

ISTER Tower: A future multifunctional complex in the centre of Bratislava

The ambitious development project will offer nearly 500 residential and non-residential units on 33 floors. The building with a height of more than 100 meters will become a dominant feature of the surrounding area and will stylishly complement the modern district in the centre of Bratislava in the quarter known as "Downtown".

New visualizations of the project, the construction of which will start this year, can be found on page 4 »



DRFG has become DRFG Investment Group - the merger will strengthen the group economically and allow further expansion

In November last year, the merger of DRFG a.s. and DRFG TELCO s.r.o. was completed. The merged companies have a new name, DRFG Investment Group. The company pursues all existing activities and works even harder on further international expansion this year. The merger brought a clearer organizational structure, economic strengthening and even greater transparency. The change is also accompanied by a transition to International Financial Reporting Standards, known as IFRS. As part of the merger, which took almost a year to prepare, the assets and liabilities of the new parent company were also valued at their realistic value as of the decisive date of 1 July 2023. This resulted in an increase in both the equity capital and equity ratio.

- Logistics

450 000 m²

acquisition of land for construction in Boleslawiec (PL)

- CDFS Fund*

3,9 mld. Kč

expected market value of the implemented development projects

* SICAV, a Czech Development Fund



Suntel Group starts with new services in the energy sector

Our colleagues from Suntel Group have successfully completed the first installation of an alternative power supply for a telecommunications site in Germany – an innovation in the domain of energy supply and telecommunications infrastructure.

More about telecommunications on page 9 »

- Telecommunications

52 new transmitters

in 2023 in the Czech Republic



Editorial

Dear friends of DRFG Investment Group,

I am using the opportunity to greet you in this DRFG NEWS issue and to thank you for your commitment, cooperation or simply just interest in our group. We appreciate it very much.

Even though the year 2024 is underway, I would like to use this space for a short reflection. We had a very successful year of 2023, which, judged by the preliminary results, seems to be one of the best in the group's history.

At the end of the year, we managed to complete the long-planned merger of DRFG and DRFG Telco. We became DRFG Investment Group and at the same time we started applying IFRS, the International Accounting Standards, which will help our further international expansion.

During the year, we also managed to move our Prague offices to Nová Waltrovka, we established a new DRFG Home division and worked hard on new investment projects. In addition, at the end of January this year, we also had an opportunity to meet together at a company-wide event called FOCUS 24. It was great to meet in one venue and discuss our plans, visions and strategies for all the segments where we operate. I firmly believe that we will continue with this type of meetings in the years to come.

Finally, let me wish you a nice reading, as in this issue you will find a lot of interesting information about the DRFG group. I believe, there is something for everyone.

Roman Řezníček

Vice-Chairman of the Board of Directors, CEO

New visualizations of ISTER Tower project

We are pleased to share with you new visualizations of our crucial project – ISTER Tower, which will complete the skyline of Bratislava.

The iconic building will offer almost 500 residential units, commercial space and ample parking, all with stunning views of the city. The main building will be 100 meters high and will consist of 33 floors. The whole complex will add a touch of modern architecture and it will have a magnificent view of the whole city. Together with projects such as Sky Park, Eurovea Tower and Nivy Tower, it will complement the unique district known as "Downtown."



THE LATEST VISUALIZATION OF THE PROJECT



Green Resort Kunětická Hora has reached another milestone

This plot with future family houses located in the attractive area of Dříteč has now a newly finished model house. From now on, the potential buyers will have an opportunity to see what the properties will look like. With this step, the project has successfully surpassed another milestone and is ready to demonstrate its attractiveness to all of its visitors in a more convenient way.



The Residence Spojovací project has successfully passed the final inspection

The Residence Spojovací project, with which the DRFG group started its activities in the field of residential development projects, has successfully reached its completion. Since the beginning of the construction in 2021, it has been less than three years and now the building is both officially approved and some of the units have even been handed over to the new satisfied owners.

Subsidized mortgage for Green Mladá Boleslav and an Open Day event

Green Mladá Boleslav residence is offering a new exciting opportunity in the form of subsidized mortgages provided by Chytrý Honza.

Thanks to it, living in this unique project will be more affordable, which is good news especially for young families. We have also successfully held the second Open Day event. The people who missed the chance to visit the property are welcome to arrange an individual appointment (home@drfg.cz). We are also sharing new interior visualizations, which you can see below.



Rezidence Tři Dvory

One of the most current projects, Rezidence Tři Dvory, is briskly moving forward. The future modern oasis not only for Brno's young families is a little bit closer to the start of construction with new visualizations and nearly completed websites. This residential complex, which will be built in Újezd u Brna, will consist of six buildings.

Nature and sports enthusiasts will also find a place here, as the site is surrounded by parks and greenery, even though it is located just 20 minutes from Brno.



DRFG Home on social media

If you don't want to wait for the news until the release of the next issue, you can follow our development projects on social media.

 **Facebook**
www.facebook.com/DrfgHome



 **Instagram**
www.instagram.com/drfgHome



 **LinkedIn**
www.linkedin.com/company/drfg-home



"I dare say that in Poland we are already a well-established investor and developer. We are trying to become more and more independent and implement projects without any partners. From being a purely financial investor in Poland, we have moved to the role of investor-developer, and we want to have a larger control over the projects and manage them actively."

Jan Pelíšek

Real Estate Development Director CEE



We are introducing: Poznań Logistics Park

In collaboration with the developer Panattoni, we are building a logistics hall close to the city of Poznań with a rentable area exceeding 35,000 m². We have completed the first phase of the project for PAKAES - Geodis Road Network, a major tenant.

The e-commerce market is the most dynamically growing segment of retail. Building and modernization of warehouses and distribution facilities is a key success factor for the future. At the moment, the sector of logistics is not only in the highest demand among all the sectors of real estate, but it is also at its peak from the historical point of view.



7,867 ha

land area



35 604 m²

area for rent

Czech Home Capital is a part of the DRFG group

Czech Home Capital is a Czech company investing in rental housing not only in the Czech Republic, but also in neighbouring Germany. It is one of the largest private providers of rental apartments in the Czech Republic, which makes it a suitable addition to the group's real estate portfolio.



Together with Jan Kobyłka, the CEO, we have prepared a short interview.

Is it true that own housing is more expensive than rentals?

According to the data we're tracking today and taking into account what is going on in the market, owning a property is clearly more expensive than renting. Of course, there is the fact that you're contributing to your own property, so it is a form of an investment. However, the costs linked to the purchasing of the property have been extremely high recently. In addition, you need to have a lot of your own money as you cannot get a 100% mortgage, which is an insurmountable obstacle for people who are just starting their careers. These people form a big percentage of the applicants for rental housing.

What is the occupancy rate of the properties for rent in your portfolio?

The occupancy rate in the Czech Republic is at 91 percent. In addition to that, we have apartments that are waiting to be renovated and therefore we cannot rent them out yet. At the same time, we are trying not to have too high fluctuation of

tenants in the houses, and we check their financial reliability. Due to this fact, we have 99.8% prompt payers.

What do current tenants expect from rental apartments?

I think that the Czech market is not ready yet for the flats to be completely furnished, including everything ranging from furniture and appliances to small things like cutlery. This is expected only in case of short-term rentals, I mean hotel overnight stay. In case of long-term rentals intended for a permanent residence, people prefer the flat to be furnished in basic way because the tenants expect to furnish the flats themselves.

 **Follow us on LinkedIn**
www.linkedin.com/company/czechhomecapital/



Significant savings compared to the government price caps

Last year, thanks to a prudent strategy of purchasing the power component of electricity, we have achieved significant savings. Carefully thought-out decisions made by our colleagues at DRFG ENERGY have resulted in saving CZK 19,211,573 on selected managed properties, which represents a significant success compared to the price cap set by the government. This success not only confirms our financial efficiency, but also the desire to use energy wisely and with respect to future generations. We are convinced that this success will be positively reflected in the satisfaction of our partners and tenants who use our properties that are managed by our team at Real Estate Facility Management.

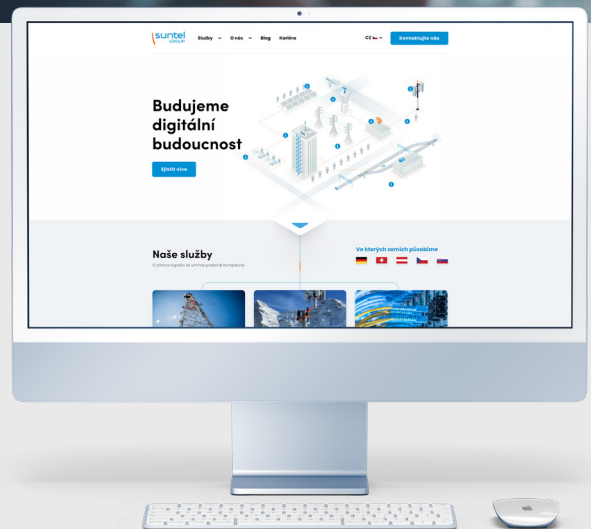
CZK 19,211,573
total savings

In the last few months, we launched several new websites – and we would appreciate your feedback.

SUNTEL GROUP

A new website was recently launched by our colleagues from Suntel Group, a leader in the construction industry, modernization and maintenance of telecommunication networks and provision of ICT services in Central Europe. The website presents a modern way to introduce what both the present and the future of telecommunications have to offer.

www.suntel-group.com



DRFG

We are also introducing the DRFG Investment Group website! Following several months of hard work of the entire team, we prepared a modern and fresh website and we hope you will like it. It is available in both Czech and English versions.

www.drfg.cz

CZECH FUND

A new website was also launched for CZECH FUND, which is a brand of mutual investment funds, that was established by the DRFG group. The website remains well organised and clear, with all the important information for investors at your fingertips. We hope that you will welcome the changes and continue to enjoy the website, which now also includes slight redesign of product materials as well as reports.

www.czech-fund.cz



Suntel Group continues in the development of its business and services in telecommunications and energy sector

In the past year, our colleagues from Suntel Group recorded a number of great successes. We would like to share some of them with you:

- They built 52 telecommunications transmitters in the Czech Republic
 - They received the Outstanding EHS and Quality Partner award
 - They built the first Hamštejn lookout tower in Český ráj
 - They connected more than 7,500 households to the internet in Switzerland
 - They achieved ECOVADIS gold status in the sustainability rating
 - They implemented their first projects in the energy sector
- They implemented more than 500 kilometres of fibre optic lines in the Czech Republic and connected 2,000 households.



FOCUS 24

The last day of January was very special to our group as we held a spectacular conference called FOCUS 24. Over 250 people from the group came together to talk about visions, strategy and action steps that can help to achieve the group's ambitious goals in all three major business pillars.

The day-long conference opened up the topic of scaling up activities of the investment group as well as the specific steps that will be taken to achieve them. Roman Řezníček, the CEO of the DRFG group, gave a clear picture of what it takes to achieve the goals.

"You can have visions and plans, but if you don't have a team of skilled, ambitious and creative people around, you can never make it happen. And I'm proud of the number of such colleagues and talents we have among us," says Roman Řezníček.

Watch a short video from which you can soak up the atmosphere of the whole day:

 **YouTube link**
https://www.youtube.com/watch?v=WHU_N5Hv-Mk



Press release on the start of construction of logistics park near Hradec Králové

The building is growing on what was originally a brownfield site that we bought last year. Heraeus Medevio, the buyer of the hall, is a partner of the world's largest company specialising in medical devices. The building will then accommodate specialised manufacturing premises as well as offices. "I am very pleased that after we had acquired this plot of land, it did not take us long to find such a prestigious company, such as Heraeus Medevio, for which we can build a customized building that will be in the company's ownership," said Roman Řezníček, our CEO, at the opening ceremony held at the occasion of the commencement of new hall's construction.



[Link to the full interview](https://cutt.ly/DwMs7KcE)
<https://cutt.ly/DwMs7KcE>



[A short video from the event](https://cutt.ly/HwMs72N7)
<https://cutt.ly/HwMs72N7>



Martin Slaný for Slovak news agency SITA.sk

Lowering interest rates, the impact of global conflicts on global financial markets or the adoption of Euro in the Czech Republic. This is just a short list of topics that Martin Slaný, our chief economist, discusses in the interview. What influences the investment behaviour of the Czechs and Slovaks? What are the current economic trends, or what is the future of cryptocurrencies? Find out more and watch our video.

[Link to the full interview](https://cutt.ly/3wMsTj0d)
<https://cutt.ly/3wMsTj0d>



An interview with Josef Šilhánek and Martin Nesládek for E15

The main topic of the interview with our Director of Real Estate Strategy, Funding & New Markets, Josef Šilhánek and Martin Nesládek from DRFG Home, was residential housing and development. Among other things, you will find out why living space in the Czech Republic is shrinking as the new apartments are being built smaller than before, why rents haven't skyrocketed or what development in the residential housing market they both predict for the future.

[Link to the full interview](https://cutt.ly/bwRQMISB)
<https://cutt.ly/bwRQMISB>



Commentary of Filip Emmer on the reduction in interest rates

The Czech National Bank started to lower interest rates. On one hand, through this step the CNB clearly indicates that it considers the fight against inflation within the horizon of the monetary policy to be essentially won, and there is room to stop restricting aggregate demand.

Thus, through lower rates and a recovery in investment and consumption, the CNB stimulates GDP, although the external environment still remains unfavourable to the Czech economy. On the other hand, it is still only the first step, because even with such a massive reduction in interest rates, their absolute level is generally too high for a significant increase in the Czech crown's credit activity. What hinders achieving the inflation target is the current exchange rate, which has been steadily depreciating approximately since April 2023. The question here is, at what point does the

CNB consider the values to be low enough to merit their intervention. The level of the rate reduction is then most likely the result of what factors prevailed during the decision-making process.

The current reduction is unlikely to mean a significant boost in property or industrial goods prices, but it will impact mainly consumption of goods and services, because these will react most quickly to the changes made by the bank by adjusting the interest on deposits. However, if other meetings are still held in a similar spirit, at least in the mentioned real estate segment, where the supply and demand impatiently wait for similar, repeated impulses, the CNB can again start up the scenarios from the past years, which is the increase of prices on the residential market.

Interview of Martin Slaný for Ekonomický magazín

"I am noticing that in the long term, the economic policy - both monetary and fiscal, is failing. Depending on the time period, sometimes more, sometimes less. I worry because nobody trusts the market and nobody believes in the freedom of an individual. I think that this has a fundamental impact on the current economy. And unfortunately, I witness more and more voices from the private sector, many economists and business associations that call for the government to be more involved," says, among other things, our chief economist Martin Slaný.

 **Link to the full interview**
<https://cutt.ly/ZwRbAMdB>



Interview with Hana Cajthamlová on Newstream.cz

"The path we chose consists of combining our own money, bonds and bank financing. And I consider this path to be absolutely right and healthy," says Hana Cajthamlová, our Head of Treasury. Among other things, you will learn what it is like to manage the group's cash flow investments, how high interest rates have affected the financing options for the projects and what is the DRFG's stance and strategy in regards to the topic of ESG.

 **Link to the full interview**
<https://cutt.ly/fwMsCpkd>



We have our own videocast: DRFG FOCUS

The DRFG group is large in all aspects. Whether it is the number of employees, revenues, number of activities or international reach. That is why, sometimes, it is not entirely easy to keep up all the time. That is why we decided to create our own internal videocast DRFG FOCUS. Every two months we will focus on the most important topics and happenings in the group as well as plans for the future in the individual segments and industries we are involved in.

EPISODE 1

In the first episode we interviewed the two most important men in the group – David Rusňák and Roman Řezníček. In addition to going over the achievements of the group and reviewing the year 2023, we have touched upon strategy, visions and plans.



EPISODE 2

In the second episode we interviewed Jan Pelíšek, Real Estate Development Director CEE. We discussed the Polish market, management of the Polish team and further expansion.



We have raised CZK 395,000

In 2016, we established the DRFG Foundation, which strives to help where needed. We did not forget to have this goal in mind even at FOCUS 24.

Thanks to the raffle, QR codes and a generous contribution made by our shareholders Roman Rezníček and David Rusňák, we supported our foundation with an amount exceeding CZK 395,000. We thank to everyone who contributed. The money will go to a good cause.



Thank you for helping Kuba!

In the long term, our foundation has been supporting various projects, groups, individuals and non-profit organizations all across the country. This time we have joined forces to actively support a fundraiser for Kuba, a family friend of a colleague of ours.

The requested amount was successfully raised through the Donio charity platform, which we supported through the DRFG Foundation. Jakub, who suffered a severe injury after a fall on his bicycle and a subsequent collision with a passing car, was able to leave England, where he used to live, and come back to the Czech Republic to be with his family, as well as undergo a series of rehabilitation treatments in order to regain at least partial mobility. We thank to all our colleagues for their contributions, no matter how much they contributed, as every help counts.

Write to us: nadace@drfg.cz

Do you know someone who is currently facing a difficult life situation? Or is there an organization you would like to support?

Write us. Your suggestions will be thoroughly considered and we will get back to you in the next issue where we will share the supported projects and more news from our Foundation.



Let's help together

We are grateful for your support and we will be glad, if you continue to support us or join us again.



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