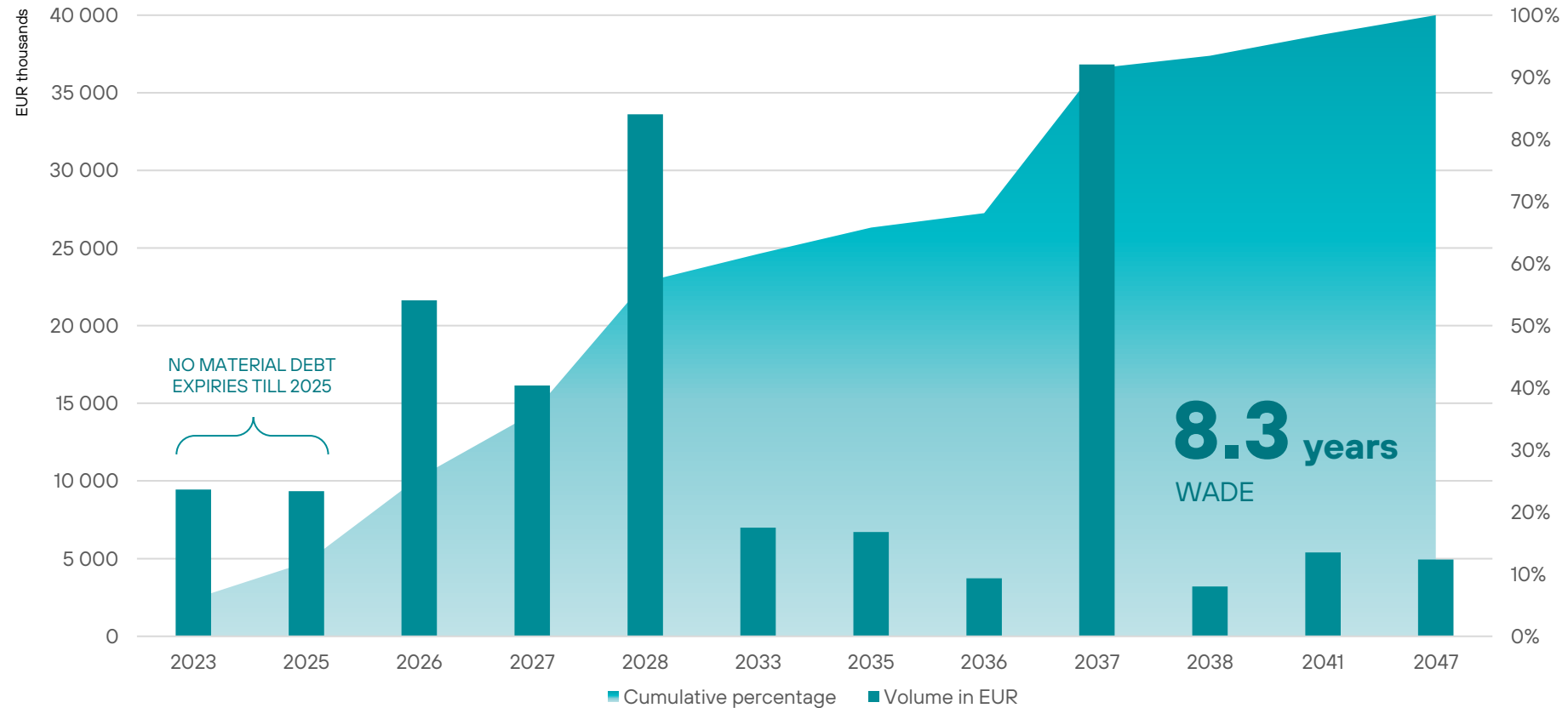
SUSTAINABLE DEBT

3.67 %

WEIGHTED INTEREST RATE

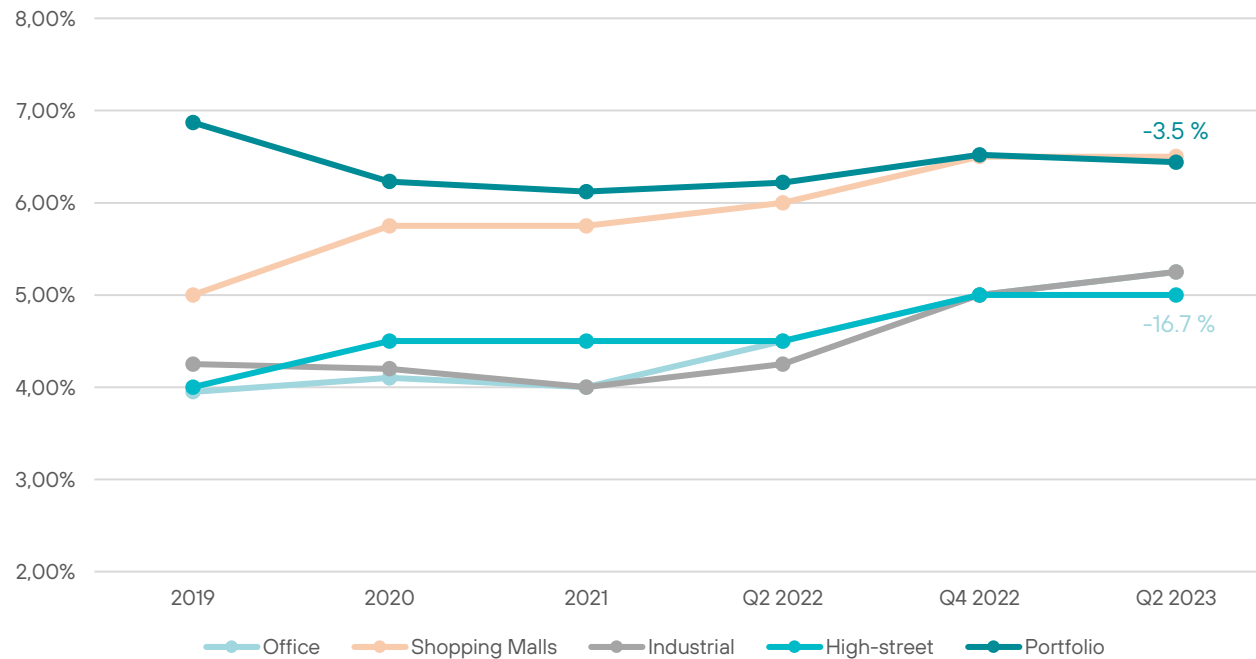
79.73 %

FIXED OR HEDGED



PORTFOLIO RESILIENCE CONTINUES

PRIME YIELDS OF COMMERCIAL REAL ESTATE DEVELOPMENT



SOURCE: Savills Research

13.2 p.p.

LESS YoY DECLINE IN CAPITAL VALUE COMPARED TO OFFICE

Portfolio compared to other real estate classes remains stable and shows strong resilience even during the pandemic COVID-19 (85 % of NLA remained open).

Daily essentials-anchored retail parks have been affected at least even though the real estate market is struggling with higher interest rates.

Grocery and discounter-anchored real estate is typically considered a very safe bet for investors. They tend to be the most stable of all retail.

RETAIL REMAINS STRONG

RETAIL SPREAD BETWEEN PRIME YIELDS AND COST OF DEBT REMAINS POSITIVE

SOURCE: CBRE, Allianz Research



60%

AVERAGE EUROPEAN COMMERCIAL REAL ESTATE GEARING RATIO

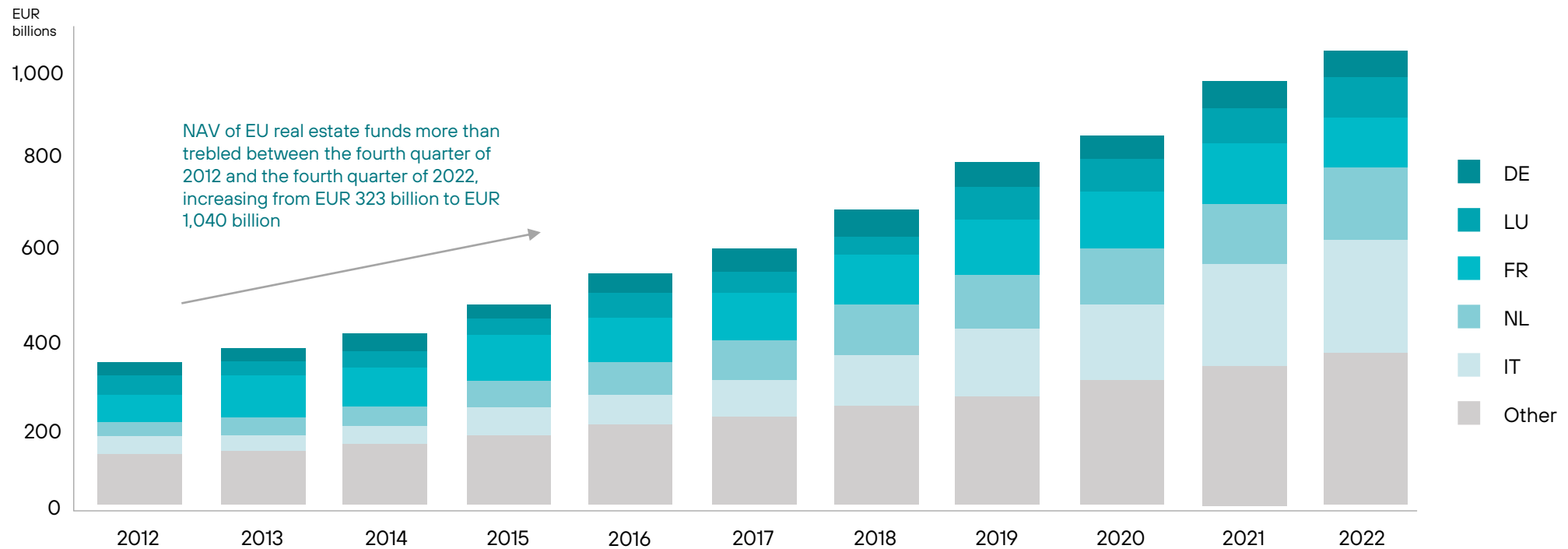
5.0%

AVERAGE NPL RATIO IN THE COMMERCIAL REAL ESTATE MARKET

Higher gearing ratio leads to higher return on equity. We consider loan-to-value of around 50 % to be the optimal risk/reward ratio. Banks have built up a solid capital position and CRE debt is mostly held by larger banks that are subject to strong oversight.

STRONG INTEREST IN REAL ESTATE

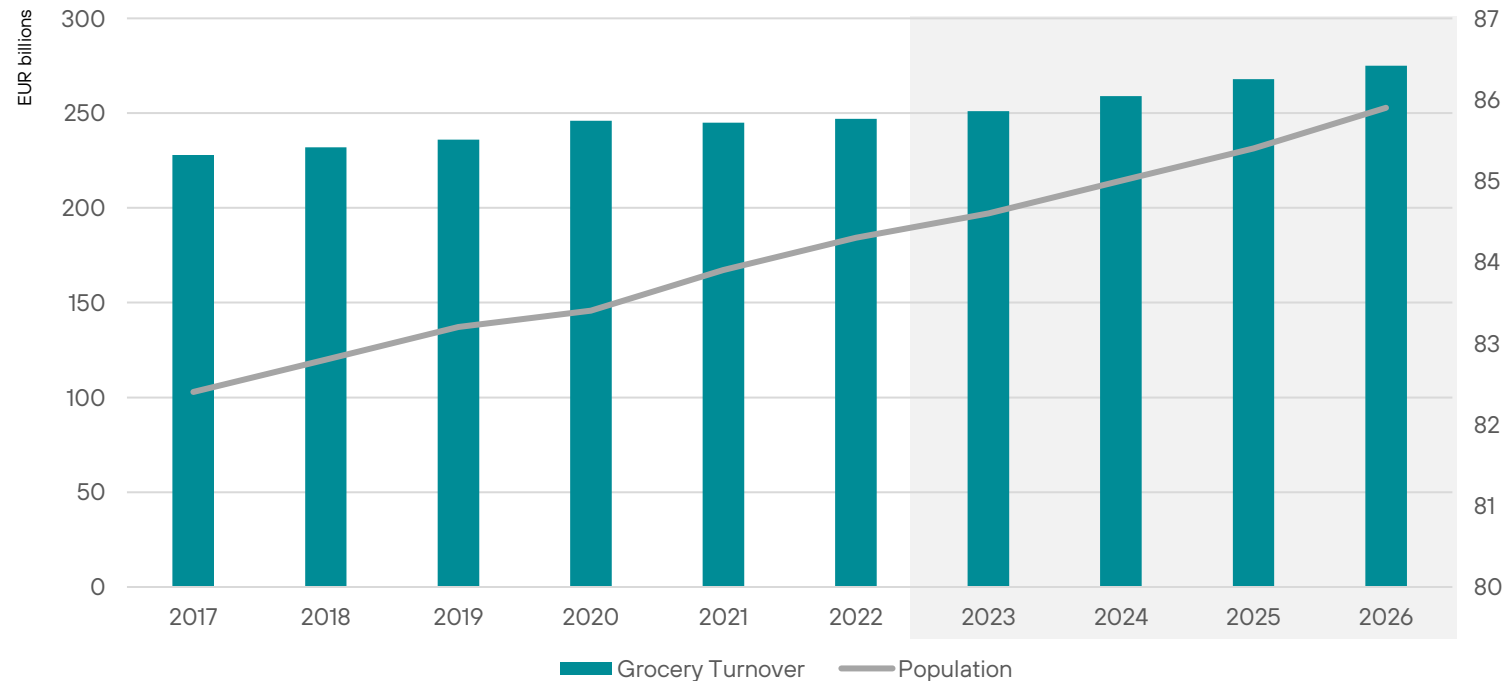
NAV GROWTH OF REIFs AND THEIR SHARE OF THE EU AND NATIONAL CRE MARKET



SOURCE: ECB IVF statistics

GROCERY MARKET

GERMANY: POPULATION AND GROCERY CONSUMPTION



SOURCE: Euromonitor, OECD

1.8 trEUR

SIZE OF EUROPEAN GROCERY MARKET

4.1% ▲

CAGR 2021-2026

Germany dominates in terms of grocery as the biggest European economy

DISCOUNTER FIRST

25% respondents shifted to discounters during economy slowdown and inflationary pressures

22% European discounter weighted average revenue growth 2022 compared to 2019

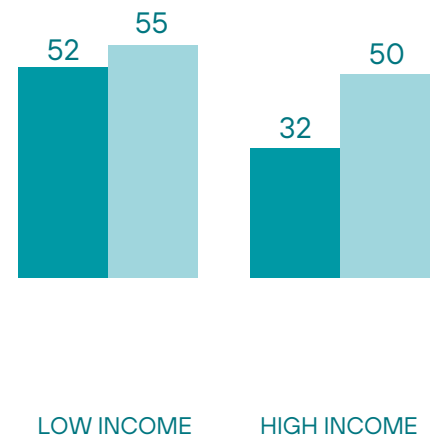
% OF RESPONDENTS WHO CHANGED SHOPPING BEHAVIOR



SOURCE: McKinsey Survey (2023)

ATTITUDE TOWARD GROCERY SHOPPING 2023 VS. 2022 IN %

Look for more ways to save money



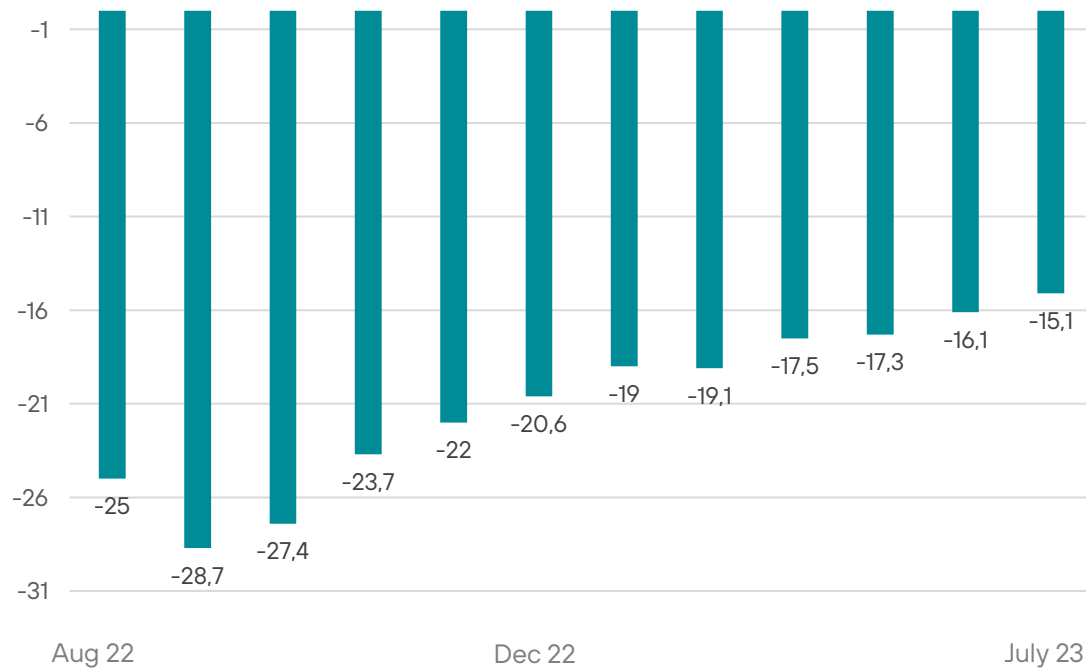
Buy high quality/premium products



■ 2022 ■ 2023

EUROPE BACK ON TRACK

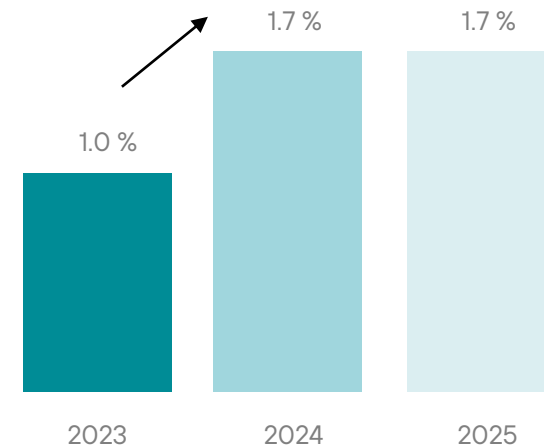
CONSUMER CONFIDENCE IS GETTING BETTER AS INFLATION RECEDES



SOURCE: Tradingeconomics, ECB

GDP GROWTH OUTLOOK

Despite economy slowdown, a winter recession in the EU appeared inevitable last year. Given the EU is likely at the peak of tightening monetary conditions, yields are going to stabilize.



WE BELIEVE IN SUSTAINABILITY

OUR ESG APPROACH

Sustainable business and investment are of prime importance to us. We do not, however, limit ourselves to environmental protection. Our view is comprehensive. We focus on assessing environmental, social, and administrative impacts within the bounds of ESG criteria. By measuring, evaluating and improving the impacts of our business on the environment in which we live, we help create a sustainable economy and society.



Our ambition is to create more sustainable and more durable buildings, with the focus on reducing the impacts of our portfolio on climate change. We aim to generate renewable energy from photovoltaic panels, improving the energy performance of real estate and reducing the consumption of natural resources



We strive to ensure that as many people and organisations as possible benefit from our activities. We support those in need, culture, sport, and the development of the localities in which we invest. We build strong partnerships with our tenants and create a more sustainable and healthier environment through joint projects. When working with suppliers, we value transparency and ethics all the way along the chain.



Transparency, fairness, and open communication are the values we apply in our business activities in relation to our business partners, investors, employees, and the public. We aim to build lasting value and meet climate targets and social objectives.

REAL ESTATE PORTFOLIO

VOITSBERG, AUSTRIA

Retail park Voitsberg comprises of three stand-alone buildings. It was built on the site of a former coal-fired power station and its construction principally contributed to the revitalisation of the surrounding area. Total leaseable area reaches almost 13 thousands square metres. Retail park makes a significant contribution to reducing emissions. Thanks to the photovoltaic panels, 95 tonnes of CO₂ were saved in 2022. This corresponds to the electricity consumption of 278 households per year.



REAL ESTATE PORTFOLIO

WIEN, AUSTRIA

The Gatterederstraße retail park in Wien covers leaseable area of 4,400 sqm. The two buildings purchased were newly constructed in 2014 and 2015. Surrounding area has seen extensive residential development in recent years, making the location a new busy centre for retail and services. In addition, by covering the roof with photovoltaic panels, the carbon footprint has been reduced by an amount equivalent to the energy consumption of 67 households per year.



REAL ESTATE PORTFOLIO

PULA, CROATIA

Pula City Mall is extensive complex of ground floor buildings with net leaseable area nearly of 38,000 sqm. The city of Pula is located on a peninsula Istria, north part of Croatia. Although the location is popular with tourists, the daily needs-based center benefits from a large catchment area which counts more than 100,000 people. Among 50 tenants are grocery store, pharmacy, drugstore and other essential-anchored retailers. This property was in terms of volume the biggest acquisition in ZDR portfolio so far.



REAL ESTATE PORTFOLIO

KOMÁRNO, SLOVAKIA

Retail park Komárno is newly built property from 2020. Opposite the retail park operates Lidl, one of the fastest growing grocery discounters in Europe. Total leaseable area reaches almost 4,500 sqm. The property is part of a wider commercial area that is popular with local residents for everyday shopping.



REAL ESTATE PORTFOLIO

HRADEC KRÁLOVÉ, CZECHIA

Retail park Hradec Králové was completely renovated in 2022. It is the largest property in the Czech portfolio both in terms net leaseable area and market value. Grocery-anchored retail park is located in a strategic point on the outskirts of the city with excellent transport accessibility.



REAL ESTATE PORTFOLIO

SCHWÖRSTADT, GERMANY

Since the retail park lies right on the Swiss borders, it attracts also residents of neighbouring Swiss municipalities. The anchor tenant is grocery discounter Aldi, the worldwide operating food chain with more than 120,000 stores. As part of our green policy approach, we built a solar power plant on the roof of the retail park, making it self-sufficient.

